

Big banks fail to dismiss U.S. currency rigging lawsuit

(Reuters) - A federal judge on Wednesday said U.S. investors may pursue a nationwide antitrust lawsuit accusing 12 major banks of rigging prices in the \$5.3 trillion-a-day foreign exchange market.

U.S. District Judge Lorna Schofield in Manhattan rejected the defendants' arguments that the case should be dismissed because of a lack of evidence that they colluded to manipulate the WM/Reuters Closing Spot Rates, known as the Fix, or that they impeded competition and caused harm.

"Fairly read, the U.S. complaint adequately alleges that defendants engaged in a long-running conspiracy to manipulate the Fix to defendants' advantage," Schofield wrote in a 30-page decision.

The bank defendants include [Bank of America Corp \(BAC.N\)](#), [Barclays Plc \(BARC.L\)](#), [BNP Paribas SA \(BNPP.PA\)](#), [Citigroup Inc \(C.N\)](#), [Credit Suisse Group AG \(CSGN.VX\)](#), [Deutsche Bank AG \(DBKGn.DE\)](#), [Goldman Sachs Group Inc \(GS.N\)](#), [HSBC Holdings Plc \(HSBA.L\)](#), [JPMorgan Chase & Co \(JPM.N\)](#), [Morgan Stanley \(MS.N\)](#), [Royal Bank of Scotland Group Plc \(RBS.L\)](#) and [UBS AG \(UBSN.S\)](#).

According to the 2013 lawsuit, these banks have held an 84 percent global market share in currency trading, and were counterparties in 98 percent of U.S. spot volume.

The lawsuit is separate from criminal and civil probes worldwide into whether banks rigged currency rates to boost profit at the expense of customers and investors.

Six of the defendant banks have accepted more than \$4.3 billion of civil fines from U.S. and European regulators, nine have banned traders from multibank chat rooms, and all 12 have overseen the suspension or departure of more than 30 employees linked to currency operations, Schofield said.

CARTEL, BANDITS' CLUB, MAFIA

In the complaint, investors including the city of Philadelphia, hedge funds and public pension funds accused the banks of having conspired since January 2003 in chat rooms, instant messages and emails to manipulate the Fix.

They said traders manipulated prices through tactics such as "front running," "banging the close" and "painting the screen," using disguised names to swap confidential orders.

"Even the names the FX traders gave their chatrooms - such as 'The Cartel,' 'The Bandits' Club' and 'The Mafia' - support the inference that the chat rooms were used for anticompetitive purposes," Schofield wrote.

The judge said it did not matter that similar litigation alleging manipulation of the London Interbank

Offered Rate was dismissed in 2013. She said that dismissal was based on a lack of antitrust injury, not because the claims were implausible.

JPMorgan on Jan. 5 settled its portion of the case for about \$100 million, according to court records and a person familiar with the matter. Settlement papers are expected to be filed this week.

Michael Hausfeld, a lawyer for the U.S. investors, in a phone interview said his clients are pleased with the decision, and are prepared to review banks' records to determine "what they did, when they did it, why and how."

HSBC and UBS did not respond to requests for comment. The remaining banks other than JPMorgan declined to comment.

Schofield also dismissed two related lawsuits by foreign plaintiffs.

The case is In re: Foreign Exchange Benchmark Rates Antitrust Litigation, U.S. District Court, Southern District of New York, No. 13-07789.

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