



JUDICIARY OF
ENGLAND AND WALES

Southwark Crown Court

20 November 2012

Sentencing remarks of Mr. Justice Keith

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-v-

Kweku Adoboli

Kweku Adoboli, whatever the verdicts of the jury would have been, you would forever have been known as the man who was responsible for the largest trading loss in British banking history. The jury's verdicts mean that what you did was criminal as well. That is not surprising. In the last few months before your arrest, you amassed huge positions when trading on behalf of the bank, well beyond your risk limits, and you did not protect the bank from the risk of loss by hedging your trades. I accept that you started to do that in order to maximise the profits which the bank would make from your trading, and the effect which being regarded as a star trader would have on your bonus and your prospects for advancement within the bank was a secondary consideration only. Nor do I doubt that you were persuaded, despite your view that the market would fall, to trade on the basis that the market would rally. But the fact is that the market did fall. Your unhedged trading well beyond your risk limits resulted in the bank being exposed to the risk of enormous losses – at one stage to the risk of losses amounting to an unbelievable \$11.8bn. And you then took larger and larger positions in a desperate attempt to recoup those losses. Throughout all that, you concealed what you were doing by booking fictitious hedging trades to give the back office the impression that your trades were hedged when they were not. Once your positions had been unwound, the actual losses which your trading caused still came to a colossal \$2.25bn.

It goes without saying that you did not intend to cause that loss – or indeed any loss – to the bank, but the loss arose out of the way you were trading, and you knew that the way

you were trading would inevitably expose the bank to the risk of huge losses. That is the basis on which I am sure the jury convicted you of fraud in the later period of trading, and the sentence which I shall be passing in respect of that period of trading has to reflect that. Having said that, your conviction on count 3, and not just on count 6, is important. Your trading in the period to which count 3 relates did not result in any provable loss to the bank. But your conviction on that count shows that your unhedged trading was fraudulent from the outset, and not just in the period of trading when you amassed the huge positions which you did.

I appreciate that you have not disputed in this trial what you did. The questions which the jury had to address were why you did what you did, whether it amounted to an abuse of your position as a senior trader at one of the world's leading investment banks, and whether you realised at the time that what you were doing would be regarded as dishonest by the standards of sensible and honest people. By their verdicts, the jury have answered those questions, and in my opinion there were no other realistic verdicts open to the jury on the two counts on which they have found you guilty. I suspect that the only reason why the jury acquitted you on the four counts of false accounting is that they were not sure that you booked the fictitious trades predominantly to make a financial gain for yourself. Your acquittal on those counts therefore does not necessarily mean that the jury must have thought that your booking of the fictitious trades might have been honest, and in any event the fictitious hedging trades you booked remain part of the picture of what your fraudulent trading involved. I know that a basis of plea was submitted to the prosecution shortly after your arrest. That implies that you were at least considering the possibility at that stage of admitting that your conduct was dishonest. It is a great pity that you eventually decided to maintain otherwise.

The tragedy for you is that you had everything going for you. Your father was in a responsible position which enabled you to be educated at a private school. I am not saying that you come from a privileged background, but you had some advantages that other people do not enjoy. In addition, you had your own natural talents. You are highly intelligent. You are plainly very articulate. And as I told the jury, you appear to have a considerable amount of charm. Your fall from grace as a result of these convictions is spectacular. I bear in mind that you have no previous convictions, but that cannot count for very much because you would not have been in the position of

trust you occupied at UBS if you had previous convictions. The fact is that you are profoundly unselfconscious of your own failings. There is the strong streak of the gambler in you, borne out by your personal trading. You were arrogant enough to think that the bank's rules for traders did not apply to you. And you denied that you were a rogue trader, claiming that at all times you were acting in the bank's interests, while conveniently ignoring that the real characteristic of the rogue trader is that he ignores the rules designed to manage risk.

I am required by law to have regard to the guideline issued in October 2009 by the Sentencing Guidelines Council on sentencing for offences of fraud. I have re-read the guidance carefully, and I have taken it into account, but this case is far removed from the more common examples of fraud for which the guideline suggests various starting points for the sentencing judge or what the appropriate sentencing range should be. The maximum sentence for the crime of fraud by abuse of position is 10 years' imprisonment, and you have been convicted of two such offences. Taking everything into account, I have concluded that you should go to prison for a total of 7 years. On count 3, you will go to prison for 4 years, and on count 6 you will go to prison for 7 years. Both those terms will be served concurrently with each other making 7 years' imprisonment in all. You will serve half that sentence, but during the remainder of your sentence you will be on licence, and if you do not comply with the terms of your licence, you can be returned to custody to serve the rest of your sentence. The number of days you have spent in custody on remand will count towards your sentence, as will half the number of days during which you were subject to an electronically-monitored curfew. I have been told that the former comes to 271 days, and half of the latter comes to 78 days, so that the number of days in total which will count towards your sentence is 349, or the correct number of days if the number of days I have been given turns out to be incorrect.