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## Banks face raft of legal action over losses



Investors who lost millions of francs are preparing to sue major banks (Keystone)

**Swiss banking giants UBS and Credit Suisse are bracing themselves for a series of possible lawsuits from angry investors who lost money in the financial crisis.**

Hundreds of small investors have grouped together to take on Credit Suisse, claiming the products they purchased were misrepresented.

UBS is facing action from institutional clients over its role in the Madoff scandal.

A group of around 380 people who lost some SFr21 million (\$18.8 million) on Credit Suisse products after the collapse of United States bank Lehman Brothers, are determined to get their money back.

They claim that they were the victims of aggressive hard-sell tactics and that they were badly advised on the true risks.

"We were all told that in the worst-case scenario we could lose all the interest, but that our initial investment was 100 per cent capital protected," group spokeswoman Gabriela Fischer told swissinfo.

The bank has offered refunds to people who had less than SFr500,000 in assets at the bank on August 31, 2008, and who had invested at least half of this sum into capital-protected Lehman Brothers products.

### Collective action

Credit Suisse said that it had made the offer despite investors being "solely responsible" for the risk of such products. "Over the last weeks, we have offered those clients a fair solution. The vast majority has accepted our offer," the bank said in a statement.

But Fischer said only about five per cent of the group had received such terms and that the others had met a brick wall when dealing with the bank.

Many of the aggrieved customers have turned to Zurich lawyer Daniel Fischer (no relation to Gabriela) to negotiate on their behalf. He recently began preparing a rare collective class action suit that he will issue if the bank does not satisfy his clients' demands before its annual shareholders' meeting in April.

"More than 80 per cent of the victims have lost significant amounts of their pension money or of money reserved for their children's education due to these Lehman Brothers schemes," the senior partner at the corporate law specialist, Fischer and Partner, told swissinfo.

He dismissed concerns that Switzerland had no legal basis for collective class-action lawsuits. He added that a group of claimants could have "significantly higher credibility" in court.

### **Madoff suits**

UBS, meanwhile, is facing legal action in connection with the \$50 billion Bernard Madoff fiasco. Asset manager Madoff convinced many of the world's wealthiest people to invest in an allegedly fraudulent scheme that was uncovered last month.

The bank had set up investment funds in Luxembourg that channelled money into Madoff's coffers. A Luxembourg judge recently froze assets in one of these funds, called Luxalpha.

French financial group Oddo & Cie has said it is suing UBS in connection with the fund. Oddo alleges that it sold shares in LuxAlpha a month before the Madoff scandal broke, but has not received the money.

On Thursday a Luxembourg court ordered UBS to pay Oddo €30 million (\$40 million). A UBS spokeswoman said the fund would comply.

Another European shareholder group, Deminor, has threatened to take legal action against UBS and HSBC banks on behalf of investors who bought into the Madoff scheme.

UBS said it was requested by clients to set up the Luxalpha fund and had not recommended any Madoff product to clients.

swissinfo, Matthew Allen in Zurich

[http://www.swissinfo.ch/eng/news/business/Banks\\_face\\_raft\\_of\\_legal\\_action\\_over\\_losses.html?siteSect=161&sid=10198431&rss=true&ty=st](http://www.swissinfo.ch/eng/news/business/Banks_face_raft_of_legal_action_over_losses.html?siteSect=161&sid=10198431&rss=true&ty=st)