

## Kweku Adoboli at UBS

*By the time UBS uncovered the full extent of the unauthorised trades, the total cost to the bank totalled roughly US\$2.3 billion*

### Overview

On September 14 2011, UBS accountant William Steward received a shocking email. In his role as an internal accountant for the investment bank UBS, Steward had spent the previous six weeks trying to reconcile the accounts held by the Delta One trading desk. While a series of closed and outstanding trades seemed to be on the books without any record of matching client orders, Steward later remarked that the discrepancy was, “unusual, but not unknown.”<sup>1</sup>

However, the fact that there was no easy answer as to why a series of trades didn't add up was further muddled by the evasive responses he was getting from the trader who had booked the transactions, Kweku Adoboli. When asked about the trades, Adoboli had told Steward on a telephone call:

*“We had an annoying client which was taking up half my day, plus we had all these client meetings and the market was going crazy, plus I was like a man or two down pretty much every day. The volumes are going through the roof and we're struggling to keep up with all of the procedural stuff.”<sup>2</sup>*

Finally, after spending the better part of a month trying to balance the books and get a straight response, Steward opened an email from Adoboli that started with a frank admission: “It's with great stress and disappointment that I write this mail.”<sup>3</sup> In the rest of the message (see **exhibit 1**), Adoboli admitted to setting up trades with fictitious counterparties in an effort to hide, and correct for, overwhelming losses he had incurred in his bet against the general market's decline. Investigations later showed that Adoboli had violated various internal policies in the past, both to hide his losses and, perhaps ironically, also his gains<sup>4</sup>.

Although Adoboli had been caught engaging in a number of breaches of standard protocol while working at UBS, little had been done to investigate further, and nothing had been

S Wiley Wakeman prepared this case study in collaboration with Dr Celia Moore, Assistant Professor of Organisational Behaviour, London Business School. The case is intended as a basis for class discussion and is not intended to be a definitive statement of the events. The details contained herein are derived from the best available public sources. Jane Croft, a reporter at the *Financial Times*, was especially generous in supporting this work, as was Sam Dorri, MBA 2013.

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