

## Kweku Adoboli: a rogue trader's tale

During his nearly four years in prison, the man who lost UBS \$2.3bn began writing to the FT's Lindsay Fortado. Now out, and facing deportation, he tells her that he's sorry — but that the pressures on traders remain



Kweku Adoboli, photographed this month in London © Adama Jalloh

**Lindsay Fortado** OCTOBER 22 2015

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On an unseasonably sunny autumn day in the City of London, a group of about a dozen traders at a commodities brokerage firm were perched around a conference room table, the light sifting in as they listened to a compliance seminar. As it drew to a close, a new speaker stood up and walked to the head of the table. The traders sat up in their chairs. Some pulled out their phones and started googling pictures to see if it was really him, trying to discreetly show their colleagues for confirmation.

The man smiled knowingly and asked them a question. “Can you think of a time when you felt a completely brand new emotion?” he began. “Perhaps the day you got married or the first time you held your baby, or when you became a trader or got your last promotion? Those types of moments when life feels magically perfect and your desire is to protect that situation and to make it last? The strength of your positive emotion is the intensity to which I was experiencing something negative. You haven’t experienced anything that negative before. Most people don’t go through such suffering.”

He paused, then kept going. “Now imagine where I was four years ago, walking through Wandsworth Prison, or in a cell with a Polish kid who spoke no English, trying to understand how I got to that place in my life. How did I get here? What choices did I make? What’s happening? How do I survive this? Will I survive? What’s going to happen? I’m just trying to get you to feel something of what I felt, so nobody else has to go through what I went through.”

The speaker was [Kweku Adoboli](#), recently out of prison and one of a select category of criminal bankers instantly recognisable even to those who know little of the financial world. Dubbed the biggest rogue trader in British history, he was [convicted in 2012 for losing \\$2.3bn](#) of the Swiss bank UBS’s money. His huge loss and nine-week trial captivated the City of London and his downfall, occurring as it did at the zenith of national repugnance towards bankers following the financial crisis, sparked an unusually hefty dose of schadenfreude at the fate of the well-educated, privileged young man who cost his bank billions.

As a trader in the investment bank’s global synthetic equities division, Adoboli had booked fictitious hedging trades in order to hide the fact that he was exceeding his risk limits. This exposed the bank to much more chance of loss than it could see. He also created a sort of internal slush fund in which to store skimmed profits that he and others could later sprinkle back in to cover daily losses. He never denied the methods but maintained that everything he did was done in order to make UBS more money, and that the bank turned a blind eye for years while his scheme was helping it to rake in millions in profit.

In sentencing him, the judge told Adoboli his “fall from grace as a result of these convictions is spectacular”. The prosecutor called him an “accomplished liar” who “played God” with UBS’s money. His colleagues mostly denied knowledge of his actions.

UBS declined to comment for this article. Adoboli is still widely resented by management and his former colleagues for the embarrassment and money he cost the bank. The CFO testified that more than 500 jobs were lost and the bonus pool in its investment bank slashed by about 60 per cent, partly because of the loss. About 10 people lost their jobs directly because of it. None of the people who he worked with when it happened has been in touch. A manager in the compliance department once told me that UBS is still “obsessed” with Adoboli and the havoc that was wreaked.

This is the first interview Adoboli has given since leaving prison. He maintained his silence during the trial but when his email address came up in court, I got in contact. Four days later he responded. “I’m doing my best to keep my head up but it’s not easy,” he wrote. Shortly after his conviction in November 2012, another email popped up in my inbox. It was from his girlfriend. “He would really like to write to you — would you mind sending me your address or sending it to him directly at The Verne prison.” I sent him a Christmas card of Central Park in the snow. What followed was years of handwritten and typed letters, train journeys from London to visit him in prisons in Kent and West Sussex, and long conversations, emails and texts after his release.

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Adoboli, short in stature and slightly stocky, has a geniality and openness about him, and a deep laugh that comes from his belly. He jokes that if a movie was ever made of his life, he’d want David Oyelowo to play him because they’re similarly built. He favours polo shirts with the collar up — the slightly outdated off-duty uniform of a City trader — and smiles easily, but maintains an air of resignation tending towards optimism. He often cries when recounting the effect his misconduct has had on his friends. In prison, his extra weight shifted to muscle, and the circles under his eyes grew darker.

*the penny finally dropped that if I did not go to trial  
I would never be able to help anyone else avoid  
the beating that I got. I fought the trial not  
because I thought I would win but because no  
one in finance ever realises how close they  
are to the imaginary, transitory red line until  
they cross it and get smashed in the face  
by a million camera lenses.*

An extract from a letter he wrote to Lindsay Fortado in June 2014

Through the surprisingly close relationship I forged with him during his prison years, I came to know him as a far more complex figure than his portrayal. He still seems slow to believe that what he did was truly wrong or unknown to others at UBS, but remains convinced that he had been working to a higher imperative: to make his bosses as much money as possible and lessen the wider pressure on the bank’s traders.

Adoboli, now 35, had a privileged upbringing. His father’s UN peacekeeping career took his family (he has a sister) away from Ghana when he was four, to Jerusalem and Damascus. At the age of 12, he was sent to Ackworth School, a Quaker boarding school in rural Yorkshire. Since moving to England, he has only been back to Ghana for visits. He thrived academically and became head boy, paving the way for a degree in computer science and management in Nottingham, before joining UBS in London as a summer intern in 2002.

There's a positivity bordering on naivety to Adoboli that can make him sound like a motivational speaker. "Because we moved around so much, I was blessed with the joy of making friends quickly by going in search of the goodness of love and happiness which we all protect deep within our core," he once wrote to me. Mike Foster, a former senior trader on his desk at UBS who left for Barclays before the loss occurred, once joked to me outside court that Adoboli was "such a peace and love type" that if two of the jurors we thought were flirting ended up together, it would have made the whole thing worthwhile. Foster spent nearly the entire trial sitting by Adoboli's side.

Adoboli sought community wherever he went and did what he could to create it, a friend of his from university told me. "He would take the weight of the student union on his shoulders, and he did the exact same thing at UBS," he said. "I don't know if there was something about the way the Quaker school was run, or if it was his Christian upbringing, but he always had that view of putting himself forward. He wanted to help, he wanted to do well and that, in the end, got him where he was into trouble."

It was this tendency that drove him as a trader. Adoboli was one of four traders on UBS's exchange traded funds desk, which traded on behalf of both clients and the bank. He'd risen from being a summer intern in 2002, to an operations analyst in the back office to a trader on a salary of £33,000 plus a £7,500 bonus in 2005. That rose to a £110,000 salary and a £250,000 bonus in 2010, though the reward was never received. During that time, he upgraded from a shared flat near London Fields to a loft in Shoreditch. In March 2010 he was promoted to director. The bank was also increasingly turning to him to promote UBS. John Hughes, the senior trader on the desk, seemed erratic and less professional, according to witnesses at the trial; it was Adoboli who met with clients and promoted the firm on campus visits.



Kweku Adoboli arriving at the City of London Magistrates' Court, September 2011 © Bloomberg



Adoboli believed that as one of the most approachable traders on the desk, colleagues naturally went to him for help. He recalled an instance when a senior manager came to him and said they'd forgotten to book a client trade two weeks earlier and were facing a \$1.5m loss. "And he's like, what can we do, is there anything you can do to fix it? OK, leave it with me, I'll try to trade around it and make back some of the loss." A former UBS colleague told me that Adoboli was the go-to guy on the trading floor when there was a screw-up. "We didn't know how he did it, but we didn't want to know," the person said.

However, his seeming success masked a growing anxiety over his failed trades. By May 2011, things were starting to fall apart. One afternoon, he was at his desk in the middle of the trading room. Management was holding a town-hall meeting and employees were crowded around the glass barriers on each floor, looking down to where he sat. Adoboli and Hughes were singled out for the profits they were raking in. The rest of the traders were encouraged to work more with them.

"And I'm like, f\*\*\*ing hell, more pressure . . . You're embarrassed. There's all these people standing there looking at you and you're just like, I really need to get my job done," Adoboli recalls. "It's 5.30, I'm probably going to be here until 8.30, why are you telling everyone what we're doing? It's just more pressure." He put his head down and kept working.

Besides the market turmoil in 2011, UBS had lost billions from subprime losses and cut thousands of jobs. Mike Foster had left for Barclays, leaving them without a true leader, and at 31, Adoboli was the oldest member of the team. Everyone on the desk felt the pressure of needing to make money. Adoboli became obsessed with the markets, following the news around the clock.

"There's only so long you can go sleeping three broken hours a night," Adoboli says. "I probably wouldn't have ended up losing control in the way that I did . . . I would have recognised at a much earlier point that, OK, we've lost x amount at this point, OK, there's still probably this much downside to go; let me think about it rationally, flip my positions back again . . . But I couldn't do that; there was no energy left. And you end up going into autopilot when you're that tired, and of course autopilot means that you make mistakes, you don't recognise warning signs when they're all around you, and it snowballs from there."

I'm trying to get really fit before release date (yep that means low carb diets and other rather girly metro-men's-fitness type behaviours); cramming in as much guitar practice as possible; boning up on my statistical analysis methods in preparation for PhD stuff; and trying not to despair at all the politicians ripping strips out of each other in the run up to elections. It's funny trying to prepare for the future when there's a surprisingly real and very opaque bouncy rubber wall in the way; sort of distorts the light at the end of the tunnel. I guess it's a tiny bit like that moment in *The Truman Show* when Truman realises they don't want to kill him but they'll try as hard as possible not to let him leave the show. It would be awesome if life really was like a good movie.

The crisis started around July 2011, when Adoboli took the opposite view to Hughes over the direction of the market. Adoboli thought a further sell-off was coming; the rest of his colleagues predicted a rebound. He flipped his position under pressure from the others. The market dropped. He flipped back to a short position and the market rose. Nothing was going right.

Gosh, it's ridiculous how fast time is passing. By the time you get this there will be only 15 weeks left till I'm out! It's hard to say I'm getting excited but, even though there are huge molehills and mountains in the way, I can definitely feel the pressure lifting off my heart.

Adoboli was illegally booking non-existent trades as hedges to conceal the reality that he was exceeding his risk limits. This meant, for example, that UBS may have thought it had exposure of \$100m, because if one of his trades fell apart then the hedge was there to stem the losses. In fact there was no hedge, so the risk was much higher. Adoboli's technique meant he was very successful at times, but also explains why his losses spiralled out of control so fast. When that started to happen he panicked and started doubling down to win it back. He couldn't.

By mid-July, the loss was up to about \$300m, but by about July 25 he'd got it back to zero. When the US debt was downgraded by Standard & Poor on August 5, it sparked a market sell-off. Adoboli's desk was wrong again. By August 11, the loss had risen to about \$3bn. He spent the next month frantically trying to reduce it. "We need a miracle," he posted on Facebook, hoping that Hughes, who was at the Burning Man festival in Nevada, would see it and somehow be able to help. By mid-September 2011, the losses had spiralled further than he was able to rein back in and the compliance department wanted answers. Adoboli knew his job was over but, perhaps naively, never thought he'd be arrested.

On the Monday before the arrest came, he gathered the three other traders on the desk for a crisis meeting at the All Bar One across from the UBS office. He was burnt out and ready to give up trading, he said. If he took responsibility for everything and said no one else knew what he was doing, he figured he'd be fired and the others would stay clear of any blame. According to Adoboli's version and testimony during the trial, Hughes told him they were going to disown him. Adoboli nodded. He went back to his flat and sent an email to the bank, confessing everything. When he got back to the office, he was taken up to the seventh floor. He sat in a meeting room with various managers for hours, explaining the loss and the techniques he used.

"Why? What was the mechanism? How does it work? Explaining it, and then more and more people come in, you explain it over and over and over again," he said. "Who knew? Nobody. Who knew? Nobody. Just me. Just me. Just me. And obviously they kept asking because they didn't believe me."

## **He wanted to help. He wanted to do well. And that in the end, got him into trouble**

**A friend from university**

UBS brought in a criminal defence lawyer for him, who advised him to keep talking. By midnight, about eight UBS lawyers had arrived and they were all sat around a conference table, with Adoboli detailing how he'd done it. They asked if he was hungry and offered him Domino's pizza. "By now I'm texting my girlfriend . . . it's midnight, half midnight. She's like, what's

happening? When are you coming home? I've made chicken, are you OK? Come home . . . Then at 12 I'm like, oh, they've just said I'm probably going to finish up in half an hour, I'll be home by one. And then my phone battery died and then at one they came in, or half one, 20 past one, they came in and said, really sorry Kweku, we know we said you could go home but we've had to call the police and they're coming to arrest you. I was like, OK. You're just girding yourself, right."

He spent the next two nights at Bishopsgate police station, intermittently praying, reading a Bible the police had given him and trying to send telepathic messages to his friends to let them know he was OK. By Friday afternoon he was being driven to City of London Magistrates' Court to be charged with fraud and false accounting. The police hid him in the back of the van on the way in so that he wouldn't be photographed.

"At each point you're like, I just need to get through the next half-hour, hour, see what happens next. There's a lot of waiting. Waiting when you don't know what's coming is one of the toughest challenges of life, right, and I've learnt how to do that really well . . . You don't know what's coming, you don't know what's happening in the environment around you but you know that there's something going on that's got something to do with you, and your life is just in someone else's control."

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Adoboli spent the next nine months in Wandsworth prison in south-west London, locked up for about 23 hours a day. After his spacious Shoreditch loft, he had to adjust to sharing a small cell without a separate toilet. On his first New Year's Eve in prison he heard the banging of iron cell doors, the inmates erupting with chants of his name that echoed around the brick walls, as he appeared on ITV as one of the stories of the year. He hung his head. All he wanted was to be with his friends.

## **I couldn't think about things rationally or flip my positions. There was no energy left**

**Kweku Adoboli**

After initially co-operating, he started to feel that the process was becoming a stitch-up. His lawyers, hired and paid for by UBS, were encouraging him to plead guilty. He'd go to jail for a couple years then be out, he says they told him. But as he sat in Wandsworth, he was changing his mind. It wasn't dishonest, he told himself. He could win. And people would get to hear his side.

When Adoboli went on trial in 2012, the case captivated the City. The image of him in a navy-blue overcoat, eyes wide as he made his way through throngs of press photographers, was splashed across the front pages of the newspapers, a symbol of the industry's greed and wrongdoing.

The timing was perfect for a media storm: the public appetite for bankers was at an all-time low. No matter that he was a mid-level trader who'd lost his bank's money and not a bank executive who'd brought on a bailout of public money: it was his motivation that fascinated. He wanted to make more money for UBS, and when his unhedged trade went the wrong way, he kept doubling down in a desperate effort to recoup his losses. It struck a nerve because it was a trader's worst nightmare.

During the nine-week trial at Southwark Crown Court, Adoboli was branded a reckless gambler who wanted to increase his bonus and prestige. Prosecutor Sasha Wass QC, her black cowboy boots sticking out under her barrister's robe, pointed to his various online trading accounts and his bank statements that hovered around zero. She called him a "master fraudster, deliberately and systematically deceiving and defrauding the bank which was employing him". When Adoboli took the stand, she tore into him. He grew defensive, abrasive, smug.

The courtroom was filled with representatives from UBS, who occupied seats normally allocated to the press with a host of pricey advisers — solicitors from Herbert Smith, a barrister who passed instructions to the prosecutors on Post-it notes, external and internal PR advisers. If he wasn't found guilty, that would suggest the jury had decided his crimes were institutional.

Adoboli maintains that others did in fact know, and actively encouraged his behaviour for more than two years while it was profitable. During the trial, it emerged that the bank had uncovered at least three other separate instances of unauthorised trading. The loss triggered the departure of Oswald Gröbel, chief executive. The [bank was fined about £30m](#) by the British finance regulator for its failings around the loss. His friends maintain that others should have been prosecuted as well.





Adoboli in Shoreditch, London, earlier this month © Adama Jalloh

In sentencing him to serve half of a seven-year sentence for his conviction on two counts of fraud, the judge said he was “arrogant enough to think that the bank’s rules for traders” didn’t apply to him. He was acquitted on four counts of false accounting.

As Adoboli heard the sentence read out he was afraid for what lay ahead, both for himself and his friends and family. “Perhaps my most striking emotion was looking at the jury and feeling that a number of them were really upset about the decision they’d made,” he later told me. “It seemed that a few of them were crying. For that reason I bowed my head to them and mouthed: ‘It’s OK. I’ll be OK.’”

After his conviction, Adoboli was sent to The Verne prison, situated in an old army base on an island off the coast of Weymouth. He tried to stay positive, creating a routine for himself. Mornings started at 5am, when he’d watch the news and write letters in his two metres by four metres cell. At 7.45 he’d call his girlfriend to say good morning before she went to work, then off to the gym from 8am to 9am. After work, as an equalities rep in the prison’s diversity centre, and lunch, he went to the library to read the papers. He underwent counselling, learnt to play the guitar and sang on Saturdays in the church’s Pentecostal fellowship. “This prison is like a really rubbish boarding school that you can’t leave,” he wrote to me in March 2013.

It wasn’t until he reached Maidstone in the autumn of 2013, an immigration detention centre in Kent surrounded by a 20ft stone wall, that he learnt about the indignities of life in prison for a Ghanaian national who had never bothered to seek British citizenship. The Home Office looks to deport any foreign national prisoners who have been sentenced to more than four years, and Adoboli was no exception.

Every day seemed to bring another battle with the prison authorities, another reminder that he wasn't wanted in England. The other inmates taught him how to heat his dinners by unplugging the cord from his radio and sticking it in a pot of water to make it boil. He learnt which inmates tended towards violence and how to avoid them. His letters grew longer and more despairing. He was branded as having demonstrated "unacceptable behaviour" for helping a Nigerian inmate with paperwork and the categorisation that would have allowed him to move to an open prison sooner was taken away, he claims. His relationship with his girlfriend grew strained.

"This is effectively a holding pen with no purposeful activity, set up to demoralise so completely that we choose to be deported rather than stand up for a future life here in the UK," he wrote to me at the time. He later added: "You learn what it's like to belong to the most bottom part of society."

I first visited him in the autumn of last year, taking the train on a grey Sunday. Visiting hours were from 1.45pm to 4.20pm and I followed instructions to arrive early. Personal belongings, including phones and notebooks, weren't allowed in, so I left my handbag in a locker before shuffling through a metal detector, the iron prison door slamming shut behind me. Visitors were allowed up to £20 in change to buy snacks.

## **The traders I've met are petrified . . . their institutions are pushing them to make difficult choices**

**Kweku Adoboli**

Once seated beside me, Adoboli wasn't allowed to get up. We sat on red plastic chairs bolted to the floor for two-and-a-half hours, him drinking black coffee and me green tea, as he told me of his battles trying to get moved to a prison for lesser offenders and I told him tales of the outside world. He stayed reserved; it was the first time we'd had a long conversation face to face.

His friend from Nottingham joked that it took going to prison for them to be able to spend time together again. He was too preoccupied with work while at UBS. "You'd send him a text or a voicemail but he wouldn't respond, and you know he saw it, he always had that phone on him," his friend said. "He just didn't have the headspace. He was the most connected but least reachable person during that time."

"What we tried to do was to organise weekend breaks, to get him away from work. There were quite a few times when, last-minute, when he should have been on the Eurostar or the plane, you'd get a text saying, sorry, I missed the plane, too much work. When he did come, it'd always take at least a day to unwind until he became the Kweku we knew again."

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Adoboli was released from prison in June after serving just over half his seven-year sentence. Since then he has sought a return to normality. In July, he was at the office of his trial lawyers when he was handed his old iPhone, one of the earliest models, which had been seized by the police when he was arrested. It had 20 missed calls and 47 unread texts on it, but he could not bring himself to look at them. Menu choices in restaurants overwhelmed him and he stuck to ordering burgers. He would read the texts eventually, he said, but not yet.

“I struggle when I’m in busy areas where there’s a lot of intense movement,” he says. “The other day I had to get out of Victoria Tube station to get to a platform in two minutes and I found it really difficult. There are people walking slowly, I can’t barge past them. I missed the train because I couldn’t do it.”

People are starting to recognise him on the street, he says. A ticket agent at the Clapham South Tube station. A woman on a platform who wanted to know if he’d found a new job, is he OK?

For now, he can’t work. The Home Office won a ruling earlier this month ordering him to be deported to Ghana. Adoboli called the decision “heartbreaking”. [He’s appealing](#), but it’s a long shot without any money to fund his case. He’s living with friends in London and Edinburgh and receives some money from his father. He wants to stay in Britain, where he’s lived for 23 years, to study for a PhD in corporate governance and compliance, and maybe to write a book. He’s been barred from working in the financial sector again by the Financial Conduct Authority but has teamed up with Paul Whittaker, a former head of compliance training at HSBC, who gives the seminars where Adoboli has assisted.

“If he’s deported, that means he’s banished from the western world,” his friend from Nottingham said. “Prison didn’t break him, but I question if deportation isn’t that final straw. That is the ultimate punishment.”

Adoboli says he has a debt to help clean up the industry and prevent others from going down the path he did by holding himself up as a cautionary tale. In his eyes, there are bound to be similar failings while the chasm between the profit demands of management and the rules of compliance remain. He believes that by holding up himself and [Tom Hayes](#), the former UBS and Citigroup derivatives trader who was jailed in August this year for manipulating Libor, as rotten apples in an otherwise clean industry, the banks are moving on without considering what happened to allow or even encourage their misconduct. Neither Adoboli nor Hayes denied their actions. Adoboli insisted that he wasn’t dishonest. Both were found guilty.

Whittaker, who contacted Adoboli in prison and has sought his advice since, maintains that the former UBS trader is invaluable to him and has been well received by traders. When he has floated the idea to finance executives of having Adoboli in, it has been “strongly welcomed”, he said, adding: “He is uniquely placed to contribute to this effort where most others either would or could not.”

In that recent compliance training session, Adoboli's message to the traders was simple: you and I know that the demands of management and the rules of compliance aren't always in sync. But no matter how much pressure you're under to meet certain targets, even the best of intentions can go awry. He only spoke for about 15 minutes but many of them didn't leave when he finished. They stood hovering around him, wanting to chat further or express their sympathy.

"The guys I've met are petrified," Adoboli said of the traders. "They're petrified of taking a risk because they're caught between a rock and a hard place. And it's the same for all the guys who are traders in the industry, where they know their institutions are pushing them to make difficult choices but that if they make a mistake, for political and regulatory reasons, they will be hit with a big stick. And unfortunately, for institutional reasons, they know that they won't be protected."

But will the industry listen to compliance instructions from a man known as a notorious fraudster? In many ways, he's the best person to do so, just as the FBI hires computer hackers who've been found guilty to show them how it's done. "Unless you have someone who can personalise it, compliance is just a box-ticking exercise," said Adoboli's friend, who works in finance risk management. "If you were talking about a malicious fraudster, that's one thing. But he has high moral standards, and it happened."

Does Adoboli think that what he did was wrong, I asked him recently. He chuckled. "Well, if I knew what the outcome was going to be and what I'd have to go through and how it'd affect my friends and family, I wouldn't have done it." He paused. "I was found guilty under criminal law, so according to the law I was wrong." But do you think what you did was wrong? He nodded slowly. "I've said I'm sorry all the way along . . . I don't want to cause pain to anyone. In fact, that's the tragedy of all this. The pain was the result of trying really hard not to cause the pain."

*Lindsay Fortado is the FT's legal correspondent*

*Portraits by Adama Jalloh*

*Photograph: Bloomberg*