

Finance: Drug and Bank Lords

Series: The banks and the “too big to jail” doctrine (part 3)

Sunday 8 June 2014, by [TOUSSAINT Éric](#) (Date first published: 14 April 2014).

The British bank HSBC, which employs 260, 000 people worldwide, is present in 75 countries, and claims to have 54 million customers [1] is another example of the “Too Big to Jail” phenomenon. [2] Over the last ten years, HSBC has laundered \$881 million [3] for Mexican and Columbian drug cartels that are responsible for tens of thousands of firearm related assassinations. These relations continue in spite of dozens of warnings from different US government agencies including the Office of the Comptroller of the Currency. The profits from this business are so important that not only does HSBC continue, but it has also opened specialized services in its Mexico offices where drug dealers may simply hand in stocks of cash for cleaning. [4] It has been revealed that HSBC was accused of failing to respect regulations, to prevent money laundering, on nearly \$700 billion of transfers and over \$9.4 billion in US currency purchases from HSBC Mexico. The bank also violated sanctions against Iran, Sudan and Burma, amongst others. Although HSBC is openly contemptuous towards the law, it has hardly been subjected to any legal consequences. In December 2012, HSBC was condemned to a fine of \$1.9 billion - about one week of revenue - as the full and final penalty for its money laundering activities. Although aiding and abetting terrorist organisations, and drug trafficking, are punishable by five years in prison not one director or employee has been criminally prosecuted. Bank directors have a free hand to take part in drug trafficking, sanction violations, or any other crime.

The *International Herald Tribune* (IHT) has inquired as to what was said behind the doors of the Justice department about this case. According to certain information, several prosecutors wanted HSBC to plead guilty and recognize that it had violated the law, which obliges banks to inform the authorities of any transaction of over \$10,000 dollars that might be suspicious. This plea would have led to HSBC losing its United States banking licence and an end to its activities in that country. After several months of negotiation, it was eventually decided not to press criminal charges in order to avoid the Bank's closure. It was even decided to avoid tarnishing the Bank's image. [5] This small fine of \$1.9 billion was completed by a period of probation: should the authorities discover, between 2013 and 2018, that HSBC has not put an end to these practices (there has been no condemnation), the justice department may reopen the case. This result may be summed up as: “Naughty child! penance of one week's pay and don't do it again for five years.” this is clearly an example of a bank that's ‘Too Big to Jail’.

During a Senatorial Commission concerning HSBC in July 2013, Elizabeth Warren (D. Massachusetts) interrogated David Cohen, under-secretary at the Treasury responsible for actions against terrorism and financial espionage, appearing for the US Treasury. She made the following points: the United States government takes money laundering very seriously. It is possible to close a bank that engages in this activity. Those condemned can be definitively prohibited from conducting banking and financial activities and may be condemned to prison sentences. Now, in December 2012 HSBC admitted to laundering \$881 million for Mexican and Columbian drug cartels, and the Bank also admitted to many sanctions violations over a long period. HSBC has paid a fine, but no individuals were sanctioned and the closing of the bank in the US has not been mentioned. ‘What does it take? she asked How many billions of dollars do you have to launder for drug lords, and how many economic sanctions do you have to violate before someone will consider shutting down a

financial institution?’ The treasury representative dodged the issue saying the question was too complex to give an answer. [6] The Senator concluded that cocaine dealers would go to prison and for a very long time if he repeats his fault whilst bankers who launder billions of narcodollars can sleep easily in their own beds at night with no fear of being condemned. [7]

Stephen Green, CEO of HSBC (2003-2010), becomes British Minister for Commerce

Stephen Green is a vivid illustration of the symbiotic relationship between finance and government. In this case, it goes ever further, because he does not content himself with serving the interests of big capital as a banker and a minister. His ‘ministries’ go as far as being an ordained priest of the Church of England. He has written two books on the subject of business and ethics, notably *Serving God, Serving Mammon?* [8] The title refers to the biblical quotation, ‘No man can serve two masters: for either he will hate the one, and love the other; or else he will hold to the one, and despise the other. Ye cannot serve God and mammon (Matthew 6:24).’ Mammon is symbolic of wealth, greed, and profit. This name comes up in Aramaic, Hebrew, and Phoenician. Mammon is sometimes compared to Satan. As for Stephen Green, he has received university honours and is obviously untouchable.

He started his career at the British Ministry of Overseas Development, before going to the private international consultancy company, McKinsey. In 1982, he was hired by HSBC the biggest British bank where he was rapidly promoted to positions of high responsibility. He was named Executive Director in 2003, and became HSBC chairman in 2006, where he remained until 2010.

The accusations by US authorities of laundering \$881 million of drug money, and other illicit transactions relate to the 2003-2010 period. According to the 334-page Senate report published in 2012, Stephen Green had been informed by an employee, in 2005, that HSBC had installed money-laundering operations in Mexico and doubtful transactions had taken place.

Still in 2005, the financial services company *Bloomberg*, based in New York, accused HSBC of laundering drug money. Stephen Green replied that the accusations were, ‘singular and wholly irresponsible,’ putting the reputation of a great and trustworthy international bank into doubt. In 2008, US federal authorities informed Stephen Green that Mexican authorities had discovered the existence of a money laundering operation involving HSBC in Mexico, and an HSBC branch in the Cayman islands. The agency remarked that such activity could imply penal responsibility for HSBC. [9] There followed a series of rather soft warnings compared to the gravity of the accusations. HSBC promised to change its behaviour, but continued its criminal practices.

Finally, HSBC was issued a Cease and Desist Order in October 2010 to put an end to these nefarious activities. [10] At the end of 2012, following the publication of the Senatorial Commission’s report and months of discussion between different US security agencies, HSBC was fined \$1.9 billion dollars.

Stephen Green cannot claim he did not know what his bank was up to not only in Mexico and in offshore tax havens, but also in the Middle East and in the US. He was CEO of his group, and had also been a director of HSBC Bank Bermuda Ltd. [11], HSBC Mexico, HSBC Middle East. He had also been president of HSBC Private Banking Holdings (Suisse) SA, and of HSBC North America Holdings Inc..

When the US decision to impose a heavy fine on HSBC for drug money laundering was made public in 2012, Stephen Green was no longer at HSBC. He was now minister in the British Cabinet under James Cameron.

With hindsight, Stephen Green's timing was spot-on, a work of art. In February 2010, he published a book entitled: *Good value: Reflections on Money, Morality and an Uncertain World*. The foreword asks the following question: 'Can one be both an ethical person and an effective business person? Stephen Green, an ordained priest and the chairman of HSBC, thinks so [12].' Of course, the 'ethical person' and the 'effective business person' are identifiable in the author, priest, and HSBC chairman Stephen Green. The propaganda is well coordinated, at the same time he is awarded the honorary degree *Doctor Honoris Causa* by London University's School of Oriental and African Studies (SOAS).

In October 2010, for the second time, the US justice department orders HSBC to stop its criminal activities. Before this information is made public, Stephen Green jumps the boat. The following month, at the request of David Cameron, he received honours and was appointed *Baron Green of Hurstpierpoint*, which is in the west of the county of Sussex. Unbelievable, for a shady businessman, who laundered millions of dollars of drug money, to become on 22 November 2010, a Life peer, a member of the House of Lords. Stranger than criminal fiction!

He resigned from his position at HSBC in December 2010 to become Minister of State for Trade and Investment in February 2011. [13] In this way, he continued to serve the interests of the British corporations, with whom he has very close relations, because he has been Vice- President of the Confederation of British Industry since May 2010. Stephen Green also used his know-how to promote London as a candidate for the 2012 Olympic Games candidate, which were held in July, exactly when the US Senate published its report on the HSBC affair. Stephen Green refused to reply to questions from members of the House of Lords on this scandal. He was protected by the president of the House of Lords Conservative Party group under pretext that a Minister is not answerable to Parliament for matters that do not concern his Ministry portfolio. [14]

In 2013, David Cameron commended Lord Green for his superb job in favour of British exports, commercial treaties and in particular for his work on the EU - US transatlantic treaty. [15] He has also achieved much in developing the sale of British armaments throughout the world. He finished his term in December 2013, and now devotes his precious times to speaking at conferences (probably in exchange for important fees) and to receive the honours that so many academic institutions heap upon him.

His career is certainly not over. His hypocrisy has no limits. In March 2009, at the same time that HSBC was totally involved in the famous money laundering affair, he had the cheek to declare at a press conference, concerning the responsibility for the crisis which started in 2007-2008: 'Underlying all these events is a question about the culture and ethics of the industry. It is as if, too often, people had given up asking whether something was the right thing to do, and focused only on whether it was legal and complied with the rules.' and, 'there have been too many who have profoundly damaged the industry's reputation.' [16]

That is how Stephen Green, rascal and rogue, above the law speaks to the lackeys who all rush to repeat his good words all over the mainstream press.

Green and all his HSBC cronies who have organised money laundering should answer for their crimes before the courts and be severely condemned to periods of loss of liberty and of community service. HSBC should be shut down and its directors sacked. The bank should be split into smaller units under public control with a strictly defined public service objective.

Eric Toussaint

Part 1 [Banks and the New "Too Big to Jail" Doctrine - Part 1](#)

Part 2 [Finance: Bank abuses in the real estate sector and illegal foreclosures in the United States](#)

P.S.

* <http://cadtm.org/Drug-and-Bank-Lords>

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Footnotes

[1] See official site: <http://www.hsbc.com/about-hsbc>

[2] See: [Banks and the New "ed £12.5bn",g at conferences tation markswe work on the final check we know what to compare it to...Too Big to Jail' Doctrine](#)

[3] HSBC has also had dealings with a Saudi bank suspected of financial collaboration with Al Qaida. It is accused by the US justice of having transgressed embargo restrictions. see <http://www.bloomberg.com/news/2013-07-02/hsbc-judge-approves-1-9b-drug-money-laundering-accord.html> and <http://www.theguardian.com/business/2012/dec/11/hsbc-bank-us-money-laundering>

[4] Matt Taibbi, 'Gangster Bankers: Too Big to Jail. How HSBC hooked up with drug traffickers and terrorists. And got away with it,' 14 February 2013, <http://www.rollingstone.com/politics/news/gangster-bankers-too-big-to-jail-20130214>

[5] IHT, 'HSBC to pay \$1.92 billion over money laundering,' 12 December 2012.

[6] See http://www.huffingtonpost.com/2013/03/07/elizabeth-warren-hsbc-money-laundering_n_2830166.html and <http://www.ianfraser.org/hsbcs-drugs-money-laundering-settlement-a-mockery-of-justice-says-sen-warren/>

[7] Part of the audition is visible here: <http://www.youtube.com/watch?v=fKvGXF7pZAc>

[8] Stephen Green, *Serving God? Serving Mammon ?*, Marshall Pickering, 1996, 137 pages.

[9] Ned Simons, 'HSBC: Stephen Green Accused Of Hiding From Scandal.'

The Huffington Post UK, 20 July 2012,

http://www.huffingtonpost.co.uk/2012/07/20/hsbc-scandal-stephen-green-hiding_n_1688622.html

and, the previously mentioned article by Matt Taibbi, 'Gangster Bankers: Too Big to Jail. How HSBC hooked up with drug traffickers and terrorists. And got away with it,' 14 February 2013, <http://www.rollingstone.com/politics/news/gangster-bankers-too-big-to-jail-20130214>

[10] A 'cease and desist order' is an order against a person, corporation or organisation, issued by a tribunal or a US authority to stop an activity that it considers damaging or illegal. The first of these orders were issued in April 2003 and concerned bank accounts and funding of terrorist organisations, such as Al Qaida.

[11] http://en.wikipedia.org/wiki/Bank_of_Bermuda is the official site of HSBC in Bermuda
<http://www.hsbc.bm/1/2>

[12] Stephen Green, *Good Value: Reflections on Money, Morality and an Uncertain World*, Grove Press, 2010, 256 pages

'Can one be both an ethical person and an effective businessperson? Stephen Green, an ordained priest and the chairman of HSBC, thinks so.' in

<http://www.goodreads.com/book/show/8145234-good-value>

[13] Stephen Green declares that his position as Minister will be unpaid. His income as CEO of HSBC was £25 million p.a. and he has other means.

[14] See article by Ned Simons already quoted, 'HSBC: Stephen Green Accused Of Hiding From Scandal,' *The Huffington Post UK*, 20 July 2012,

http://www.huffingtonpost.co.uk/2012/07/20/hsbc-scandal-stephen-green-hiding_n_1688622.html

See also: *The Guardian*, 'Lord Green "regrets" HSBC scandal but still refuses to answer questions. Trade minister breaks silence over money laundering scandal that took place while he was running the bank,' 24 July 2012.

[15] *The Telegraph*, Lord Green to retire after reforming UKTI, 19 June 2013,

<http://www.telegraph.co.uk/finance/newsbysector/banksandfinance/10130551/Lord-Green-to-retire-after-reforming-UKTI.htm>

'The Prime Minister said that former HSBC boss Lord Green had done a "superb job" re-focusing Government efforts on export, pushing forward trade agreements, including the planned US-EU trade deal, and had secured "vital investments", including the redevelopment of Battersea Power Station.'

[16] *The Independent*, 'HSBC in bid to raise £12.5bn,' 9 March 2009,

<http://www.independent.co.uk/news/business/news/hsbc-in-bid-to-raise-pound125bn-1635307.htm>

1