

ATM

BANKS AND DIRTY MONEY

HOW THE FINANCIAL SYSTEM
ENABLES STATE LOOTING
AT A DEVASTATING HUMAN COST

WITHDRAWN FROM:



AMOUNT:



"Corruption is one of the greatest enemies of progress in our time... It creates a system of patronage where the resources are shared out by a small elite while the majority are trapped in poverty, denied the benefits and proceeds of growth that are rightfully theirs."

**UK PRIME MINISTER DAVID CAMERON,
JULY 2015¹**

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SUMMARY

Corruption is a major problem which has a devastating human cost. In poor countries it kills people and traps millions more in poverty. When unscrupulous officials steal vast sums of state money, they decimate funds that should be spent on hospitals, schools and other basic services.

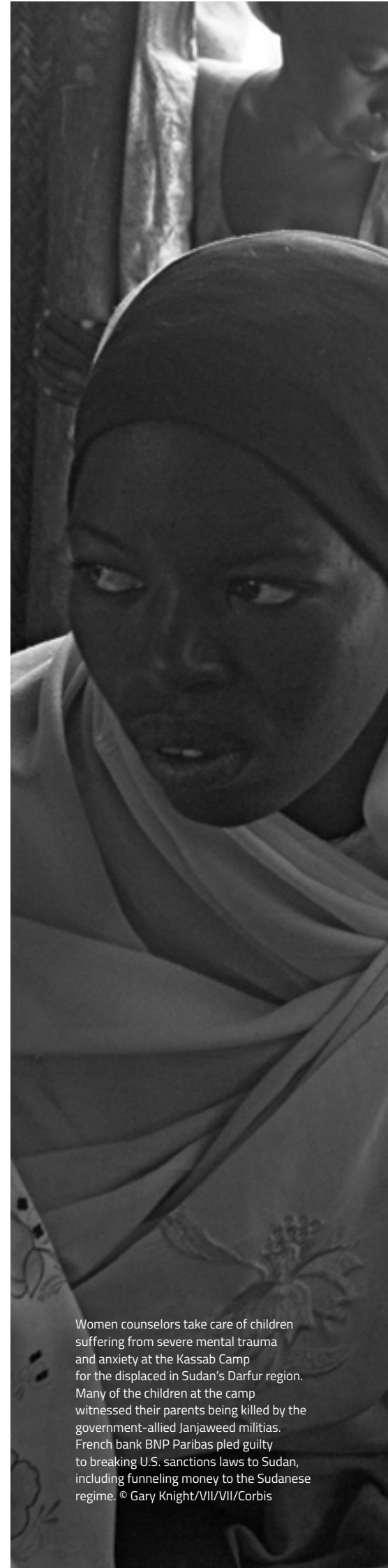
Rich countries are affected too. Corruption thwarts competition and innovation, and adds to the cost of doing business around the world, undermining the global economy. It leads to failed states, breeds terrorism, and threatens the national security of wealthy countries and others around the world.

The largely hidden truth is that banks play an integral role in enabling this. Corrupt officials need somewhere to hide stolen money.

The good news is that laws and regulations apply in most countries, based on internationally agreed standards, which require banks to do a range of checks to detect the proceeds of corruption and other crimes, and money intended for terrorist groups.

The bad news is that while many banks uphold these rules, a large number do not. This failure spans a spectrum of activities: from lacking systems to spot suspect funds, to turning a blind eye when risky funds are identified, to knowingly handling ill-gotten gains. The result is that many banks leave the door wide open for corrupt people to launder their funds. Global Witness was one of the first organisations to bring to public attention the role that banks play in large-scale corruption, with a report in 2009 exposing how some of the world's largest banks had done business with some of the world's most corrupt regimes.²

In February 2015, the leak of documents from HSBC Switzerland suggested that one of the biggest banks in the world had enabled tax evasion on a massive and institutionalized scale. However, HSBC's behaviour is not a one-off, and is part of a much wider problem of banks failing to turn away suspect funds. A global pattern of wrongdoing emerges: from banks aiding tax evasion and corruption, to handling the proceeds of drug trafficking and other serious crimes, to breaking sanctions laws and ignoring the risk of terrorist financing. This report concentrates



Women counselors take care of children suffering from severe mental trauma and anxiety at the Kassab Camp for the displaced in Sudan's Darfur region. Many of the children at the camp witnessed their parents being killed by the government-allied Janjaweed militias. French bank BNP Paribas pled guilty to breaking U.S. sanctions laws to Sudan, including funneling money to the Sudanese regime. © Gary Knight/VII/VII/Corbis



"If large financial institutions can break the law and accumulate millions in profits and, if they get caught, settle by paying out of those profits, they do not have much incentive to follow the law".

ELIZABETH WARREN, U.S. SENATOR, DEMOCRAT, MASSACHUSETTS ³

on the role banks play in enabling corruption, how this is part of the wider pattern of rule breaking by them, and the impact this has. However, banks are just one part of the puzzle. Global Witness has highlighted the role of other professional service providers, such as lawyers and accountants, that may also facilitate corruption and serious crimes.⁴

There are two main questions. Why are many banks repeatedly breaking the law and other regulatory standards, and what can be done to change this?

CHANGING THE INCENTIVES

Skewed incentives lie at the root of the problem. Under the current system, banks can make significant

profit even if they take embezzled or other illegitimate money. There are several reasons for this: the rules are rarely enforced; where penalties are handed out, they usually do not go far enough; and, senior executives who have oversight of breaches rarely face financial or reputational consequences themselves. It can make sense for banks to break the rules under the present system.

We need to change this balance of incentives, so that banks have much more to lose than they have to gain from handling suspect funds. The most effective way to do this is to hold senior bankers personally responsible when their banks break the rules. Until senior bankers face personal

responsibility for banks' rule-breaking, many banks will not take rules designed to prevent corruption, and other crimes, seriously. Until then, corrupt officials will continue to plunder state assets, tax cheats will carry on evading their taxes, and other serious criminals will continue committing their crimes, knowing that they can use banks to get away with it.

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| <div>-----</div> <div>SUMMARY OF RECOMMENDATIONS</div> <div>(see p24 for recommendations in full)</div> <div>-----</div> | <ul style="list-style-type: none">* Adopt a much stronger, and smarter, approach to enforcing anti-money laundering regulations.* Establish adequate anti-money laundering regulations in countries where they currently do not exist.* Remove obstacles for banks, such as difficulties in identifying the real, ultimate owners of companies which they hold accounts for. | <p>have the overall responsibility for anti-money laundering regulations, as part of a broader culture change.</p> <ul style="list-style-type: none">* Significantly enhance scrutiny of accounts held by people with access to government budgets who pose a high risk of money laundering.* Work closely with each other, governments and a range of actors to solve key problems. |
| <div>Governments and regulators should:</div> <ul style="list-style-type: none">* Start holding senior bankers personally responsible when banks violate anti-money laundering regulations.* Remove legal impediments preventing authorities from holding senior executives personally liable for wrongdoing at banks. | <div>Banks should:</div> <ul style="list-style-type: none">* Appoint someone from either board or senior management team level to | |

“[BNP Paribas] employees – with the knowledge of multiple senior executives – engaged in a long-standing scheme that illegally funneled money to countries involved in terrorism and genocide”.

BENJAMIN LAWSKY, HEAD OF THE NEW YORK BANKING REGULATOR⁵

**CASE STUDY:
BNP PARIBAS –
PROFITED FROM
GENOCIDE
AND TERROR**

In a landmark case highlighting how senior executives overrule compliance teams, BNP Paribas was fined \$8.9 billion by the U.S. in June 2014. The French bank pled guilty⁶ to knowingly, and willfully, breaking U.S. sanctions laws with respect to funds originating from Sudan, Iran and Cuba. This involved concealing more than \$190 billion of transactions for clients subject to U.S. sanctions.⁷

Evidence published by the Department of Justice showed that senior executives at the bank ignored several warnings

from compliance staff that transactions involving certain Sudanese customers would violate U.S. law. These concerns pointed to the pivotal part the bank played in allowing the Sudanese regime to trade oil and finance itself, and highlighted the role that the Sudanese regime was playing in the genocide in Darfur, and had played in harbouring Osama bin Laden.⁸ Yet the senior executives decided to take the money because the business was too good to turn down.⁹

Most alarmingly, this happened after the U.S. authorities had already identified failures by BNP Paribas to comply with money laundering and sanctions laws in 2004, and ordered it to sign a Memorandum of Understanding agreeing to improve its compliance with these laws.¹⁰

The New York banking regulator summed up the complicity of senior management at the bank: “violations were particularly egregious in part because they continued for many years after other banks were sanctioned for similar violations; involved numerous schemes expressly designed to deceive regulators; and were committed with the knowledge of multiple senior executives.”¹¹



BNP Paribas, France's largest bank was fined \$8.9 billion by U.S. authorities in 2014.
Flickr: dierk schaefer

THE COST OF CORRUPTION IN THE DEVELOPING AND DEVELOPED WORLD

Corruption is not a victimless crime. It is “public enemy number one” in the developing world, according to Jim Yong Kim, President of the World Bank.¹² Money lost from bribery and embezzlement significantly deprives government budgets of the funds needed to provide vital services like clean water and health care, or to invest in infrastructure.

There is no way to put a dollar figure on the plunder because by its nature corruption is a crime of concealment, aided and abetted by strict confidentiality rules around banking and legal services. So, unless criminal investigations or leaks bring specific instances to light, it is difficult to know when banks and lawyers have handled corrupt money, and thus the total amount.

A World Bank study looking at over 200 cases of large scale corruption over a 30 year period up to 2010 estimated that from those cases alone governments lost out on at least \$56.4 billion as a result of corruption.¹³ Our analysis of this data shows that 140 different banks around the world were involved in handling this stolen money,¹⁴ including over a third of the world’s current 50 biggest banks.¹⁵

Nigeria is one example of the cost of corruption: according to research commissioned by the Nigerian government, the country and its citizens have missed out on at least \$35 billion over 10 years due to corruption in the oil industry.¹⁶ This represents more than a year of government spending. Just one tenth of this total, or roughly \$3.5 billion, could have been used to give a basic education to the 5.5 million

girls in Nigeria who currently cannot afford to attend school.¹⁷

This is not just a problem in poor countries. The factors which contribute to many banks not doing the proper checks on their customers in order to stop corrupt funds, also mean that many are not doing the right checks to prevent people from evading taxes. This is particularly damaging at a time when public spending is under fire.

Banks’ bad behaviour has negative consequences for the economies of rich countries. A report by the B Team, a group of international CEOs and business leaders including Richard Branson and Mo Ibrahim, states:

“Corruption is bad for business, adding up to 10% to the cost of doing business globally, and is equivalent to a 20% tax on

foreign businesses. It undermines competition and financial stability, and undercuts investments in human capital and sustainable development... corruption is a global problem.”¹⁸

This behaviour also increases the risk posed by terrorism. As articulated by a senior FBI agent “[c]orruption [in other countries] leads to lack of confidence in government. Lack of confidence in government leads to failed states. Failed states lead to terror and national security issues.”¹⁹

Other violent crime also results: banks may handle money from drug cartels, human traffickers, arms dealers, fraudsters, and other serious criminals, giving these funds a veneer of legitimacy that they otherwise would not have, and leaving the criminals free to perpetrate their crimes undetected, creating innumerable victims around the world, including in rich countries.²⁰

“Every dollar that a corrupt official or a corrupt business person puts in their pocket is a dollar stolen from a pregnant woman who needs health care; or from a girl or a boy who deserves an education; or from communities that need water, roads, and schools. Every dollar is critical if we are to reach our goals to end extreme poverty by 2030 and to boost shared prosperity.”

JIM YONG KIM, WORLD BANK PRESIDENT ²¹



A child receives a vaccination at a rural health centre in India. Money stolen from state coffers by corrupt officials deprives governments of vital funds for health care and other vital services. Flickr: Piya Adhikary, India

CASE STUDY:
CORRUPT NIGERIAN
POLITICIANS AND
UK BANKS

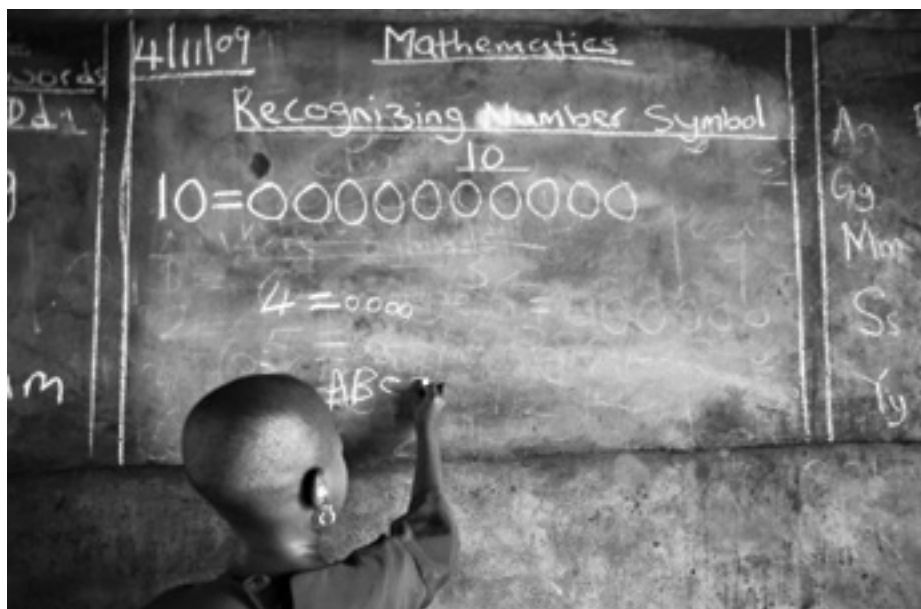
During his time as the Governor of Nigeria's Delta State between 1997 and 2008, James Ibori stole an estimated £157 million from the state. He blew this on a lavish lifestyle including luxury homes in the UK and South Africa, a £12.6 million private jet, and a fleet of luxury cars.²²

In 2012, a UK court sentenced him to 13 years in prison for money laundering.²³ Evidence pointed to millions of pounds passing through accounts held by Ibori and his close associates at Barclays, Citibank, HSBC, Abbey National (now Santander) and two Swiss banks.²⁴ This was despite his official annual salary of approximately £4,000 and a formal asset declaration stating that he had no cash or bank accounts outside of Nigeria. It is illegal in Nigerian law for politicians to have bank accounts outside the country.²⁵ The case raises serious questions about what, if any, checks the banks conducted on the accounts

of Ibori and his associates, and how they reassured themselves that his money was not suspicious.²⁶

Some of these banks were involved in other cases involving Nigerian politicians. In 2010, Global Witness revealed how Barclays, HSBC and others accepted millions from two corrupt Nigerian state governors.²⁷ This was despite the fact some of the same banks were exposed in 2001 as having handled over £1.3 billion in suspect funds from Nigerian dictator Sani Abacha.²⁸

A child participating in a class at the Young Tajudeen Agbangudu Primary School in Nigeria. Millions of children in Nigeria are unable to have an education, yet money lost to corruption could help to pay for this. Flickr: Gates Foundation.



THE BANKS: A HISTORY OF HANDLING STOLEN ASSETS

The days when large scale corruption involved briefcases full of money stashed in safes or under beds, are largely consigned to history. Corrupt officials no longer need to take such measures because the financial system provides them with easier ways to hide money, with the added benefit that the money can come out looking “clean”.

The murky history of banks handling corrupt funds is illustrated on page 12. This is not occasional behaviour by a few bad apples. Instead, the way in which many banks have collectively been able to emerge from one scandal after another still powerful enough, and risk-hungry, sheds light on how some senior management in the sector must view the likelihood of facing real consequences.

The UK, which has one of the top two biggest financial sectors in the world, is a clear case in point. In 2001, a total of 23 banks were found to have handled \$1.3 billion in suspect funds from the Nigerian dictator Sani Abacha. Fast forward 13 years later, and the most recent review by the UK’s regulator in November 2014 found “significant and widespread weaknesses in most banks’ anti-money laundering systems and controls”.²⁹

A cycle of misconduct has been evident in the U.S. too. In 1999, a seminal Senate investigation blew the lid off the way banks had allowed corrupt leaders, and their families, to embezzle vast fortunes.³⁰ Recent investigations by the U.S. authorities have continued to expose egregious misconduct

with major banks receiving record fines for knowingly breaking laws, despite the same banks already receiving several warnings and penalties for previous misconduct.

In 2011, the uprisings across North Africa and the Middle East shone a light on how corrupt regimes had held accounts with banks around the world including in the U.S. and Europe.³¹

What the evidence does overwhelmingly show, is that a large number of banks around the world are leaving the door wide open for unscrupulous officials who have looted state coffers and for a wide range of other criminals to launder their ill-gotten gains.

TIMELINE: EXAMPLES OF BANKS BREAKING THE RULES

1990s*****

Role of banks in taking corrupt funds becomes increasingly apparent. Information surfaces that U.S. and European banks held billions of dollars stolen by notorious dictators such as Fernando Marcos (Philippines), Suharto (Indonesia), and Mobutu (Zaire, now DRC).³²

1999*****

A U.S. Senate investigation blows the lid off how American banks allow corrupt leaders and their families to embezzle vast sums. Focusing on Citibank, it uses four cases studies involving Pakistan, Mexico, Gabon and Nigeria, to highlight how the bank demonstrably failed to carry out the required checks to prevent money laundering.³³ The report concluded that these failings were rife throughout the private banking sector.³⁴

2001*****

Twenty three UK banks are found to have handled \$1.3 billion looted from Nigeria by the late dictator Sani Abacha. He is estimated to have stolen between \$2 and \$5 billion.³⁵ Other banks in the U.S., Switzerland, Liechtenstein, Luxembourg and Austria also handled his loot.³⁶

2004*****

Riggs Bank in the U.S. collapses when it is found to have "turned a blind eye" to evidence of corruption by holding³⁷ up to \$700 million for President Obiang of Equatorial Guinea, his family and officials. It is also found to have helped former Chilean dictator Augusto Pinochet hide millions of dollars from U.S. regulators and evade legal proceedings by international prosecutors.³⁸

2009*****

Global Witness publishes a report exposing how some of the world's largest banks had done business with some of the world's most corrupt regimes.³⁹

2010*****

A U.S. Senate investigation shows how politically powerful foreign officials, and their associates, from Angola, Equatorial Guinea, Nigeria and Gabon, brought large amounts of suspect funds into the U.S. They used bankers, lawyers and other professionals to circumvent checks.⁴⁰

Global Witness exposé shows that Barclays, RBS, HSBC, NatWest and UBS have taken millions of pounds from corrupt Nigerian politicians.⁴¹

U.S. bank Wachovia pays out over \$200 million for "blatant disregard" of anti-money laundering laws in the U.S. This included giving Mexican drug traffickers "virtual carte blanche to finance their operations by laundering at least \$110 million in drug proceeds".⁴²

JUNE 2011*****

A damning review by the UK banking regulator finds massive failures in how banks manage money laundering risk. The many findings include that a third of UK banks are willing to take funds with a very high risk of money laundering if they think they would not get caught, and 75% are not doing enough to ensure they are not being used for money laundering.⁴³

A World Bank study of over 200 cases of corruption between 1980 and 2010 finds that at least \$56.4 billion had been looted from the public purse of countries around the world. 140 banks handled the proceeds, including over a third of the world's 50 current biggest.⁴⁴

JUNE 2014*****

BNP Paribas fined \$8.9 billion for willfully and knowingly breaking U.S. sanctions laws, primarily in relation to Sudan. According to U.S. regulators, the bank, "with the knowledge of multiple senior executives – engaged in a long-standing scheme that illegally funneled money to countries involved in terrorism and genocide."⁴⁹

AUGUST 2014*****

Standard Chartered receives a \$300 million fine in the U.S. for sanctions and anti-money laundering failures, the second such offence it is fined for in two years.⁵⁰

NOVEMBER 2014*****

Bank of Tokyo Mitsubishi receives a second major fine in two years in the U.S. After receiving a fine of \$250 million in 2013 for breaking U.S. sanctions laws, the bank is fined \$315 million for pressuring its auditor PricewaterhouseCoopers (PWC) into removing vital information from a report to regulators about sanctions. PWC receive a \$25 million fine.⁵¹

NOVEMBER 2014*****

The revamped UK banking regulator (Financial Conduct Authority) finds anti-money laundering failures are still a major concern, with a review of small banks finding "significant and widespread weaknesses in most banks' anti-money laundering systems and controls."⁵²

2009–2014*****

At least nine other penalties were handed out to banks in the U.S. for anti-money laundering and sanctions violations between 2009 and 2014. This included Barclays, Credit Suisse, JP Morgan, Bank of America, and Lloyds TSB among others.

2012*****

HSBC fined \$1.9 billion after it admits to widespread anti-money laundering violations including taking over \$800 million from notorious Mexican and Columbian drug cartels.⁴⁵

James Ibori, former Nigerian State Governor, sentenced in the UK to 13 years in prison for money laundering. He is estimated to have stolen \$250 million from the state between 1997 and 2008 with evidence pointing to this passing through many banks, including Barclays, Citibank, HSBC and Abbey National (now Santander) and two Swiss banks.

Coutts & Co Bank receive a record UK fine of £8.75 million for anti-money laundering failures.⁴⁶

2013*****

Three banks in Switzerland, including a Swiss branch of HSBC, are fined for handling money from associates of the corrupt former Tunisian leader Ben Ali.⁴⁷

MAY 2014*****

Credit Suisse fined \$2.6 billion after pleading guilty to helping U.S. citizens evade billions of dollars in taxes over several decades.⁴⁸

FEBRUARY 2015*****

Commerzbank pays \$1.4 billion to settle charges it violated U.S. anti-money laundering and sanctions laws. It processed over £250 billion of illegal payments. "When there was a profit to be made Commerzbank turned a blind eye to its anti-money laundering compliance responsibilities" said the New York banking regulator.⁵³

News reports of leaked documents from HSBC Switzerland dating between 2005–2007 suggest the bank enabled tax evasion around the world on a massive scale.⁵⁴ Reports also allege that the bank took on customers who faced allegations of corruption, drug-running and other money laundering.⁵⁵

2015*****

The United Nations Office on Drugs and Crime estimate the amount of money laundered globally each year is 2 - 5% of global GDP, or \$800 billion - \$2 trillion in current US dollars.⁵⁶

WHAT BANKS ARE SUPPOSED TO DO

A village in Equatorial Guinea, a country where the majority live in extreme poverty while the rulers have plundered its wealth.



Banks are supposed to carry out checks on their customers. This is an attempt to stop criminals from using banks to hide the proceeds of their crimes. Known as the anti-money laundering principles, these rules were originally introduced in the 1980s to stop drug traffickers from laundering their profits through the financial system. In 1989 an intergovernmental body called the Financial Action Task Force (FATF) was set up to agree global standards, and over the years it has broadened the rules to include corruption and organised crime.

After the 9/11 attacks the rules were further amended to deal with terrorist finance.⁵⁷

These standards have a core set of “know your customer” principles. At a basic level, they require a bank to check the identity of its customers, to be on the look-out for suspicious activity, and to report any suspicions to the authorities. If a bank cannot be sure who they are dealing with, or that transactions it is being asked to make are above board, it should not set up an account, or accept funds.⁵⁸

As a further check to help detect the risk of corruption, banks are required to identify if a customer is a “Politically Exposed Person”

(PEP). A PEP is a senior government official, as well as her or his family members, and associates, who could as a result of their position have access to state funds, or be in a position to take bribes. Most PEPs are not corrupt individuals. For example, every head of state, and thousands of other politicians are PEPs, and banks are not prohibited from holding accounts for PEP *per se*. It simply means that there is a greater risk that this category of customer could have acquired their funds corruptly. As a consequence, banks have to identify if their customers fall into this category, and if so carry out extra checks on the source of their funds.

CASE STUDY: EQUATORIAL GUINEA

Equatorial Guinea has been ruled by President Obiang and his cronies with an iron fist for over 35 years. They have plundered its oil and timber wealth for their own personal enrichment, leaving the rest of the population in dire straits. Although the country has a very similar per capita wealth to Hungary and Russia, one in ten children die before their fifth birthday,⁵⁹ and over 75% of citizens live in extreme poverty.⁶⁰

Working with the LA Times in 2003, Global Witness revealed that Riggs Bank in Washington DC held millions

of dollars under the personal control of President Obiang.⁶¹ The subsequent devastating investigation by a Senate committee showed that Riggs Bank had held accounts with over \$700 million controlled by President Obiang and his family, and in doing so had “turned a blind eye to evidence suggesting the bank was handling the proceeds of foreign corruption”.⁶² The bank was fined \$25 million for anti-money laundering violations and subsequently sold off.

Global Witness’ 2009 report, *The Secret Life of a Shopaholic*, later exposed part of the shopping spree that the President’s son, Teodoro Obiang, went on, spending tens of millions of dollars in three

countries on mansions, a private jet, a fleet of luxury sports cars, millions of dollars of Michael Jackson memorabilia, and other luxury goods.⁶³ The report also revealed how Barclays, BNP Paribas, Wachovia, Banque de France and HSBC were involved in processing payments for this spending spree. This all happened despite Teodoro’s official annual salary of approximately \$60,000 to \$100,000. The U.S. authorities went after \$70 million worth of his assets, and as a result of settling a legal case with him in October 2014, were able to recover approximately \$30 million.⁶⁴

“If you know there’s no landing space to land your plane, you don’t takeoff in the first place. It’s the same with money: if there’s nowhere to land it once you’ve stolen it, you can’t steal it”.

**NIGERIAN ANTI-CORRUPTION INVESTIGATOR,
TALKING ABOUT THE ROLE OF BANKS⁶⁵**



Teodoro Obiang, Vice President and son of the President of Equatorial (on left). Flickr: Embassy of Equatorial Guinea.

French authorities seizing some of the fleet of luxury cars owned by Teodoro Obiang. Flickr: nARCOTO

THE WRONG INCENTIVES – WHY BANKS ENABLE CORRUPTION

At present, banks and bankers are not properly incentivised to turn down corrupt funds. There are several reasons for this.

Insufficient penalties for wrongdoing

At the heart of the problem is a tension between banks' basic business model of opening accounts, taking deposits and processing transactions, and their legal and moral obligation to turn down and report money they suspect to have been made through corruption and other illegal means.

If we want to promote good behaviour for banks and bankers, the right incentives are essential. However, with the exception of the U.S. in recent years, banks are rarely punished for taking suspicious funds, and even where penalties are handed down, they are weak. Fines are often seen as the cost of doing business, and are a liability that can be passed on to shareholders, while guilty decision makers remain unscathed, and may even be rewarded with promotion

or financial incentives. This in turn tempts those in charge to keep the systems for spotting suspect funds weak, look the other way when faced with tough decisions, or even at times knowingly help corrupt officials and other criminals.

Weak Enforcement

There is significant evidence to show that financial regulators are not adequately enforcing the rules. In the UK, the Financial Services Authority (FSA) and the Financial Conduct Authority (FCA), which succeeded it in 2013, have found that banks are consistently failing to take anti-money laundering risks seriously. The FCA's most recent review, published in November 2014, looked at how the regulators' actions had affected the way banks dealt with the risk of money laundering. It found "significant and widespread weaknesses in most banks' anti-money laundering systems and controls."⁶⁶

This is not much of a surprise given the relatively small size of penalties handed out to date. The largest to be given for anti-money laundering or sanctions violations in the UK was £8.75 million for Coutts & Company, in 2012.⁶⁷ This equates

to over six hundred times less than the record \$8.9 billion penalty for sanctions-related offences the U.S. levied on BNP Paribas.⁶⁸

There are some signs that the FCA's approach might change. After its inception in 2013, public comments by senior officials suggested they are to pursue actions against individuals. The start of proceedings against bankers allegedly involved in manipulating foreign exchange rates for their own gain⁶⁹ suggests this might be happening. However, the regulator should extend this to holding senior executives responsible, including for anti-money laundering failures. The FCA has also started to use a potentially smarter type of enforcement for anti-money laundering violations. In 2014 it persuaded six banks to agree to limit their business activities with "certain types of high risk customers" until they have corrected problems,⁷⁰ and in 2015 it required the Bank of Beirut to stop taking on customers from high risk jurisdictions for four months.⁷¹ While the details of these schemes are still little-known, and it is too early to predict the outcomes, it will be interesting to see if this type of experiment reduces the problem.

The fact that for many years the UK has arguably had the strictest enforcement regime after the U.S., and yet UK banks are still failing to implement the rules properly, shows that globally, regulation is incredibly weak. This can be seen from the approach of the Swiss banking regulator, FINMA. In 2011, Swiss authorities froze \$915 million worth of assets from the deposed, corrupt leaders of Tunisia, Libya, and Egypt.⁷² Yet when they found that four Swiss banks that had failed to do the required checks in relation to the Tunisian regime's assets, the fines given to three of them totaled a mere 193,000 Swiss Francs (\$211,000)⁷³; less than 0.03% of the stolen state money Swiss banks were known to have sheltered.

The U.S. authorities stand out as having handed out the strictest penalties to banks. But their approach still has major flaws. With a few exceptions, outlined in the next section on personal responsibility, these have consisted of financial penalties given to banks as corporations,

usually as part of either a Non-Prosecution Agreement (NPA) or a Deferred Prosecution Agreement (DPA). These are settlements where the authorities agree to postpone criminal charges, either conditionally or indefinitely. On the whole these settlements have not included sanctions against individual executives. The DPA reached with HSBC in 2012 was a particularly controversial case leading many to claim that banks, and their executives, were being treated too leniently and to accuse the authorities of acting as if many banks were "too big to jail".⁷⁴

A lack of personal responsibility for senior executives

Responsibility for compliance with anti-money laundering and other regulations is usually allocated to compliance teams, rather than to senior executives, who actually wield power within banks over what customers they take. This is a serious problem because it gives compliance staff none of the authority but all of the responsibility, breaking the

important link between decision making and accountability.

On the rare occasions when individuals have been held personally accountable by regulators, compliance staff are usually the target. Only four individual staff members at banks operating in the UK have received financial penalties for their roles in breaking anti-money laundering rules; all were compliance or audit staff, and were fined £20,000 or less.⁷⁵

Global Witness has been regularly told by compliance staff that they do not have the authority to turn down business on the basis of money laundering or other risks, and their recommendations to do so are often overruled. This has been evident in some of the high profile misconduct cases in recent years. In written evidence to the UK parliament, David Bagley, who led on compliance at HSBC during the period of the failings exposed by the U.S. Senate stated "as the Head of Group Compliance my mandate was



(Above) Relatives at the funeral of Miguel Carcamo, one of the 72 immigrants in Mexico killed by drug gang members in one episode. Over 35,000 people were murdered by such gangs during the time HSBC was taking money from one of the biggest. ©Edgard Garrido /Reuters/Corbis.

(Left) HSBC executives called before a U.S. Senate committee hearing in 2012 about anti-money laundering failures at the bank, which it later received a \$1.9 billion penalty for. Enforcement actions against banks have rarely targetted individual executives. Flickr: Talk Radio News Service.

limited to advising, recommending and reporting. My job was not – and I did not have the authority, resources, support or infrastructure – to ensure that all of these global affiliates followed the Group’s compliance standards.”⁷⁶

The problem was highlighted in the 2012 scandal involving the bank, when Department of Justice documents revealed how warnings from compliance staff about the problem of taking drug money were ignored by senior executives.⁷⁷

The BNP Paribas sanctions busting case is another prime example. Department of Justice documents reveal that senior executives at the bank overruled advice from their compliance team by accepting billions of dollars in transactions originating from Sudan, because of the profits to be made (see the case study on page 7).

The New York state banking regulator (NYDFS) has been one of the few regulators to go beyond the usual approach of fining banks as institutions, but not holding individuals to account. In 2014, it required banks in two high profile cases to fire, or otherwise discipline, key staff. In the BNP Paribas scandal, it required at least thirteen staff had to leave the bank, five of which were senior executives, including the Chief Operating Officer.⁷⁸ When announcing this action, Benjamin Lawsky the head of NYDFS explained that “in order to deter future offenses,

it is important to remember that banks do not commit misconduct – bankers do”.⁷⁹

In addition, as part of the 2014 action against Credit Suisse for aiding tax evasion, the NYDFS required it to terminate the contracts of three executives or senior managers who were previously indicted but were still being paid by Credit Suisse.⁸⁰

In May 2015, the Federal Reserve Board (another US regulator) barred those three individuals and two more from working in the banking industry.⁸¹ The impact of this is likely to be very limited given that all five have previously been indicted, are not working in the U.S., have not entered the US to answer the charges,⁸² and it appears their extradition from Switzerland has not even been requested.⁸³ However, the fact that another regulator has used a personal

sanction on senior staff as an enforcement tool is encouraging, if this helps to set a precedent.

More U.S. agencies, including the Department of Justice, and others around the world should begin to adopt a similar commitment to targeting individuals. In addition, all regulators with the power to use criminal proceedings, should start to do so in the most egregious cases. If this began to happen we could see a sea change in the attitude of senior bankers and the level of misconduct perpetrated by their banks.

It is not until senior bankers start to lose their jobs, have their bonuses withheld or clawed back, get fined, risk being barred from practice, and in extreme cases face criminal sanctions including jail, that many banks will start to take anti-money laundering and other laws as seriously as they should.

“Individuals responsible for these failures are not being held accountable....By allowing these individuals to walk away without any real punishment, the Department [of Justice] is declaring that crime actually does pay.”

CHUCK GRASSLEY, U.S. SENATOR, REPUBLICAN, IOWA. ⁸⁴

KEY STATS

The UN Office on Drugs and Crime estimates the amount of money laundered globally in one year is \$800 billion – \$2 trillion (2 – 5% of global GDP).

\$800bn
to
\$2tn

A World Bank study looking at a sample of 200 cases of large scale corruption found that governments were at least \$56.4 billion poorer.

\$56.4bn

140 banks handled the proceeds of corruption from these cases, including more than a third of the current 50 biggest banks in the world.

1/3

Authorities need to start holding senior bankers personally responsible when their banks violate anti-money laundering regulations.

Until the people who run banks start to lose bonuses, face personal fines, suspension, or in the most extreme cases be charged criminally and face prison sentences, they will not take the rules seriously.

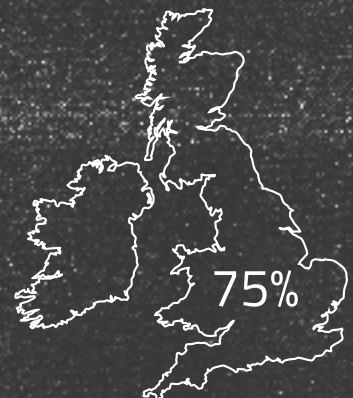


WEAK ENFORCEMENT: THE UK AS AN EXAMPLE

In 2001, 23 banks were found to have handled \$1.3 billion stolen by Nigerian dictator Sani Abacha. There is no record of penalties given to any of them.

\$1.3bn

In 2011 the UK regulator found major failings with banks upholding anti-money laundering regulations, including that 75% were not doing enough to prevent money laundering.



The UK has arguably had the strictest enforcement after the U.S. and yet despite this the biggest anti-money laundering or sanctions related fine it has given to a bank is £8.75 million, over 600 times less than the U.S.

£8.75m

US
\$8.9bn



CASE STUDY:

**HSBC – DRUG CARTELS,
DISREGARDING TERRORIST
LINKS AND \$200 TRILLION
OF FAILED CONTROLS**

In 2012, HSBC agreed to pay \$1.9 billion in settlements and penalties to the U.S. authorities after admitted to systematic anti-money laundering failures which led the bank to take at least \$800 million from notorious Latin American drug cartels, and break sanctions laws.⁸⁵ The Chair of the Senate investigations committee

Bullet holes and blood on a car windscreen from an assassination of a police officer in Mexico. The killing was part of drug war violence involving the Sinaloa Cartel which HSBC admitting taking money from.
© Erich Schlegel/Corbis

described the bank's culture as "pervasively polluted".⁸⁶

Some of the more extreme failures included ignoring warnings from Mexican authorities that they had a drug lord on tape saying HSBC Mexico was the place to launder money,⁸⁷ and knowingly turning off controls on over \$200 trillion of wire transfers so that none of these transactions were appropriately screened for money laundering risk.⁸⁸ This happened despite the fact the bank had received numerous official warnings to improve anti-money laundering control failures, including 30 between 2005 and 2006.⁸⁹ The Senate investigation also found that HSBC had disregarded terrorist links by providing correspondent

accounts to some foreign banks.⁹⁰ During the time HSBC took money from one of the largest and most vicious Mexican drug cartels, over 35,000 people were killed at the hands of drug gangs in Mexico.⁹¹ These were often brutal slayings involving torture, beheading and the public hanging of corpses.⁹² Whole communities and regions were terrorised.

As part of its settlement with the US authorities, HSBC is subject to five years of monitoring to check that it starts upholding the rules. A press report in January 2015 suggested that a year into the monitoring the bank is still having problems.⁹³



THE OTHER FACTORS

ACCESSING THE RIGHT INFORMATION

Banks are required to know who their customers are so that they are able to identify any risks. This is known as customer due diligence.⁹⁴

However, this can be very difficult because of the prevalence of anonymous companies and trusts. These legal smokescreens for suspect funds makes carrying out customer due diligence more difficult and thus less likely.⁹⁵ Anonymous companies can do business like any other company, but it is incredibly difficult to find out who the actual human being(s) controlling and benefiting from them are (known as the “beneficial owners”).⁹⁶ However, if banks are not able to establish the real owners of accounts then they should not open or continue with those accounts.

Some countries do not legally require banks to check the identity of all types of customer. For example, in the U.S., banks are not obliged to find out in every case who the beneficial owners are of a company or trust that they

hold accounts for.⁹⁷ Therefore if banks are not required to check this information then they will not be taking the first basic step in the process of identifying whether their customers pose a high risk of being corrupt officials or other money launderers.

Encouraging new policy developments should help to combat the problem with identifying beneficial owners. UK legislation is due to be passed in mid-2015 to establish a public registry of beneficial ownership of UK companies. In 2014 the EU also agreed to create similar registries, with full access for banks carrying out due diligence, and more limited access for members of the public.⁹⁸ The U.S. Treasury has also issued a proposed rule which will give banks the responsibility to identify the beneficial owners of companies it does business with, which will help to remove that current loophole in U.S. laws.⁹⁹

Banks also face problems accessing information about Politically Exposed Persons (PEPs). Commercial databases used by some banks do not contain a full list of PEPs, and a worldwide list of PEPs can be difficult to establish because there are so many of

them (one estimate suggests that the number is in the low tens of millions).¹⁰⁰ These gaps could be filled in part by improved access for banks to asset declarations by PEPs, information collected by civil society, the International Monetary Fund, or development bank contracts. Banks should also share PEP information more widely within their own company group.

“DE-BANKING”

There were signs at the end of 2014 that the stricter penalties by the U.S. authorities were provoking some responses, including controversial ones, from banks. Many banks have claimed that as a result of the larger fines they are being forced to take a highly risk averse approach (also called “de-risking”). Some banks argue that an unintended consequence is that this is hurting disadvantaged people around the world, because it has led them to withdraw services from people and businesses in poor countries, and sometimes from entire countries (also called “de-banking”).¹⁰¹

It is true that significant challenges exist for banks trying to manage risks with some customer groups and high risk countries.¹⁰² However,

the inter-governmental body that sets the money laundering standards, the Financial Action Task Force (FATF), has condemned this approach. It has pointed out that banks should not be withdrawing from whole sectors *en masse*, because this is applying the rules in the wrong way. Rather, the rules require banks to judge whether to terminate or reject customers on a case-by-case basis. Crucially these rules have guidelines which should make sure their application does not result in poor and vulnerable groups being denied access to vital banking services. FATF has also warned that the mass withdrawal of services could lead to more money laundering and terrorist financing because it would drive people and businesses underground

and into the unregulated banking sector, where ill-gotten gains could be moved around without any checks and chance of detection.¹⁰³

For banks to argue these fines are too big or regulation is too tight is, at best, missing the point. At worst, it is an attempt to distract attention from some huge and extremely damaging failures. Banks claim they are worried that they will now be hit hard for honest mistakes, or criminal money occasionally slipping through otherwise robust systems. There is no evidence so far of banks being punished with big fines without serious wrongdoing – in each case, the severity of the punishment fits the crime.

The rules require banks to do a sensible assessment of the risk

that they will be used for money laundering, terrorist financing and other illegal activities, and to design an appropriate and smart system to detect and manage this risk.

As highlighted by FATF and the UK regulator,¹⁰⁴ they are not supposed to avoid the risk altogether. Some banks are engaging constructively to work with governments and others to find solutions to some of key problem areas, for which they deserve significant credit, for example the British banks played a key role in helping charities deliver humanitarian aid in Syria.¹⁰⁵

But there is still a long way to go; if banks, governments and regulators worked closely together a more intelligent and flexible approach would result.

THE OTHER ACTORS

Banks are just one of the facilitators of corruption; a range of other professionals such as lawyers, accountants and estate agents also play a role. When corrupt officials or other criminals set up an anonymous company to hide behind, buy property or other high value goods, or find other ways to launder their dirty money, these transactions usually require the services of such professionals.¹⁰⁶

In many countries these other sectors are even less well regulated than banks, and it is important that governments take action to ensure that the full range of professionals who potentially play a role in enabling money laundering are prevented from doing so.

“Firms must take their responsibility to reduce the risk of financial crime seriously... That is not about box ticking or wholesale de-risking. It is about firms getting the basics right – understanding their customers, the risks they pose and managing those risks proportionately and sensibly.”

TRACEY MCDERMOTT, FCA DIRECTOR OF ENFORCEMENT
AND FINANCIAL CRIME.¹⁰⁷

RECOMMENDATIONS

A range of action is needed from regulators, governments and the banking sector itself.

GOVERNMENTS AND REGULATORS SHOULD:

Hold senior bankers personally responsible when banks violate anti-money laundering regulations.

This is perhaps the single most important solution. Until the people who run banks start to lose bonuses, face personal fines, suspension, or in the most extreme cases be criminally charged and if found guilty face the prospect of jail, they will not take the rules seriously.

Remove legal impediments preventing authorities from holding senior executives personally liable.

In many countries it is difficult for regulators and other authorities to show that senior executives are legally responsible for their bank's misconduct. This can be because of the unreasonably high threshold of proof required and/

or the lack of a clear provision in the law to hold them accountable. Governments should address this by requiring each bank to name a senior executive who has overall responsibility for their bank upholding anti-money laundering rules. They should also lower the threshold of proof to a more reasonable level to establish liability for senior executives, if this problem applies in their country.

The EU has agreed an updated Anti-Money Laundering Directive which should give senior executives overall legal responsibility for the issue. The agreed text states that banks are required where applicable to "identify the member of the management board who is responsible for the implementation of the... Directive."¹⁰⁸

In 2015, the UK regulator finalised the details of the Senior Managers Regime, a new measure to require banks to name a senior banker as responsible for each key risk they face. Importantly this includes each bank allocating to a senior individual the overall responsibility for ensuring AML regulations are upheld. This has the potential to be a ground breaking measure, and is one Global Witness welcomes.

However, it is vital that the government ensures the regulator properly enforces this new regime when it comes into effect in March 2016. This must involve penalising those senior individuals if and when their bank violates AML regulations and they fail to take reasonable steps to prevent this.

As U.S. laws stand, officials have claimed it is extremely difficult for them to establish legal liability for executives,¹⁰⁹ which is something that lawmakers should look to address.

Adopt a stronger and smarter approach to enforcing anti-money laundering regulations.

Regulators need to review and investigate the compliance of banks to anti-money laundering regulations on a regular basis, and take action much more consistently when they uncover wrongdoing. Penalties need to be increased to provide an effective deterrent. In addition to holding individual senior bankers accountable, financial penalties for banks need to be more in line with the seriousness of the wrongdoing. Although the U.S. has increased its financial penalties in recent years, these relatively high

finances are often seen as the cost of doing business. Smarter and more innovative penalties also need to be used. This could include restrictions and bans for banks from dealing with foreign PEPs, other certain types of customers or business activities over a period of time. The very recent imposition of penalties like these in the U.S. and UK need to be explored further, and learning from them shared. They have the potential to provide a powerful balance to the business incentives banks have for taking on high risk clients.

Establish anti-money laundering regulations where they currently do not exist.

In some countries around the world governments have not adequately introduced the full range of anti-money laws stipulated by the globally agreed standards. This is especially true around PEPs, with FATF reporting in 2010 that over 80% of the 124 countries assessed by them were not compliant with the relevant recommendations.¹¹⁰ Those governments must introduce the appropriate and full regulations.

Remove obstacles for banks.

Governments need to make it easier for banks by introducing registries of the beneficial ownership of companies and trusts, as is happening in the EU. This will allow banks to check the identity of the real people who ultimately benefit from accounts held in the name of corporate entities. Two cost-benefit studies have shown this will also save banks and governments money by saving time and costs

incurred in searching for and investigating this information.¹¹¹ It is essential that these registries are publicly accessible too, allowing journalists, citizens groups and others to scrutinise them and spot instances of corruption that would otherwise be missed.

Banks can also be helped by all countries introducing asset declarations for PEPs. This could include information collected by civil society, and that available from IMF or development bank contracts, and should be accessible to all banks around the world.

BANKS SHOULD:

Appoint someone from either board or senior management level accountable for anti-money laundering regulations, as part of a broader culture change.

The board should make it clear that complying with anti-money laundering and other regulations is a key standard all employees must aspire to. This should be part of the broader reforms recommended by Transparency International in which banks should change their prevailing culture of placing short-term profit before the interests of society. Some ways this can be done include through bonuses and pay being related to integrity measures, and the hiring process involving integrity tests.¹¹²

Enhance scrutiny of PEP accounts.

As a first step, this should include banks conducting an annual review of the PEP accounts they hold. It is also vital that banks flip the burden of proof so that instead of accepting

explanations of the source of their wealth which seem plausible, banks should require high risk PEPs to prove the legitimacy of their source of funds. They should turn new business away and close existing accounts if there is any room for doubt. A senior executive should sign off on these annual reviews as well as give approval for opening the account in the first place. At a minimum, banks should be required to know if it is illegal for PEPs from a certain country to have foreign accounts. If this is the case, it should at the very least raise a red flag, and the bank should consider refusing to open the account.

Work closely together to solve key problems.

Instead of withdrawing services to whole countries or whole groups of customers, and complaining this is a necessary response to regulators imposing stricter penalties, banks should cooperate with each other, governments, regulators, civil society and others to meet the challenges involved. This includes using their collective expertise to take a lead in developing countries by collaborating on efforts to provide banking services to poor people and small business that would benefit from them, while at the same time taking proportionate, and risk-based measures to tackle financial crime without cutting people off.

ENDNOTES

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2 See the Global Witness report from 2009 "Undue Diligence" <https://www.globalwitness.org/campaigns/corruption-and-money-laundering/banks/undue-diligence/>

3 In a letter from Senator Elizabeth Warren to the Department of Justice, Federal Reserve and SEC, May 2013 <http://www.warren.senate.gov/documents/LtrtoRegulatorsre2-14-13hrq.pdf>

4 For example, for a discussion of a wider group of sectors see our TEDx talk "How London Fuels Corruption" <http://bit.ly/1qRxCMA>; for the role that company service providers play and recommendations for dealing with this see both our report "Grave Secrecy" <https://www.globalwitness.org/en-gb/campaigns/corruption-and-money-laundering/anonymous-company-owners/grave-secrecy/>, and our "Great Rip Off Map" with examples from around the world <http://bit.ly/1BRgP4U>

5 See the New York Department of Financial Services press release on the BNP Paribas case, June 2014, <http://www.dfs.ny.gov/about/press/pr1406301.htm>

6 See the DoJ press release <http://www.dfs.ny.gov/about/press/pr1406301.htm>

7 See endnote 5.

8 See the Department of Justice Statement of Facts BNP Paribas case paragraph 20 <http://1.usa.gov/1TfxEw>

9 Ibid paras 31-33.

10 Ibid paras 28 and 29 outlines how senior executives met shortly after this Memorandum was signed and worked out a scheme to continue dealing with sanctioned entities.

11 See the press release in endnote 5.

12 See the World Bank press release December 2013 <http://www.worldbank.org/en/news/press-release/2013/12/19/corruption-developing-countries-world-bank-group-president-kim>

13 See the World Bank report "Puppet Masters" 2011, Appendix B. <http://star.worldbank.org/star/sites/star/files/puppetmastersv1.pdf>

14 This is an analysis of the data in the World Bank "Puppet Masters" report (2011). For a detailed explanation of the calculation of this figure see <http://nbviewer.ipynb.org/github/noelmas/puppet-master-analysis/blob/master/Puppet%20Masters%20Calculations%20V3.ipynb> We have categorised individual banks as group entities as whole, rather than individual branches of the same bank in different countries.

15 The list of top 50 banks used for this is from the Financial Times "The Banker Database" top 1000 banks, published in July 2014 <http://www.thebankerdatabase.com/index.cfm/top50/>

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17 This is based on the UNESCO figures which estimate that five years of schooling, the agreed level for a basic education, costs approximately \$125 per pupil per year. See

the UNESCO report from 2013: <http://unesdoc.unesco.org/images/0018/001885/188561e.pdf> For the figure of 5.5 million girls missing an education see the Nigerian Voice article about a UNESCO report in 2013 <http://www.thenigerianvoice.com/news/126463/1/nigeria-accounts-for-55m-out-of-school-girls-says-.html>

18 See the B-team report "Ending Anonymous Companies", Executive Summary p1 <http://bit.ly/1OmXxf4> The B Team is a global initiative that brings together international CEOs and business leaders to "make business work better."

19 From an interview with Jeffrey Sallet, Chief of the FBI's Public Corruption and Civil Rights section <http://www.apnewsarchive.com/2015/FBI-forms-new-squads-to-address-international-corruption-that-affects-the-United-States/id-81209cb974204a2cb14d783d54f02cfc>

20 See our report "The Great Rip Off" for an example of cases which harmed people across the United States <https://www.globalwitness.org/en-gb/campaigns/corruption-and-money-laundering/great-rip-off/>

21 See endnote 12.

22 See the Daily Mail article from April 2014 <http://www.dailymail.co.uk/news/article-2600746/Former-Wickes-cashier-Nigerian-state-governor-defrauded-worlds-poorest-people-157million-not-pay-penny.html#ixzz3LUvUvN6K>

23 See the Crown Prosecution Services blog "Former Nigerian governor, James Ibori, sentenced to 13 years" from April 2012 <http://blog.cps.gov.uk/2012/04/former-nigerian-governor-james-ibori-sentenced-to-13-years-comment-from-head-of-cps-fraud-group.html>

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25 See the Global Witness report "International Thief Thief" October 2010, p3. https://www.globalwitness.org/sites/default/files/pdfs/international_thief_thief_final.pdf

26 See the press release in endnote 24.

27 See the Global Witness report "International Thief Thief: how British banks are complicit in Nigerian corruption" October 2010 http://www.globalwitness.org/sites/default/files/pdfs/international_thief_thief_final.pdf

28 Ibid, page 5.

29 See the FCA's press release announcing the findings of its 2014 review <http://www.fca.org.uk/news/fca-finds-small-firms-need-to-manage-financial-crime-risks-more-effectively>

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34 Ibid p889 (aka p18).

35 For the estimate of funds stolen see "Repatriation of looted state assets: selected case studies and the UN Convention against Corruption." Tim Daniel, 2004, pp 101-2. See more at: <http://www.u4.no/recommended-reading/repatriation-of-looted-state-assets-selected-case-studies-and-the-un-convention-against-corruption/#sthash.RIPsP2Dr.dpuf>

36 For the involvement of banks from Switzerland, Liechtenstein, and Luxembourg, see ibid pp 101-2. For the involvement of UK and U.S. banks see the BBC article "Abacha accounts to be frozen" October 2001. <http://news.bbc.co.uk/1/hi/world/africa/1576527.stm>

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91 The US Department of Justice state that HSBC was laundering drug money from 2006 to 2010 – see its document outlining the charges against HSBC: Deferred Prosecution Agreement (DPA) Attachment A, document note 9: <http://www.justice.gov/opa/documents/hsbc/dpa-attachment-a.pdf> For Mexican Government figures on killings by drug gangs during that period see Congressional Research Service paper by June S. Beittel "Mexico's Drug Trafficking Organizations: Source and Scope of the Violence" April 2013, p22. <https://www.fas.org/sgp/crs/row/R41576.pdf>

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94 See FATF recommendations nos 10-16, pp13-17 http://www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF_Recommendations.pdf

95 See the Global Witness report "Poverty, Corruption and Anonymous companies" <https://www.globalwitness.org/en-gb/campaigns/corruption-and-money-laundering/anonymous-company-owners/poverty-corruption-and-anonymous-companies/>

96 This obstacle to establishing beneficial ownership was highlighted, for example, in a European Commission study

undertaken by Deloitte on the third update to the EU's Anti-Money Laundering Directive. See pp63-64 http://ec.europa.eu/internal_market/company/docs/financial-crime/20110124_study_aml_d_en.pdf

97 See the Wall Street Journal article "Proposed Rule to Force Banks to Identify Beneficial Owners July 2014 <http://on.wsj.com/1NnXtjx>

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99 See the U.S. Department of Treasury, FinCEN notice of rulemaking, summary, p45152 http://www.fincen.gov/statutes_regs/files/CDD-NPRM-Final.pdf

100 See the post on Archany's Resarch Blog "Let's talk about PEPs: an Archany's briefing note on political exposure" <http://blog.archanys.com/2014-04-03-lets-talk-about-peps>

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103 See FATF's press release <http://www.fatf-gafi.org/topics/fatfrecommendations/documents/rba-and-de-risking.html>

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108 See the EU Council statement 12 January 2015, p67, point 3a <http://bit.ly/1F8BVGU>

109 For example see the quotes from former Assistant Attorney General Nathan Hochman about the acquittal on aiding tax evasion charges of a senior executive at the Swiss Bank UBS, in this Bloomberg article <http://www.bloomberg.com/news/articles/2014-11-03/ex-ubs-executive-weil-acquitted-of-u-s-tax-conspiracy>

110 See the World Bank Stolen Assets Recovery (StAR) 2010 report "Politically Exposed Persons", p xv <http://bit.ly/1OiO4z7>

111 See the summary of the separate, and independent studies of analyses carried out for the implementation of public registries in the UK and the EU in the Global Witness report Poverty, Corruption and Anonymous Companies pp6-7 <https://www.globalwitness.org/en-gb/campaigns/corruption-and-money-laundering/anonymous-company-owners/poverty-corruption-and-anonymous-companies/>

112 See the Transparency International blog "Banks need integrity not just stress tests" October 2014 http://www.transparency.org/news/feature/banks_need_integrity_not_just_stress_tests

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Many of the world's worst environmental and human rights abuses are driven by the exploitation of natural resources and corruption in the global political and economic system. Global Witness is campaigning to end this. We carry out hard-hitting investigations, expose the facts, and push for change. We are independent, not-for-profit, and work with partners around the world in our fight for justice.

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