

# HSBC documents reveal criminal conspiracy of banks and governments

Andre Damon  
11 February 2015

On Sunday, international news outlets the *Guardian* and *Le Monde*, working with the International Consortium of Investigative Journalists (ICIJ), published articles based on their analysis of leaked files showing that the Swiss private banking arm of HSBC, Europe's largest bank, functioned for years as a tax evasion and money laundering firm.

The company ran a branch that gave out “bricks” of hundreds of thousands of dollars in cash in foreign denominations and provided its wealthy clientele with advice on how to commit tax fraud, according to the reports.

These facts have for years been in the possession of international financial regulators and governments throughout the world—including those of Britain, France and the United States—which systematically covered them up. Neither the bank, nor its executives, nor any of the clients that utilized its tax dodging services have been criminally prosecuted.

No one should believe that HSBC is an aberration; there is no doubt that similar practices are carried out by all major international financial institutions. The HSBC files have unearthed a cesspool of corruption, criminality, bribery and collusion that pervades the entire capitalist system and the governments that defend it.

The HSBC revelations are only the latest in a series of scandals involving virtually every major financial institution. These have included the selling of fraudulent subprime mortgage-backed securities, illegal foreclosures, commodities fraud and the manipulation of LIBOR and international foreign exchange benchmarks.

HSBC was one of the institutions whose greed and lawlessness plunged the world into a crisis in 2008 from which it has never recovered, cost millions of

people their jobs and launched a wave of austerity all over the world involving the slashing of workers wages’ and social benefits.

The list of people who used HSBC’s services include corporate executives, fundraisers and major donors to American, British and Australian political parties, and politicians from at least 17 countries, including Britain.

The trail of dirty money reaches as high as former US President Bill Clinton. British business tycoon Richard Caring, who once picked up more than five million Swiss francs in cash from the bank, donated \$1 million to Clinton’s foundation from his Swiss bank account.

The report by the ICIJ notes that the month before Caring made his donation, he “funded a champagne and caviar extravaganza at Catherine the Great’s Winter Palace in St. Petersburg, Russia, flying in 450 guests to be entertained by Sir Elton John and Tina Turner and addressed by Bill Clinton.”

It also notes that Charles Barrington Goode, a major fundraiser for the Liberal Party and chairman of ANZ bank, one of Australia’s largest financial institutions, held an account with the bank under a false name for three decades.

In addition to “legitimate” businessmen and high-ranking politicians, HSBC’s services were used by drug kingpins, weapons smugglers and traffickers in illegal “blood diamonds.” Reviewing the reports, it is impossible to determine where the criminal underworld ends and the ruling class of bankers and corporate CEOs and their millionaire political front-men begins.

While no bank executives or wealthy clients have been prosecuted, the one person out of this morass of criminality who faces serious legal consequences is the whistleblower who exposed them.

In 2009, an HSBC technical employee named Hervé Falciani came to realize that HSBC’s private bank was

operating a huge tax evasion operation, and began collecting information to provide to Swiss authorities, which showed no interest.

He subsequently turned files pointing to tax fraud by some 130,000 people over to the French police, who shared them with other governments, including that of Britain and America. Falciani has since been charged with violating Switzerland's bank secrecy laws and carrying out industrial espionage.

In 2010, then-French Minister of Finance Christine Lagarde provided a list of 2,000 suspected tax evaders to the Greek government, and the list subsequently came into the possession of Greek magazine publishers, who printed it. They were subsequently charged, then found not guilty, of breaching privacy laws.

A portion of the files accumulated by Falciani were recently obtained by *Le Monde* and shared with the ICIJ and other newspapers. The files cover some 30,000 accounts holding nearly \$120 billion in assets.

In the UK, more than 3,000 people have been investigated based on Falciani's files, but the government has brought no charges against any of them.

Perhaps the biggest cover-up has been carried out in the United States, where in 2012 the Justice Department agreed to a \$1.2 billion "deferred prosecution" settlement with HSBC on charges of money laundering for Mexican drug cartels, never mentioning the fact that the US government had evidence the bank helped its clients evade taxes.

One of the leading architects of the settlement with HSBC, Loretta Lynch, at that time the US attorney for the Eastern District of New York, is now the Obama administration's nominee to replace Eric Holder as attorney general. The Reverend Lord Stephen Green, HSBC's chief executive during the period covered by the files, was subsequently appointed the UK's minister of state for trade and investment.

The British Labour Party, which was in power at the time that thousands of members of the British ruling class used HSBC to dodge their taxes, declared, "What is truly shocking is that [UK officials] were made fully aware of these practices back in 2010 but since then very little has been done."

The revelations are particularly striking in the *baseness* of the criminality they depict. After all, these people already make millions of dollars by paying

workers poverty wages, slashing the pensions of the elderly and privatizing public assets. Do they really need to cheat on their taxes too? Is it really necessary, as the documents detail, for them to smuggle "bricks" of cash in some cases amounting to millions of dollars?

For the global financial elite, the line between "legitimate" business activity and political donations on the one hand, and fraud, theft and bribery on the other, does not exist. Capitalist society is run by thieves and criminals, who see the law as a minor inconvenience. In the immortal words of Leona Helmsley, "Only the little people pay taxes."

We would ask those who still believe the social order exposed by these documents can be somehow reformed: Where would you start? Would you appeal to the politicians, who are all bought with political donations from financial criminals? Or to regulatory agencies, which have systematically covered up these crimes? Or the courts, which bring charges against whistleblowers while shielding financial criminals?

The entire structure of contemporary society, from major corporations to governments to regulators, is controlled by multi-billionaire financial oligarchs.

The only way to bring to justice the major banks like HSBC, and the millionaires and billionaires who used its services to commit fraud, is a complete reorganization of society. The ill-gotten wealth that corrupts every public institution must be seized, major corporations must be nationalized, and every existing state replaced with a workers' government whose first task will be the establishment of democratic control over the basic forces of economic life.



To contact the WSWS and the Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**