

# Behind the Guardian's "Laundromat" money laundering exposure

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Last week, the *Guardian*, posturing as the champion of democracy and good governance, carried a long feature item headlined "The Laundromat." This lambasted Russia for a "vast money-laundering operation run by Russian criminals with links to the Russian government and the KGB," via London banks.

The series of articles, authored by Luke Harding and other *Guardian* journalists, claimed that Britain's high street banks HSBC, Lloyds, RBS, Barclays, Coutts and 13 other UK-based banks took part in a money laundering operation worth at least \$20 billion, but possibly as much as \$80 billion. Harding claimed the money was laundered for 500 people, including Russia's oligarchs, Moscow bankers and personnel connected to the FSB, Russia's secret service agency. The FSB was the successor to the KGB, which ceased to exist in 1991 following the dissolution of the Soviet Union—but Harding deliberately refers to the KGB in the present tense.

The scheme, operational between 2010 and 2014, enabled its perpetrators to evade Russian taxes and customs duties. In an apparent attempt to tar Russian President Vladimir Putin with financial skulduggery, the article claims that one of Putin's cousins, Igor Putin, sat on the board of one of the Moscow banks with accounts involved in the fraud.

However, while the article implies that Kremlin insiders and hangers-on used the scheme to move their ill-gotten gains abroad, no one is actually named. As it acknowledges, the real owners of the money remain hidden because the cash, allegedly looted or gained illicitly, belongs to companies—often fictitious—registered in Britain that channel it into the global financial system and off-shore tax havens.

The trouble with this breathless account, labelled the "Global Laundromat," is that it cites no evidence, just anonymous sources, and is full of inferences: "could have," "potentially," "could be" and the like, about what purports to be a news story. But it is old news. It first came to light three years ago in 2014 and the scheme was closed soon after, not by the British, but by the Russian authorities. The latest revelations come from investigations carried out by the Latvian and Moldovan authorities.

Much coverage was given to the lavish life style made possible by the Russians' "dirty money," including jewellery,

furs, clothing, furniture, homeware and expensive private school fees. The theft of state assets that accompanied the restoration of capitalism in the former Soviet Union undoubtedly produced a layer of oligarchs and nouveau riche, but the ultimate beneficiaries of this process are to be found in Wall Street and the City of London.

It is noteworthy that the newspaper of what passes for Britain's "liberal left" is not overly concerned that UK authorities have done little, if anything, to root out complicity with criminal activities. The *Guardian* simply said, without comment, that the scale of the operations, involving some \$738.1 million, "staggered law enforcement officials."

The *Guardian* noted that none of the banks challenged the data, simply reporting the fatuous catechisms recited by all the leading banks about having rigorous anti-money laundering policies in place. The newspaper accepted as good coin their claim that the volume of payments made it impossible to carry out the necessary checks. In that case, how and why was the Organized Crime and Corruption Reporting Project (OCCRP)—who made public the documents behind the *Guardian's* articles—able to establish that the official owners of many of the banks' accounts were fictitious or "'nominee directors,' based in the Ukraine"? The *Guardian* does not deign to ask, let alone answer the question.

No UK agency, including the Financial Conduct Authority, the Serious Fraud Office, the National Crime Agency, the Bank of England, Her Majesty's Revenue and Customs (HMRC), appears to have carried out any serious investigation into the banks' complicity with money laundering and tax evasion. Yet the numerous scandals involving such criminality on the part of British-based banks have given the City of London the well-deserved moniker of the "money-laundering capital of the world."

This is in the face of last year's declaration by the National Crime Agency that, "We assess that hundreds of billions of US dollars of criminal money almost certainly continue to be laundered through UK banks, including their subsidiaries, each year."

In so far as the banks have had to pay any penalties for their criminal activities, this has largely been to the US authorities. For example, in 2012, the US Justice Department and then-

Attorney General Eric Holder oversaw a “deferred prosecution” sweetheart deal with HSBC that required the bank pay just \$1.9 billion in penalties for laundering billions of dollars for Mexican and Colombian drug cartels.

Last year, the UK tax authority, HMRC, abandoned a criminal investigation into HSBC over claims that it had turned a blind eye to alleged illegal activities of wealthy individuals—including arms dealers that were brought to light by none other than the *Guardian* and other news outlets around the world. HMRC gave an amnesty to hundreds of the 3,600 UK customers it had identified as potentially hiding money in Switzerland. Likewise, the City regulator, the Financial Conduct Authority, refused to take any action.

Despite this record, the focus of the *Guardian*’s article was on Russia and its malfeasance, although it was forced to acknowledge that there had been several Russian attempts to control the illegal movement of money, including taking foreign companies to court, parliamentary enquiries and arrests. In 2014-15, the Russian authorities stripped Alexander Grigoriev, who ran the Russian Land Bank, of his banking licences, and later arrested him. He is still in jail. Furthermore, they shut many of the banks involved in Laundromat.

All this is in marked contrast to the British authorities that noticed nothing suspicious or if they did, turned a blind eye. Yet the *Guardian* has the gall to comment, “The Russian investigation into Laundromat has been cursory.”

Such a disparity between the Russian and British authorities’ investigations and surveillance points to the real reason why Russia’s “dirty money” was channelled through the City of London. This is due to Britain’s infamous “light touch regulation,” that tolerates financial swindling, the criminal mis-selling of financial instruments, money laundering, interest rate and foreign exchange-rate manipulation and tax evasion. In contrast to Russia, Britain has not jailed, fined or otherwise sanctioned a single top banker.

So where is this hyped-up story coming from, and who is behind it? As the *Guardian* explained, all the papers relating to the “Global Laundromat” were obtained by the Organized Crime and Corruption Reporting Project and the Russian newspaper *Novaya Gazeta*, which is part owned by Russian oligarch Alexander Lebedev.

The OCCRP, set up in 2006, is a consortium of investigative centres, media organisations and journalists operating in Eastern Europe, the Caucasus, Central Asia and Central America. It specialises in investigations into organized crime and corruption. The OCCRP receives funding from the United States Agency for International Development (USAID), the International Center for Journalists (ICFJ), the United States Department of State, the Swiss Confederation, Google Ideas, and the Open Society Foundation (OSF). The OSF was established by business magnate George Soros in 1993 to support “open government” and civil society groups around the world.

Since 2012, the OCCRP has cynically dedicated its Person of the Year award to “the individual who has done the most in the world *to advance organized criminal activity and corruption*” [emphasis added]. Previous winners have included Azerbaijan President Ilham Aliyev in 2012, the Romanian parliament in 2013; Russian President Vladimir Putin in 2014, Montenegro Prime Minister Milo Đukanović in 2015 and Venezuelan President Nicolás Maduro in 2016. The presidents of the Philippines, Syria, Cuba and Russia, all of whom are anathema to the US, were named on the 2016 roll call.

In other words, the OCCRP is one of a number of US-sponsored NGOs that focuses on corruption as a means of targeting and undermining governments perceived as hostile to Washington’s geostrategic interests. Such propaganda networks are no aberration. In 2014—following the US-orchestrated demonstrations by fascistic forces that toppled the elected, pro-Russian regime of Ukrainian President Viktor Yanukovich—US State Department official Victoria Nuland boasted that Washington had spent \$5 billion building up opposition, “pro-democracy” groups in Ukraine since the dissolution of the USSR in 1991.

The Laundromat articles are “journalism” at its basest, in the service of US and British geo-strategic interests. The *Guardian* is playing a central role in this, having for years proselytised for the western imperialist powers in an anti-Russian campaign. Harding, the lead author of the Laundromat “exclusives,” was formerly the *Guardian*’s correspondent in Moscow. The newspaper supported the western-backed coup in Ukraine in 2014, employing allegations of Russian aggression to press for punitive sanctions against Moscow. Harding gave the fascistic forces who led the coup in Ukraine a clean bill of health in a March 2014 article headlined, “Ukraine uprising was no neo-Nazi power-grab.” Since then, the *Guardian* has only become more hysterical in churning out anti-Russian propaganda that is McCarthyite in character.



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