

Money Laundering and Offshore Fraud for the Rich, Economic Austerity for the Poor

Selected Articles

By [Julie Lévesque](#)

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Theme: [Global Economy](#), [Law and Justice](#)

Offshore banking is the elephant in the global economic room which the political and financial elite is trying to hide from the public view. While imposing austerity measures on hard working citizens, they are well aware that astronomical amounts of money are secretly held in offshore banks, thus lost in taxes. Where is that money from? What is it for?

Drug cartels, fraud, tax evasion and money laundering are common answers to those questions. Despite this reality and even in this era of fiscal austerity, the question world leaders avoid is: why is secret banking still allowed? Are they capable of putting a term to it but unwilling to do it because of the benefits it provides? Clearly.

Every once in a while a robber baron will serve as a scapegoat to give a pale illusion of justice to the common man. Although they deserve to be penalized, the corrupt banking system which allowed them to operate remains inviolate and its flaws are never questioned. Offshore banking is not a parallel banking structure. It is at the heart of the banking system. All major banks have offshore subsidiaries.

R. Allen Stanford is one of the white collar criminals serving time for running a “massive Ponzi scheme camouflaged as a bank [Stanford International Bank (SIB)] that sold some \$7 billion in self-styled ‘certificates of deposit’ and \$1.2 billion in mutual funds”:

[SIB’s chief financial officer James] Davis told the Justice Department that “his boss had been stealing from investors for decades while paying bribes to regulators and even performing blood oaths never to reveal his secrets.”

And with connections and generous [pay-outs](#) to U.S. politicians going back more than a decade, 65% of which went to Democrats including our “change” president, Allen Stanford was plugged-in.

Evidence also suggests he may have gotten an assist covering his tracks from regulators and U.S. secret state agencies, including the CIA [...]

Allen Stanford did business the American way; he swindled depositors and then siphoned-off the proceeds into a spider’s web of offshore accounts.

The indictment charges “it was part of the conspiracy that Stanford ... and others would cause the movement of millions of dollars of fraudulently obtained investors’ funds from and among bank accounts located in the Southern District of Texas and elsewhere in the United States to various bank accounts located outside of the United States ... in order to exercise exclusive control over the investors’ funds.”

Auditors learned that funds were moved through Stanford-controlled accounts to offshore banks, including HSBC in London, Bank Julius Baer in Zurich and eight others; banks which have figured in past money laundering or tax-avoidance scandals. None have been charged with an offense in connection with the affair. (Tom Burghardt [Financial Fraud, The Laundering of Drug Money and the CIA](#), Antifascist Calling... August 4, 2010.)

Out of willful blindness, the troika – the European Union, European Central Bank and International Monetary Fund – inflicts draconian measures on many Europeans, while letting a “vast offshore industry [operate] out of sight and mind”. The same cannot be said for press freedom and whistleblowers, which are closely monitored:

Greek magazine publisher Costas Vaxevanis faces charges of violating state privacy laws. Potentially he faces two years in prison.

Press freedom and whistleblowing should be inviolate. Not in today’s corrupt money controlled world [...]

A [...] recent Tax Justice Network (TJN) USA report [...] estimates up to \$32 trillion of hidden and stolen wealth stashed largely tax-free secretly.

[“The Price of Offshore Revisited”](#) reveals what super-rich elites want concealed. Governments let them avoid taxes. Societal costs are huge. Ill-gotten gains are free to make more of them. Only ordinary people pay what they owe. Many pay too much [...]

Hot Doc magazine editor Vaxevanis was arrested for publishing the “Lagarde List.” In 2010, French authorities gave it to Athens. At issue is investigating 2,059 wealthy Greeks with secret HSBC Swiss accounts. (Stephen Lendman, [Greek Whistleblower: Billions in Secret Offshore Bank Accounts](#), October 31, 2012.)

Seeing poverty and inequalities rise dramatically due to budget austerity crafted and ordered by the banking industry, some European nations raise the specter of separatism:

Recent months have seen one example after another of gains for parties advocating the creation of new, small states in Spain, Belgium, Italy, Scotland and elsewhere in Europe.

The growth in support for such tendencies has been fuelled by the savage cuts and austerity measures being imposed by central governments on the instructions of the troika—the European Union, European Central Bank and International Monetary Fund—at the behest of the banks and global speculators. But the exploitation of legitimate social grievances does not mean that the political beneficiaries represent the interests of the broad masses who are being exploited. (Chris Marsden, [Austerity and Political Balkanization: The Rise of Separatist Agitation in Europe](#), October 30, 2012.)

F. William Engdahl warns that the same kind of “austerity measures paved the way to the III Reich” and insists that the banks are “the source of the problem”:

The EU governments have shied away from any resolute action on the banks involved in the dodgy lending in the first place during the financial bubble years. Those banks remain the source of the problem. There is no lending going on to the real economy, and that’s the root cause of the 25 per cent unemployment in Spain and Greece and

elsewhere across the EU. Until that problem with the banks is addressed, we're not going to see economic recovery. To treat it only as a sovereign debt crisis is grabbing the tail of the elephant and calling it a snake. (F. William Engdahl, [Germany Enforces Same Austerity that Paved Way to 3rd Reich](#), October 30, 2012.)

With the recent images of the brutal [Spanish police state in mind](#) we have to wonder if following the corrupt banking industry diktats is a very ruinous ride on the highway to totalitarianism.

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