

Wall Street and the Global Laundering of Drug Money

Big Banks Started Laundering Massive Sums of Drug Money In the 1980s ... And Are Still Doing It Today

By [Washington's Blog](#)

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For More Than 30 Years, the Big Banks Have Been Key Players In the Drug Trade

[Official statistics](#) show that huge sums of drug money are laundered every year:

The United Nations Office on Drugs and Crime (UNODC) conducted a [study](#) to determine the magnitude of illicit funds generated by drug trafficking and organised crimes and to investigate to what extent these funds are laundered. The report estimates that in 2009, criminal proceeds amounted to 3.6% of global GDP, with 2.7% (or USD 1.6 trillion) being laundered.

This falls within the widely quoted estimate by the International Monetary Fund, who stated in 1998 that the aggregate size of money laundering in the world could be somewhere between two and five percent of the world's gross domestic product. Using 1998 statistics, these percentages would indicate that money laundering ranged between USD 590 billion and USD 1.5 trillion. At the time, the lower figure was roughly equivalent to the value of the total output of an economy the size of Spain.

Indeed, the head of the United Nations Office on Drugs and Crime says that drug dealers [kept the banking system afloat](#) during the depths of the 2008 financial crisis.

This started a long time ago. For example, Citibank was caught laundering drug money for Mexican cartels [in 2001](#).

In the 1990s, earlier, Citibank apparently [set up special client accounts for a big drug dealer](#):

One of the more infamous cases involving taxpayer bailed-out Citigroup's ties to money laundering drug cartels emerged in the late 1990s when Raúl Salinas de Gortari, the brother of former Mexican President Carlos Salinas, was arrested after his wife, Paulina Castañón, attempted to withdraw \$84 million from a Swiss account controlled by Raúl under an alias.

According to a 1995 [Los Angeles Times](#) report, Salinas "amassed at least \$100 million in suspected drug money."

Switzerland's top prosecutor at the time, Carla del Ponte, "launched the investigation after the U.S. Drug Enforcement Administration supplied

information that led Swiss agents to the accounts in Geneva, where they arrested Raúl Salinas' wife and her brother on Nov. 15 as the pair attempted to withdraw more than \$83 million."

Del Ponte told the Los Angeles Times that after observing Salinas' interrogation by Mexican federal prosecutors the sums found in those accounts were "suspected to be from the laundering of money related to narcotics trafficking."

In 1998, when Swiss prosecutors completed their Salinas investigation, [The New York Times](#) disclosed that "Swiss police investigators have concluded that a brother of former President Carlos Salinas de Gortari played a central role in Mexico's cocaine trade, raking in huge bribes to protect the flow of drugs into the United States."

A 1998 report by the General Accounting Office ([GAO](#)) pointed a finger directly at Citibank. Investigators revealed that "Mr. Salinas was able to transfer \$90 million to \$100 million between 1992 and 1994 by using a private banking relationship formed by Citibank New York in 1992. The funds were transferred through Citibank Mexico and Citibank New York to private banking investment accounts in Citibank London and Citibank Switzerland."

With the connivance of bank officials, in 1992 Salinas was able to "effectively disguise" the source of those funds and their destination.

Indeed, with hefty fees secured from assisting their well-connected client Salinas, Citibank "set up an offshore private investment company named Trocca, to hold Mr. Salinas's assets, through Cititrust (Cayman) and investment accounts in Citibank London and Citibank Switzerland."

A 1999 Senate Permanent Subcommittee on Investigations [report](#) on "Private Banking and Money Laundering" revealed that "a culture of secrecy pervades the private banking industry."

"For example," Senate investigators disclosed, "in the case of Raul Salinas . . . the private bank hid Mr. Salinas' ownership of Trocca by omitting his name from the Trocca incorporation papers and naming still other shell companies as the shareholders, directors, and officers. Citibank consistently referred to Mr. Salinas in internal bank communications by the code name 'Confidential Client Number 2' or 'CC-2.' The private bank's Swiss office opened a special name account for him under the name of 'Bonaparte'."

In the 1980s, the Bank of Credit and Commerce International (BCCI) – apparently [backed by top CIA officials](#) – laundered drug money. Time Magazine [reported](#) in 1991:

Because the US wanted to supply the Mujahideen rebels in Afghanistan with stinger missiles and other military hardware it needed the full cooperation of Pakistan. By the mid-1980s, the CIA operation in Islamabad was one of the largest US intelligence stations in the World. `If BCCI is such an embarrassment to the US that forthright investigations are not being pursued it has a lot to do with the blind eye the US turned to the heroin trafficking in Pakistan', said a US intelligence officer.

As Wikipedia [notes](#), Alfred McCoy (Professor of history at the University of Wisconsin-Madison, and one of the world's top experts on drug trafficking)

[McCoy] uncovered money laundering activities by banks controlled by the CIA, first the Castle Bank which was then replaced by the Nugan Hand Bank, which had as legal counsel William Colby, retired head of the CIA. He also alludes to the BCCI, which seems to have played the same role as the Nugan Hand Bank after its collapse in the early 1980s, claiming that "the boom in the Pakistan drug trade was financed by BCCI.

Citibank was still laundering Mexican drug money [in 2001](#).

And nothing has changed since then.

The big banks are *still* laundering staggering sums of drug money. See [this](#), [this](#), [this](#), [this](#), [this](#), [this](#) and [this](#).

An HSBC employee [who blew the whistle](#) on that banks' money laundering for terrorists and drug cartels says: "[America is losing the drug war because our banks are \[still\] financing the cartels](#)", and "[Banks financing drug cartels ... affects every single American](#)".

(And [see this](#).)

If you can't believe that the banks would launder drug money, just [take a look at their other crimes](#).

The Feds are a big part of the problem. After all, they [support some ruthless, criminal drug cartels](#), have [repeatedly protected drug smugglers](#), [supported](#) drug [producers](#) ([update](#)).

Obviously the war on drugs is a [total boondoggle](#).

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