

Seminar 5

1. Who were covered by those institutions?
2. How was the scam discovered?
3. What did the scam reveal?
4. Why is Raymond Pacheco mentioned in this newsflash?
5. Give the amount of the stolen money.
6. How was the British Bank HSBC involved?
7. How did HSBC react to the news?
8. Apart from those facts, what is the most interesting conclusion on how banks are behaving?

Q1. Criminals, money launderers and Russians under sanctions.

Q2. The FinCen files were leaked to BuzzFeed News, and shared with the BBC by a consortium of investigative journalists.

Q3. It indicated that London was a hub for money laundering, with billions of pounds worth of suspected dirty money moving through the system.

Q4. He was taken in (=deceived) by a scam. To make money he needed to recruit other investors; when they lost money, he was murdered and his body was found in his vineyard. He was a true victim of the scheme.

Q5. The amount was: \$18 million.

Q6. HSBC allowed the fraudsters to move the stolen cash around the world, even after the bank had been told it was a scam.

Q7. The HSBC US branch said it was unable to locate the accounts targeted by the subpoena ("sub-pina") but forgot to tell the regulator that the accounts were actually located in another country. The bank carried on moving cash (\$13 million) from the fraudsters' UK and US accounts to their accounts in Hong Kong.

Q8. As the victims' lawyer says, they had the information, they sat on it, and are as guilty as the fraudsters perpetuating the crime. HSBC did not comment on the case but said they had been making efforts for years combatting financial crime. However, the fact is that quite often, banks do nothing against suspected behaviour, and don't stop crime. Banks have a legal obligation of reporting suspect business or activities to the authorities, unfortunately they don't fulfil their duty in that respect. Hence they have placed London at the heart of money laundering activities.