

Calls from 3 continents to criminally prosecute HSBC

Written by Tim Bueler

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by Jerome R. Corsi, a Harvard Ph.D., is a WND senior staff reporter. He has authored many books, including No. 1 N.Y. Times best-sellers "The Obama Nation" and "Unfit for Command." Corsi's latest book is "Where's the REAL Birth Certificate?"

NEW YORK - In the wake of the \$1.92 billion settlement HSBC reached with the Justice Department, banking experts and customers in India and London have joined U.S. whistleblower John Cruz in demanding criminal prosecution of top HSBC officers and directors globally.

Evidence suggests HSBC has pursued a policy of exploiting and defrauding customers in the developing world to supplement illegal profits obtained in the developed world by working money launderers, terrorists, organized criminals, corrupt public officials and others, as charged by the Senate Permanent Subcommittee on Investigations in a staff report issued at a public hearing July 17.

As WND reported Tuesday, Cruz, who exposed HSBC's money laundering in February in a series of WND stories, called the \$1.92 billion fine the U.S. government imposed on HSBC "a joke" and filed a \$10 million lawsuit for "retaliation and wrongful termination."

Significantly, the HSBC settlement with the Justice Department announced Tuesday allows all bank officers and directors who may have been aware of or participated in the alleged criminal banking activities to be free of criminal investigation and prosecution in exchange for HSBC agreeing to pay the \$1.92 billion fine.

Whistleblowers in India and London are joining Cruz in charging the HSBC settlement amounts to a massive "cover up." Avoiding criminal investigation and prosecution, they say, allows not only HSBC bank officers and directors to avoid further public scrutiny but also any government officials who may have turned a blind eye to HSBC improprieties.

Cruz has insisted to WND that it is impossible to believe HSBC laundered billions of dollars in

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Mexican drug cartel money, worked with terrorists through affiliate banking operations in Saudi Arabia and circumvented Obama administration banking sanctions against Iran - all activities specifically charged by the Senate Permanent Subcommittee on Investigations - without the knowledge and perhaps complicity of U.S. government officials in the U.S. Treasury, the Federal Reserve, the CIA and the NSA in an era in which government officials are capable of reading the emails of ordinary citizens.

With the HSBC settlement announced this week, any criminal investigations under way are officially brought to a halt.

In response to WND's reporting earlier this year of Cruz's evidence, HSBC lodged a complaint that blocked Internet access to one of the WND stories, and senior reporter Jerome Corsi was fired by the New York City investment firm he had worked with for two years as a senior managing director, Gilford Securities.

In June, WND reported evidence Eric Holder's Justice Department has not investigated money-laundering charges in deference to bank clients of his Washington-based law firm, where Holder was a partner prior to joining the Obama administration.

WND reported in October HSBC was engaged in a systematic scheme to defraud citizens of India who live abroad out of billion of dollars in investment accounts, according to an Indian source who provided evidence.

'Demon bank'

In emails to WND, Indian journalist Ajit Ujjainkar has charged HSBC with operating as "an illegal and corrupt" bank that he characterizes as "a demon bank."

Writing in the December 2012 issue of gfiles Magazine, published in India, Ujjainkar charged "the reported money-laundering and terror financing operations run by HSBC bank pose a threat to the safety and integrity of not only the banking industry (in India) but to the security of the country itself."

Ujjainkar further alleges that operating in developing countries like India, HSBC has found profits from laundering money can further be supplemented through various banking schemes aimed at defrauding bank retail customers.

Ujjainkar gave as an example the case of a customer named Ravi Shankhar (not the legendary sitar player who died Tuesday).

"HSBC issued Ravi Shankhar a credit card he neither applied for nor received," he explained to WND. "This did not stop HSBC from asking Shankhar to pay fees for the card and, when Shankhar refused to pay, from selling his name to debt collectors who destroyed Shankhar's credit and blocked him from getting a home loan, even though Shankhar objected he knew nothing about the HSBC credit card."

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Shankhar, along with hundreds of other HSBC customers, posted on a website in India set up for complaints against HSBC. The customers found that HSBC banking policies in India are made by management in London. But when Indian customers present formal complaints to London, the London management refuses to solve the problem, choosing instead to respond with form letters.

"Someone has applied (for a) credit card in 2007 on behalf of my pan card copy," Shankhar wrote in a May 16 posting on the site. "And HSBC has issued that card. All mandatory personal detail/information (mother's name, address, etc.) are not matched, except my date of birth. This is a really big blunder fault of HSBC Bank LTD. I have never applied this credit card as well as never seen this card and used this card."

Shankhar continued to explain he applied for a home loan and got a call from his banker, who said that a huge sum had been charged against the credit card and a default statement had been published regarding his account on CIBIL, the Credit Information Bureau Limited, based in India.

Shankhar threatened to sue the bank and make his case public with the media if HSBC did not remove the adverse information from the CIBIL website within two days.

Ujjainkar told WND this particular form of credit card fraud is particularly detrimental to customers in India, a country where a blemish on a person's credit history might block him from ever obtaining credit in the future.

"There is a deep malice in the way the bank operates in India," Ujjainkar claimed.

Ujjainkar said the Department of Justice decision not to prosecute HSBC officers and directors sends an unfortunate message to international bankers around the world.

"Shareholders and customers around the world should demand justice instead of being blinded by the dollar sign," he insisted. "All the U.S. settlement with HSBC accomplished is to send a signal to bankers around the world that crime does pay."

WND previously reported on a scheme in which HSBC allegedly defrauded non-resident Indian customers who were asked to sign open-ended powers of attorney giving HSBC officers in India complete discretionary authority to invest the customers' funds in the Indian stock market.

'Where is the justice?'

London-based HSBC shareholder activist Michael Mason-Mahon shares Ujjainkar's frustration after being stymied by HSBC bank officers in London in hundreds of cases, including that of Ravi Shankar. Since early 2010 he has tried to address grievances and banking irregularities claimed by HSBC customers in India.

"I have found that The Hong Kong and Shanghai Banking Corporation Limited in London has

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been abusing customers by the illegal use of CIBIL, refusing to register complaints, threatening customers and demanding money illegally," Mason-Mahon wrote WND in an email.

He said HSBC "has breached all the rules and regulations of the Reserve Bank of India, the Standard Board of India, as well as the Code of Commitment to Customers."

Mason-Mahon, who has charged that Chairman Douglas Flint and the board of directors of HSBC Holdings PLC in London are "fully aware of the criminal behavior of HSBC in India," is also extremely upset that no criminal prosecutions were pursued by the U.S. Justice Department.

The settlement came after an extensive investigation of HSBC by the Senate Permanent Subcommittee on Investigations.

"Where is the justice in the \$1.92 billion fine the U.S. government charged HSBC?" he asked WND. "This is just shareholders' money to a man like Douglas Flint, the chairman of HSBC Holdings in London. Why not suspend the bank's license to operate in the United States for a year or two?"

Mason-Mahon told WND he had supplied attorneys with Democratic Sen. Carl Levin's committee with information about alleged criminal behavior by HSBC in India, although no reference to his allegations can be found in the 334-page staff report issued by the committee at its public hearing July 17.

"Sen. Levin's subcommittee seems completely unaware that HSBC merely factored in to its international business plan the \$2 billion fine the U.S. government imposed on the bank," he said. "To HSBC internationally, even a fine of this magnitude was simply considered the cost of doing business when the bank had no intention of complying with rules and regulations."

Negligible fine

Cruz and WND handed over to Department of Homeland Security bank-fraud experts 1,000 pages of customer accounts documenting alleged money laundering activity. Along with the records copied from HSBC computers before he was fired, Cruz made audio recordings of more than a dozen HSBC bank officers admitting their knowledge and participation in the money laundering scheme.

In emails and interviews with WND, Cruz disputes the statement Tuesday made by Sen. Levin that the HSBC settlement "sends a powerful wake-up call to multinational banks about the consequences of disregarding their anti-money laundering obligations."

Cruz told WND that HSBC "reserved \$2 billion to pay these fines years ago."

He argued that a fine even of that magnitude was negligible, compared to the profits HSBC made laundering money for drug cartels and terrorist groups and violating U.S. sanctions against doing business with Iran.

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Levin's subcommittee has evidence supporting Cruz's claim.

On page 2 of the July 17 report, the Senate Permanent Investigating Subcommittee's staff noted HSBC is "one of the largest financial institutions in the world, with over \$2.5 trillion in assets, 89 million customers, 300,000 employees, and 2011 profits of nearly \$22 billion."