The British Crown/City of London Criminal Financial Empire

“We assess that hundreds of billions of U.S. dollars of criminal money almost certainly continue to be laundered through UK banks, including their subsidiaries, each year.” That finding was made by Britain's own National Crime Agency in 2015. In May of that year, international criminal money-laundering expert Roberto Saviano told an event at the House of Commons that “London is now the global money-laundering centre for the drug trade”, *The Independent* reported on 4 July 2015.

Criminality on a staggering scale is not the regrettable result of an otherwise legitimate system, *but the very soul of it.* As our flow chart **(right)** shows, the global financial system's “offshore” and “onshore” components are seamlessly connected, both being supervised by the Crown through its Privy Council. Their power over core financial agencies such as the City of London Corporation and the Bank of England, which operate under Royal Charter, is no mere formality. As the Privy Council itself states on its website, “once incorporated by Royal Charter *a body surrenders significant aspects of the control of its internal affairs to the Privy Council*.”

The 1,000-year old, secretive City of London Corporation is the coordinating body for London's financial district and its megabanks, with its own governing body, laws, and police force. It also controls the City Cash, a private fund built up over the last eight centuries, funding monuments and ceremonies, stakes in property developments, free-market think tanks, and permanent lobbying offices worldwide.

The City's most famous resident institution is the Bank of England, which not only was the model for modern central banks—answerable not to the interests of the population, but only to those of the ruling oligarchy—but still today guides a vast apparatus of institutions: the Bank for International Settlements, the Financial Stability Board, and, through them, the banking regulators of Australia and many other countries. There is a rotating door for personnel between these institutions and the megabanks.

Within the offshore dirty-money system proper, there are Crown Dependencies, Overseas Territories, and former British colonies. The Queen appoints the governors of the first two, while all legislation requires Privy Council or gubernatorial approval, respectively. Combined, these three groups of jurisdictions account for 37 per cent of all bank deposits in the world.

Wall Street, the famous New York financial centre, is historically and by function a junior partner of the City of London. Its banks are tightly interfaced with London's and engage in the same practices. Today nearly 70 per cent of the on- and off-balance sheet foreign assets of U.S. banks are held in the UK. The same type of relationship, as a “branch office” of the City of London, holds for the EU's European Central Bank, which since its inception has been run by Europeans with close ties to the City, and for several European megabanks, including Deutsche Bank.

In the political realm, the British Cabinet is a formal subsidiary of the Privy Council. Thus successive British governments, both those of New Labour PMs Tony Blair and Gordon Brown (1997-2010) and their Conservative Party successors, are witting participants in the criminality. Saviano charged that British governments have repeatedly blocked anti-money laundering measures sought by the EU.

The City Corporation's institutional lobbyist, the Remembrancer, sits in the UK Parliament with veto power over legislation.

“Illegal” Criminality

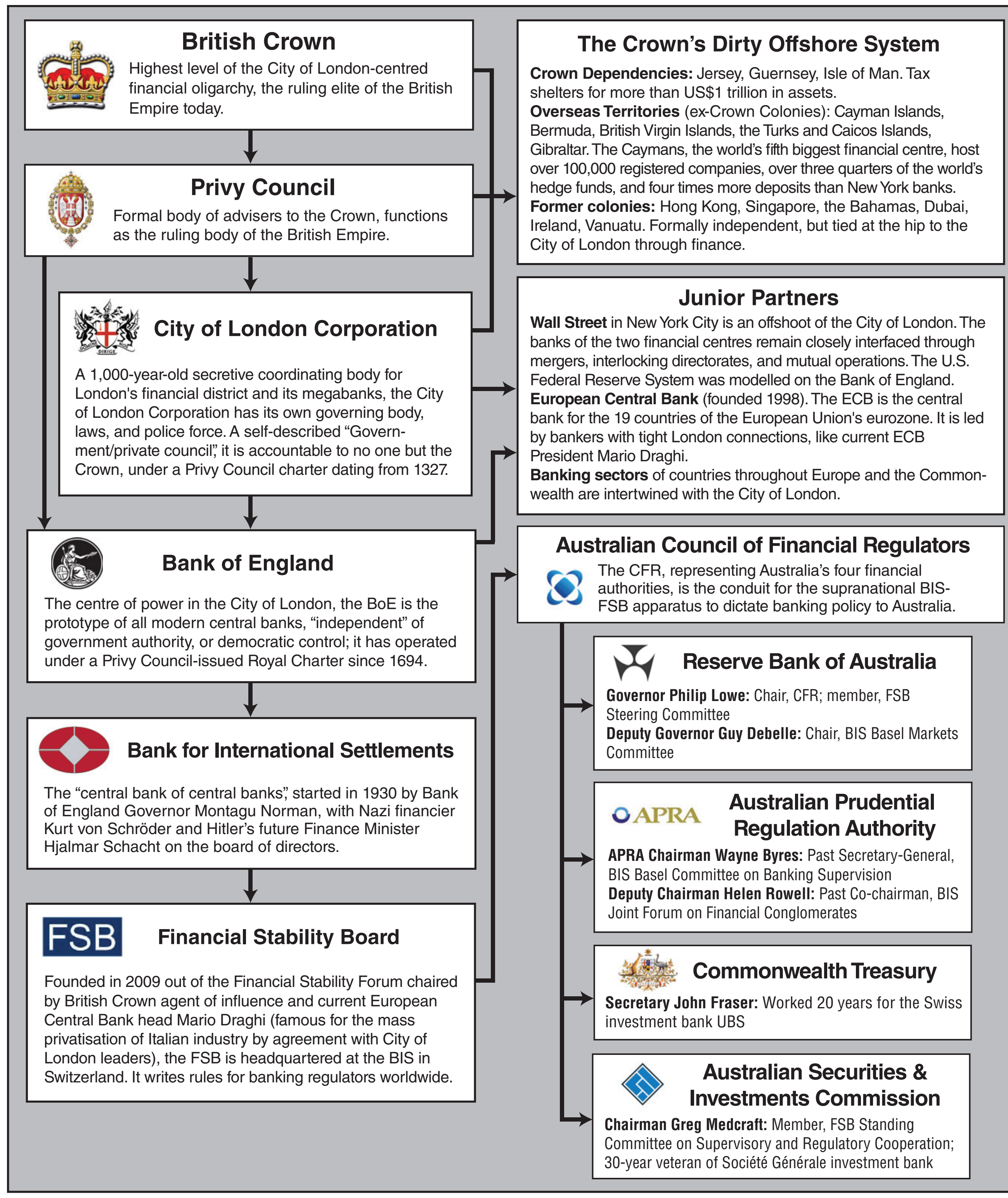
Even a preliminary catalogue of the crimes of the City of London and related banks makes up a substantial dossier—one that the CEC is now compiling. They fall into two groups: “illegal” activity (admitted to be criminal) and ostensibly “legal” operations like derivatives speculation. The two types are inextricably intertwined. Derivatives caused the 2008 crash, while the margin of cash, beyond massive government bailouts, that allowed the “too big to fail” (TBTF) banks to survive *was provided by the world drug trade.* Former Russian anti-drug chief Victor Ivanov called drug money “the foundation of the modern financial system”; his agency had determined in 2012 that “at the height of the 2008-09 financial crisis, around $352 billion in drug money was thrown into the world's largest banks to deal with their critical liquidity shortage: the funds were subsequently integrated into interbank operations.”

Among the types of “illegal” criminality are these:

1. *Rigging of the world's two most important international money markets*: the London Inter Bank Offered Rate (LIBOR), the most influential interest rate in the world; and the $5 trillion per day global foreign exchange (Forex) market. As of 2013, London conducted 41 per cent of all Forex trading, as against only 19 per cent on Wall Street.

These markets exist thanks only to the cancellation of the Bretton Woods system in 1971, and they allow the London-centred international cartel to extract trillions from the public of every nation in the world.

2. *Laundering drug money and financing terrorism.* A top drug-money player is London-based HSBC, the sixth largest bank in the world. It has been caught time and again, but not punished. The LaRouche movement book *Dope, Inc. Britain's Opium War Against the World* (1978; 4th ed. 2010) documented HSBC's history in the British Crown-sponsored dope trade since the 19th century.



3. *Tax evasion*. Offshore “tax havens”, Crown-governed and City of London-managed, loot every nation in the world of hundreds of billions annually.

4. *Mortgage fraud.* The subprime mortgage scam triggered the 2008 GFC, in which eight million families lost their houses in America alone.

5. *Outright theft from customers*. The U.S. bank Wells Fargo and the Royal Bank of Scotland are recent dramatic cases. RBS, under its Dash for Cash project, was shown to have preyed upon its own small and medium-sized business customers, pushing them into bankruptcy in order to then scoop up their assets. Wells Fargo was exposed in 2016 for defrauding 2 million of its own customers through fees charged on accounts the customers had never agreed to open. In 2010 it had paid a paltry $160 million fine for failing to stop drug-money laundering by a subsidiary. In 2011 its crimes of misrepresentation to pension funds of the quality of mortgage-related securities Wells Fargo was selling, steering customers to costly subprime mortgage loans, and municipal bond rigging each resulted in even smaller fines.

Besides outright theft, central banks' bailout lending to the TBTF banks at close to 0 per cent interest has driven down the return on all kinds of securities, upon which pensioners and others had depended, thus looting them of as much as $10 trillion since the 2008 crisis.

Besides the Bank of England's key role in orchestrating this international “bailout” process, its Governor Mark Carney and former Deputy Governor Paul Tucker took the lead in inventing “bail-in”, which allows the TBTF banks to seize deposits if needed to stay afloat.

“Legal” Criminality: Derivatives

Financial derivatives, now with an estimated total nominal value of at least $1.2 quadrillion, have obscure names like “mortgage-backed securities” (MBS), “credit default swaps” (CDS), and “collateralised debt obligations” (CDO). The nature and operation of most derivatives is almost impossible to understand, even for the chairmen of the major banks who sell them. What is crucial to know, is that they are essentially *criminal instruments*. As a system of bets on the movements of other financial instruments and non-financial processes (like the weather), they are designed to evade laws restricting financial speculation. Until the early 1990s derivatives were still illegal in most countries, under anti-gambling laws.

While the common gambler bets his own money, the titans of London and Wall Street bet their depositors' money—seeking much higher returns than they could get from lending to the real economy. If they “win” they make speculative fortunes; if they lose they look for a government bailout.

Derivatives were pioneered by the City of London in the 1950s, but their use boomed worldwide after the 1986 Big Bang financial deregulation in London and the repeal of the U.S. Glass-Steagall law, which had kept normal commercial banks out of such operations, in 1999. When the derivatives bubble burst in 2008 and necessitated an international bailout regime, the scheme was constructed by long-time Credit Suisse executive James Leigh-Pemberton, son of an ex-governor of the Bank of England, from a family handling finances for the British Royals over the past century and a half.

Today the major London and Australian banks are in worse shape than Lehman Brothers on the eve of the 2008 crash. **Figs 1 and 2 (page 1)** illustrate their derivatives exposure, dwarfing assets and deposits. The bailout begun in 2008 (now termed “quantitative easing”, QE) has never ended, even though the banks pour almost all funds obtained from QE into derivatives and other speculative deals—invariably with each other—and not into lending to the real economy.

For further reading. Below are essential sources on the global financial oligarchy. Nicholas Shaxson's account of offshore money operations (left) and EIR's famous exposé of drug money in the global economy *Dope, Inc. Britain's Opium War against the World* (4th ed., 2010) are for sale at Amazon.com and Bookdepository.com. The CEC pamphlet at centre reveals the City of London's guidance of world financial affairs and how international bankers designed the “bail-in” bank-deposit confiscation scheme; for a download or printed copy, contact the CEC.