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HSBC is Being Scrutinized by the Senate for Money Laundering

The Senate Permanent Subcommittee is carrying out investigations on leading UK-based bank, HSBC related to money laundering and different types of banking frauds. The subcommittee has a past record of carrying out high-profile hearings that have confirmed to be uncomfortable for the biggest banks of the world.

The analysis of HSBC is the most recent in a sequence of investigations that is made by the U.S. officials as to how the global banks have processed and the financial deals for the countries that allegedly support corrupt foreign officials, terrorism, criminals and the drug gangs. The U.S. and European banks have signed delayed hearing agreements since the year 2008 and have paid more than \$1.2 billion as penalty for alleged defiance of anti-money laundering regulations. The particular focus of the Senate query of HSBC has not been revealed. As per Reuters review of legal documents and regulatory probes, it points to a number of alleged breakdowns in anti-money laundering system of HSBC.

It has been said by Robert Sherman, a HSBC spokesman, that they are having continuous discussions with the officials and also the Senate panel on various compliance and regulatory matters. However, these discussions are all that should not be disclosed publicly. Stuart Levey, the top U.S. Treasury Department official was named as chief legal officer by HSBC and showed a sign as to how the bank hires the outside experts in money laundering. Stuart Levey, specialized in fighting terrorism financing, had left the Treasury Department of London. It was said in a statement by HSBC chief executive, Stuart Gulliver that Levey's experience in handling the international legal and financial issues is relevant to a global bank like HSBC.

Early signs of warning

HSBC holding operates in more than 80 countries and territories. The Senate seems to be another indication that U.S. law enforcement officials are expanding their inquiries into the London bank. This bank has in the past decade drawn scrutiny continually from the U.S. financial regulators for allowing tax evasion, health care frauds and money-laundering controls.

In the year 2003 and 2010, the two U.S. bank regulators raised serious worries about the anti-money laundering system and the staff of the bank. According to the Comptroller of the Currency, a Treasury Department unit and enforcement actions by the Federal Reserve Bank of New York, the bank regulators ordered the bank to advance anti-money laundering system. The bank seems to have revealed increasing inquiries in case of security filings. It has been disclosed by the bank in the year 2010 that it got grand jury subpoenas and was examined by the Justice Department in inquiries related to money laundering.

Link of West Virginia

Barton J. Adams, a pain management doctor indicated in the year 2008 by the Justice of Department on 169 counts of tax evasion, healthcare fraud, witness tampering and money laundering. As per U.S. District Court filings in West Virginia, Adams has shifted thousands of dollars in Medicare fraud proceeds between HSBC Bank holding USA internet account and the other accounts of HSBC in Hong Kong, Canada and Philippines.

HSBC is not only the main bank to face investigations from the regulators over money laundering. Lloyds Banking Group, Barclays PLC and Credit Suisse Group in the year 2009 and 2010 agreed penalties of \$1.2 billion with the U.S. regulators that found the banks eluded the laws of U.S. in supporting the sanctioned countries. In the year 2010, Royal Bank of Scotland Group PLC agreed to give up \$500 million to the U.S. in order to cover ABN AMRO Holding NV's unlawful transactions of the U.S. dollars to Iran, Cuba, Libya and Sudan. ABN, the Dutch Bank has been acquired by RBS and an association of the bank in the year 2007.

As per the 2011 study by the Government Accountability Office, the money that comes from unlawful sale of drugs in U.S. and goes to Mexico is in the form of huge currency shipments that are called "bulk cash smuggling" and it ranges between \$18 billion and \$39 billion in a year. John Cassara who is an expert on money laundering and the recent Treasury agent said that the U.S. authorities seem to struggle so as to stop money flow from U.S. to Mexico.