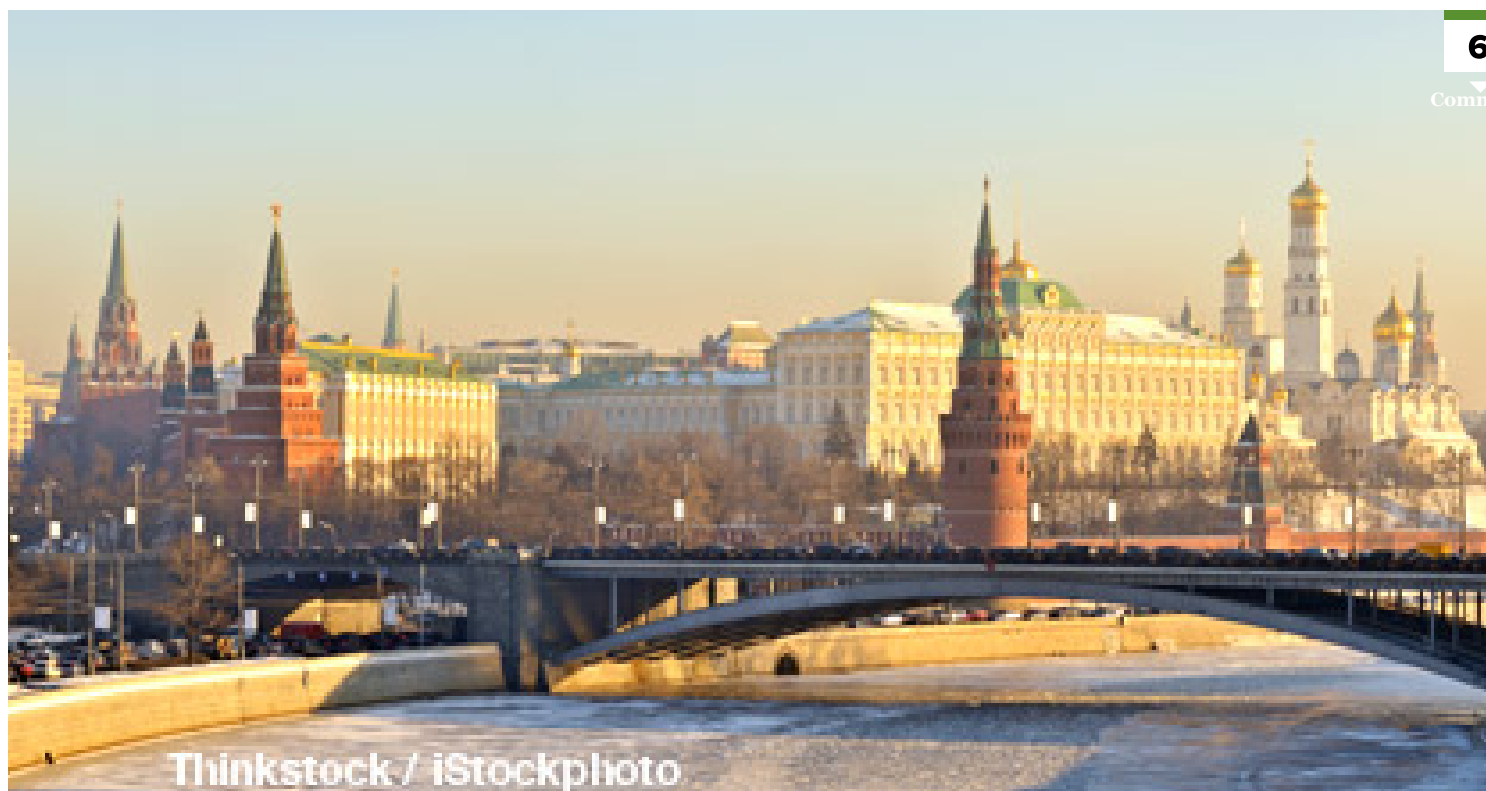




# Coutts, Barclays face \$740m Russian laundering claim

By David Campbell / 21 Mar, 2017



Royal Bank of Scotland's ([RBS](#)) Coutts, HSBC ([HSBA](#)) and Barclays ([BARC](#)) are among the UK banks believed to have processed almost \$740 million (£598 million) on behalf of Russian money launderers with ties to gangsters and intelligence services.

The City institutions are among 17 banks accused in a major investigation carried out by the Organized Crime and Corruption Reporting Project (OCCRP) and Novaya Gazeta, and reported by .

The figure was gathered by documents covering the years 2010–2014 showing at least \$80 billion (£64.4 billion) was moved out of Russia by an organisation called the Global Laundromat.

The documents raise questions about the money laundering controls used by the banks, which also included and Coutts parent .

The investigation follows a \$6.5 million fine Coutts was ordered to pay by Swiss authorities last month, over separate case in which it was accused of handling \$2.4 billion in illicit funds.

The bank is in the process of winding up its Swiss subsidiary or would have been forced to pay a much larger sum, the local regulator said, and employees could still face criminal charges.

Investigators tracing the Russian-linked funds looked at 70,000 transactions, 1,920 of which were routed via UK banks and 373 based in the US. Using leaked papers believed to have been gathered in a criminal probe in Moldova and Latvia they estimated around 500 people were linked by the network.

That led them to 96 different countries and a series of holding companies listed at the UK's Companies House under opaque ownership structures.

HSBC was believed to have handled \$545 million on behalf of the network, while RBS handled \$113 million and Coutts \$32.8 million,

Due diligence specialist L Burke Files told the Guardian that bank compliance staff frequently lacked the resources and internal authority required to carry out their jobs effectively, describing their roles as 'box ticking'.

'Typically the compliance and investigations department is treated like an unwanted step-child. The directors of a bank see compliance as an expense without any return. The compliance professionals are underpaid, underskilled and receive little or no effective training in spotting criminal patterns.'

Files added: 'Most of the transactions I'm seeing here would have required substantial enhanced due diligence. It isn't just individual transactions. It's the repeated pattern.'

Cash would typically be presented as an intra-company loan underwritten by a Russian bank. The debtor business would file paperwork reporting a default, which would be falsely authenticated by an official, while the cash was then transferred from Moldova to Latvia, inside the EU.

In a statement provided to the paper, RBS said: 'We are committed to combatting financial crime and money laundering in line with our regulations and have controls and safeguards in place to identify, assess, monitor and mitigate these risks.'

HSBC told the *Guardian*: 'This case highlights the need for greater information sharing between the public and private sectors, each of whom holds important information the other does not.'

## Comments

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Mr. Veracity

4 years ago

Funny, how the ordinary person is constantly reminded about money laundering by the financial sector. Yet the real money launderers have an easy time of it, how totally pathetic!!

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