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## SWISS LEAKS: MURKY CASH SHELTERED BY BANK SECRECY

# Banking Giant HSBC Sheltered Murky Cash Linked to Dictators and Arms Dealers



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By Gerard Ryle, Will Fitzgibbon, Mar Cabra, Rigoberto Carvajal, Marina Walker Guevara, Martha M. Hamilton and Tom Stites | February 8, 2015, 4:00 pm

### KEY FINDINGS

- HSBC Private Bank (Suisse) continued to offer services to clients who had been unfavorably named by the United Nations, in court documents and in the media as connected to arms trafficking, blood diamonds and bribery.
- HSBC served those close to discredited regimes such as that of former Egyptian president Hosni Mubarak, former Tunisian president Ben Ali and current Syrian ruler Bashar al-Assad.
- Clients who held HSBC bank accounts in Switzerland include former and current politicians from



Image: Tim Meko / Shutterstock

Britain, Russia, Ukraine, Georgia, Kenya, Romania, India, Liechtenstein, Mexico, Lebanon, Tunisia, the Democratic Republic of the Congo, Zimbabwe, Rwanda, Paraguay, Djibouti, Senegal, Philippines and Algeria.

- The bank repeatedly reassured clients that it would not disclose details of accounts to national authorities, even if evidence suggested that the accounts were undeclared to tax authorities in the client's home country. Bank employees also discussed with clients a range of measures that would ultimately allow clients to avoid paying taxes in their home countries. This included holding accounts in the name of offshore companies to avoid the European Savings Directive, a 2005 Europe-wide rule aimed at tackling tax evasion through the exchange of bank information.

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## ABOUT THIS PROJECT

[Swiss Leaks](#) is a collaborative investigation that exposes how the Swiss branch of one of the world's biggest banks, HSBC, [profited](#) from doing business with tax dodgers and criminals around the world.

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### **Team of journalists from 45 countries unearths secret bank accounts maintained for criminals, traffickers, tax dodgers, politicians and celebrities**

Secret documents reveal that global banking giant HSBC profited from doing business with arms dealers who channeled mortar bombs to child soldiers in Africa, bag men for Third World dictators, traffickers in blood diamonds and other international outlaws.

The leaked files, based on the inner workings of HSBC's Swiss private banking arm, relate to accounts holding more than \$100 billion. They provide a rare glimpse inside the super-secret Swiss banking system — one the public has never seen before.

The documents, obtained by the International Consortium of

Investigative Journalists via the French newspaper Le Monde, show the bank's dealings with clients engaged in a spectrum of illegal behavior, especially in hiding hundreds of millions of dollars from tax authorities. They also show private records of famed soccer and tennis players, cyclists, rock stars, Hollywood actors, royalty, politicians, corporate executives and old-wealth families.

These disclosures shine a light on the intersection of international crime and legitimate business, and they dramatically expand what's known about potentially illegal or unethical behavior in recent years at HSBC, one of the world's largest banks.

The leaked account records show some clients making trips to Geneva to withdraw large wads of cash, sometimes in used notes. The files also document huge sums of money controlled by dealers in diamonds who are known to have operated in war zones and sold gemstones to finance insurgencies that caused untold deaths.

HSBC, which is headquartered in London and has offices in 74 nations and territories on six continents, at first insisted that ICIJ destroy the data.

Late last month, after being informed of the full extent of the reporting team's findings, HSBC gave a [final response](#) that was more conciliatory, telling ICIJ: "We acknowledge that the compliance culture and standards of due diligence in HSBC's Swiss private bank, as well as the industry in general, were significantly lower than they are today."

The written statement said the bank had "taken significant steps over the past several years to implement reforms and exit clients who did not meet strict new HSBC standards, including those where we had concerns in relation to tax compliance."

The bank added that it had refocused this part of its business. "As a result of this repositioning, HSBC's Swiss private bank has reduced its client base by almost 70% since 2007."

How the offshore banking industry shelters money and hides secrets has enormous implications for societies across the globe. Academics conservatively estimate that \$7.6 trillion is held in overseas tax havens, costing government treasuries at least \$200 billion a year.

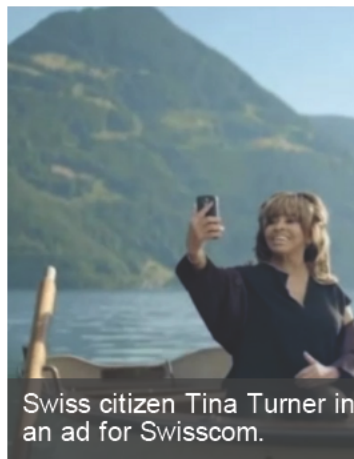
"The offshore industry is a major threat for our democratic institutions and our basic social contract," French economist Thomas Piketty, author of [Capital in the Twenty-First Century](#) told ICIJ. "Financial opacity is one of the key drivers of rising global inequality. It allows a large fraction of top income and top wealth groups to pay negligible tax rates, while the rest of us pay large taxes in order to finance the public goods and services (education, health, infrastructures) that are indispensable for the development process."

## HSBC's questionable tax tactics

The secret files obtained by ICIJ — covering accounts up to 2007 associated with more than 100,000 individuals and legal entities from more than 200 nations — are a version of the ones the French government obtained and shared with other governments in 2010, leading to prosecutions or settlements with individuals for tax evasion in several countries. Nations whose tax authorities received the French files include the U.S., Spain, Italy, Greece, Germany, Britain, Ireland, India, Belgium and Argentina.

It's not illegal in most countries to maintain offshore bank accounts, and being identified as holding an HSBC Private Bank account is of itself no indication of any wrongdoing. Some who are named in the files may have had some connection to a Swiss bank account, such as a power of attorney, while not owning the money in the account, or owning only a share of it. Others in the files may not even have had a Swiss bank account.

Hollywood actor John Malkovich, for instance, said through a representative that he knows nothing about an account listing his name and conjectured that it might have to do with Bernard Madoff, the former stockbroker convicted of fraud who handled some of his finances. A representative for the British actress Joan Collins told ICIJ: "In 1993 my client deposited funds into a bank account in London and subsequently discovered that, without her instructions, the money had been transferred to the Swiss account referred to in your letter." The representative added that no tax was avoided.



Swiss citizen Tina Turner in an ad for Swisscom.

The rock star David Bowie responded to ICIJ media partner The Guardian that he has been a legal resident of Switzerland since 1976. Tina Turner, though seen by many as a quintessentially American singer, has lived in Switzerland for nearly two decades and gave up her U.S. citizenship in 2013.

In many instances the records do describe questionable behavior, such as bankers advising clients on how to take a range of measures to avoid paying taxes in their home countries — and customers telling bankers that their accounts are not declared to their governments.

The reporting by ICIJ and a team of media organizations from 45 countries go deeper into the dark corners of HSBC than a [2012 U.S. Senate investigation](#), which found that the bank had lax controls that allowed Latin American drug cartels to launder hundreds of millions of ill-gotten dollars through its U.S. operations, rendering the dirty money usable.

The Senate Permanent Subcommittee on Investigations' [extensive report](#) on HSBC also said some bank affiliates skirted U.S. government bans against financial transactions with Iran and other countries. And HSBC's

U.S. division provided money and banking services to banks in Saudi Arabia and Bangladesh believed to have helped fund Al Qaeda and other terrorist groups, the report said.

Later in 2012, HSBC [agreed to pay more than \\$1.9 billion](#) to settle U.S. criminal and civil investigations and entered into a five-year deferred-prosecution agreement.

A subcommittee staff source said Senate investigators had sought the HSBC Private Bank account records from HSBC whistleblower Hervé Falciani and French authorities, but never received the data. The new documents show the bank's activity in many other parts of the world and reveal a new range of questionable clients and actions by the bank.

The ICIJ revelations also come after The Wall Street Journal reported in January that a progress report by the independent monitor appointed to the bank, a synopsis of which is expected to be made public in April, will show HSBC is [failing in its attempts to reform](#).

## #swissleaks LAYERS OF PRIVACY FOR SWISS ACCOUNT ICIJ

- Step 1: Account creation
- Step 2: Account management
- Step 3: Account access

### Name of the account

1 ..... NAMED ACCOUNT  
In account holder's own name

2

3



Mr. Smith



SOURCE

NEXT ▶

### An international cast of clients

The documents obtained by ICIJ are based on data originally smuggled away by a former HSBC employee-turned-whistleblower, Hervé Falciani, and handed to French authorities in 2008. Le Monde obtained material from the French tax authority investigation into the files and then shared the French tax authority's material with ICIJ with the agreement that ICIJ would pull together a team of journalists from multiple countries that

could sift through the data from all angles.

ICIJ enlisted more than 140 journalists from 45 countries, including reporters from Le Monde, the BBC, The Guardian, 60 Minutes, Süddeutsche Zeitung and more than 45 other media organizations.

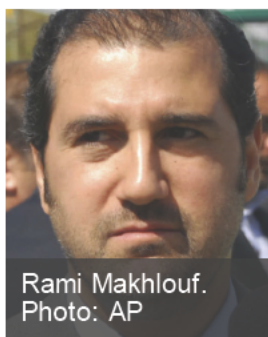
The reporters found the names of current and former politicians from Britain, Russia, Ukraine, Georgia, Kenya, Romania, India, Liechtenstein, Mexico, Tunisia, the Democratic Republic of the Congo, Zimbabwe, Rwanda, Paraguay, Djibouti, Senegal, the Philippines and Algeria, among others. They found several people on the current U.S. sanctions list, such as Selim Alguadis, a Turkish businessman alleged to have supplied sophisticated electrical goods to Libya's secret nuclear weapons project, and Gennady Timchenko, a billionaire associate of Russian President Vladimir Putin and one of the main targets of sanctions imposed on Russian individuals and businesses in response to the annexation of Crimea and the crisis in eastern Ukraine.

The files do not state either Alguadis' or Timchenko's exact roles in relation to the Swiss accounts. A spokesman for Timchenko said the reasons for the sanctions were "far-fetched and deeply flawed" and that his client has "always been fully compliant with all tax related matters."

Alguadis told ICIJ, "I have had many bank accounts at Turkish and international banks during my life for my personal reasons. At times I felt it prudent to keep some of my savings off-shore." Alguadis called the U.S. accusations "ridiculous."

"All our exports were properly declared at Turkish customs and completely legal," said Alguadis, who denied all links to Libya.

Some clients linked to millions and sometimes tens of millions of dollars in their accounts are politically-connected figures such as Rachid Mohamed Rachid, the former Egyptian trade minister who fled Cairo in February 2011 amid the uprising against Hosni Mubarak. Rachid, who is listed as having power of attorney over an account worth \$31 million, was convicted in absentia for alleged profiteering and squandering public funds.



Rami Makhoulf.  
Photo: AP

Other names in the files include the late Frantz Merceron, the alleged bagman for the late former Haitian President Jean Claude "Baby Doc" Duvalier, who was accused of having looted up to \$900 million before fleeing his country, and Rami Makhoulf, whose cousin and close associate, Syrian President Bashar al Assad, over the past three years has helped cause the deaths of tens of thousands of his citizens in the country's civil war. Merceron is listed as an attorney on a \$1.3 million account belonging to his wife. Makhoulf is listed as a beneficial owner on multiple accounts.

The files feature people who figure in legal proceedings, such as Vladimir Antonov, the former owner of an English soccer club, Portsmouth FC,

who faces trial in Lithuania over an alleged €500 million bank fraud; Margulan Seisembayev, a Kazakh banker accused by the Alliance Bank of looting its assets and Tancred Tabone, the former head of the Malta state oil company Enemalta, who is facing prosecution for allegedly demanding bribes.

In a statement, Tabone's lawyer said his client denies all charges and added that he "has formally authorised the Swiss authorities to provide all that information. ... His fiscal affairs in that respect are in order." Antonov is listed as a beneficial owner on an account worth \$65 million. Seisembayev is listed as beneficial owner of multiple accounts.

A representative told ICIJ reporting partner The Guardian, "Mr. Antonov is not and was never a tax resident in the UK. He opened the Swiss accounts you refer to in 2008 for business reasons and because Swiss banks provide a better level of client care and are much more flexible than any UK banks."

In a reflection of the sheer variety of names in the data, others who appear are Li Xiaolin, the daughter of former Chinese Premier Li Peng, famous for his role in the Tiananmen Square massacre; Joseph Fok, a judge on Hong Kong's highest court, and Prince and Princess Michael of Kent, the beloved cousin of Queen Elizabeth II of England and his wife.

The account that can be linked to the prince and princess was held in the name of their company, Cantium Services Limited. A representative for the couple said the account "never received nor held any funds" and was closed in 2009. Li Xiaolin is listed, along with her husband, as a beneficial owner of an account that held \$2.5 million. Fok is listed as the holder of an account that was closed in 2002. They did not respond to requests for comment.

The files reflect a spectrum of royalty, from King Mohammed VI of Morocco to the Crown prince of Bahrain, Prince Salman bin Hamad bin Isa Al Khalifa, to dozens of members of Saudi Arabia's ruling family. Many were partial or full beneficial owners of accounts. The role of the King of Morocco was not specified.

A spokesman for the Crown Prince said, "The Crown Prince invested in a regional hedge fund over which he exercised no control and obtained no tax advantage."

Business figures and political donors from the U.S. include the financier and philanthropist S. Donald Sussman, whose account predated his marriage to Democratic Congresswoman Chellie Pingree of Maine; the billionaire owner of the Victoria's Secret lingerie chain, Les Wexner, who in 2012 donated \$250,000 to a super PAC supporting former Republican presidential candidate Mitt Romney; and the Israeli diamond-dealing Steinmetz family. The Wall Street Journal reported in 2007 that the Steinmetz family's venture capital firm Sage Capital Growth [paid generous allowances](#) for speeches and other services to Rudy Giuliani, the former New York mayor lauded as an organized crime and corruption fighter who



later unsuccessfully pursued the Republican presidential nomination.

A representative of Sussman said the account was not his, adding that he had made a passive investment in a technology venture fund. The representative said it was this fund that had the account, the existence of which he learned for the first time when questioned by ICIJ. “Mr. Sussman’s investments were minority interests,” the spokesman said, “and he had no involvement in the funds’ management, investment decisions, or other activities.” Neither Wexner nor the Steinmetz family responded to requests for comment.

An analysis of the files by ICIJ shows that many individuals linked to accounts took extra precautions to protect their identities, even though HSBC staff repeatedly assured customers they were already bound by tight Swiss banking secrecy.

Many of the accounts were held by companies in offshore tax havens such as the British Virgin Islands, Panama or in the remote Pacific island of Niue, rather than by the individuals who owned the money. Thousands more used de-identified, numbered accounts.

In the documents an HSBC employee refers to one of Australia’s most prominent corporate figures, Charles Barrington Goode, by his initials.

“Acct holder Mr. Ch.B.G. would like to be called Mr. Shaw (acct heading). So the entire discussion we were speaking about Mr. Shaw,” the staff member wrote in one document. Goode’s account was held under the name “SHAW99.”



HSBC Private Bank in Geneva. Photo: Pascal Frautschi/Tamedia

At the time of the note, Goode was the chairman of ANZ bank, one of Australia’s biggest. In his other role in politics, Goode was called by a senator during debate in the Australian Parliament in 2001 “a man who is [the bag carrier](#), [the fundraiser](#), for the Liberal party,” the current ruling party of the Australian Prime Minister, Tony Abbott.

Two foundations that Goode has been publicly associated with in Australia — The Cormack Foundation and Valpold Pty Ltd — gave more than Aus\$30 million to the Victoria branch of the Liberal Party between 1998 and 2013, according to filings with the Australian Electoral Commission.

Goode told ICIJ that he opened his account 30 years ago and the bank insisted he use a pseudonym. “The bank officer told me that, for security purposes, I needed a name, other than my own name, or a number, to

identify the account and which I should use in communicating with the bank. I chose the name 'Shaw.' ” Goode said “the account was dormant for about 25 years” and that before he closed the account five years ago he had declared it to Australian tax authorities and paid tax on any income he derived.

## Breaking the bank's own policy

The documents raise new questions about past public statements by HSBC that staff did not help customers engage in tax evasion. In July 2008, for example, Chris Meares, the then head of private banking for HSBC, told a British parliamentary hearing: “We prohibit our bankers from encouraging or being involved in tax evasion.”

Three years earlier one wealthy British client, Keith Humphreys, a director of the English Premier League soccer club Stoke City FC, is described telling his HSBC manager that one of his family’s Swiss accounts was “not declared” to the U.K. tax authorities. The files state it held more than \$450,000 at the time.

Humphreys told ICIJ media partner, The Guardian, that the Swiss account was held not by him but by his father and that it was later voluntarily disclosed to authorities. The account, he said, “was established in line with financial advice that he was given at the time” and disclosed to British tax authorities in 2011, with a settlement of £147,165.

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***“This client is somewhat [sic] paranoid, e.g. whenever he was coming to ZH [Zurich], he flew to Paris and hired a car to drive to ZH”***

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In another instance, an HSBC employee wrote this note in the file of Irish businessman John Cashell, who would later to be convicted of a tax fraud in his native country: “His pre-occupation is with the risk of disclosure to the Irish authorities. Once again I endeavoured to reassure him that there is no risk of that happening.” Cashell did not respond to requests for comment.

The bank itself became uneasy over a €20 million transaction by a Serbian businessman. But the bank employees merely asked him to act less conspicuously: “Explained that as per today the bank did not interfered [sic] in his money transfer transactions,” the relevant document says, “but

would have preferred to reduce those activities on a lower scale. [He] understands our concerns and will use smaller amounts.”

HSBC staff also appeared to show little concern at the description they received of a Canadian doctor, Irwin Rodier. “This client is somewhat [sic] paranoid, e.g. whenever he was coming to ZH [Zurich], he flew to Paris and hired a car to drive to ZH, in order not to re-enact his final destination etc.”

Rodier told ICIJ media partner CBC/Radio-Canada that he had since settled his taxes with Canadian authorities.

In its statement to ICIJ, HSBC said: “In the past, the Swiss private banking industry operated very differently to the way it does today. Private banks, including HSBC’s Swiss private bank, assumed that responsibility for payment of taxes rested with individual clients, rather than the institutions that banked them.”

## Getting around a new law

The files show that some European customers were given advice on how to avoid a withholding tax on bank savings that came into effect in European Union countries in 2005. Switzerland had agreed to implement the tax — called the [European Savings Directive](#), or ESD.

But the ESD pertained only to individuals, not to corporations. The files show HSBC Private Bank seized on this loophole to market products that transformed individuals into corporations for tax-reporting purposes.

The documents record that day by day throughout 2005, clients arrived in Switzerland to make cash withdrawals in British pounds, Euros, Swiss francs, U.S. dollars, even Danish krone — sometimes asking for small used notes.

One of those being provided with cash supplies of dollars and euros was Arturo del Tiempo Marques, a property developer sentenced in 2013 to a seven-year jail sentence in Spain for smuggling cocaine. He controlled up to 19 HSBC accounts containing more than \$3 million. He did not respond to requests for comment.

In one transaction, the British business tycoon Richard Caring, accompanied by security, was depicted in September 2005 collecting more than five million Swiss francs in cash.

HSBC staff explained handing Caring the huge sum of cash by quoting a statement by him that he planned to deposit the cash with another Swiss bank, and did not want either bank to be aware of the other. They wrote: “RC goes to great lengths to maintain discretion.”

A representative of Caring told The Guardian that he did not avoid taxes and that his “use of offshore funds was conducted under widely used and accepted tax principles.”

The files show Caring, a major donor to British politics, transferring \$1 million to the [Clinton Foundation](#), a nonprofit set up by the former U.S. President Bill Clinton with the stated mission to “strengthen the capacity of people in the United States and throughout the world to meet the challenges of global interdependence.”

The donation to the Clinton Foundation was requested in December 2005. The previous month, Caring funded a champagne and caviar extravaganza at Catherine the Great’s Winter Palace in St Petersburg, Russia, flying in 450 guests to be entertained by Sir Elton John and Tina Turner and addressed by Bill Clinton. The event raised more than £11 million for a children’s charity.

## More Clinton donors

A number of other prominent donors to the Clinton Foundation appear in the files, including the Canadian businessman Frank Giustra and German motor racing superstar Michael Schumacher, a seven-time Formula One champion. A representative of Schumacher, who is listed as a beneficial owner of an account closed in 2002, told ICIJ that he is a long-term resident of Switzerland.



Bill Clinton speaking at a Clinton Foundation event with wife Hillary and daughter Chelsea. Photo: [JStone / Shutterstock.com](#)

The records show Giustra is the only person listed in an HSBC account holding more than \$10 million in 2006/2007, although his role in the account is not specified

The New York Times [reported](#) in 2008 that Giustra donated to the Clinton Foundation shortly after Bill Clinton accompanied Giustra on a trip to Kazakhstan in 2005. When they landed, Nursultan A. Nazarbayev, who has served for decades as Kazakhstan’s president, met his two visitors over a sumptuous midnight banquet.

The Times reported that Clinton made a public declaration of support for Nazarbayev that was at odds with the stance of the U.S. government and of Clinton’s wife, then-Senator Hillary Rodham Clinton, who had criticized Kazakhstan’s record on human rights. Two days later, corporate records showed, Giustra’s company won the right to buy into three state-owned uranium projects in Kazakhstan.

Both Clinton and Giustra told the Times that Giustra traveled with Clinton to Kazakhstan to see first-hand the foundation’s philanthropic work. A spokesman for Clinton told the newspaper that the former president was generally aware of Giustra’s mining interests in Kazakhstan but did nothing to help those interests.

A representative for Giustra disputed the New York Times story and said that Giustra is “in full compliance and disclosure regarding any and all bank accounts.” A spokesman for the Clinton Foundation told The Guardian it “has strong donor integrity and transparency practices that go well beyond what is required of U.S. charities, including the full disclosure of all of our donors.”

## Data disappears in Greece

The data shared by French authorities with other governments is now the basis of formal investigations in several countries. French magistrates are examining whether the bank helped some clients avoid paying 2006 and 2007 taxes. French authorities have required HSBC to deposit a bail bond of €50 million. Belgian prosecutors late last year also accused the bank of tax fraud.

In August 2014, Argentine tax agents raided HSBC’s offices in Buenos Aires. The Buenos Aires Herald has reported that Argentine tax chief Ricardo Echegaray has [accused HSBC](#) of “rolling out a fraud-enabling platform” as “a maneuver to hide bank account information from tax collectors.”

HSBC said in its statement to ICIJ that it was “fully committed to the exchange of information with relevant authorities” and was “actively pursuing measures that ensure clients are tax transparent, even in advance of a regulatory or legal requirement to do so. We are also cooperating with relevant authorities investigating these matters.”

The documents raise questions about why there were investigations in some countries and not in others — and whether some investigations were less than painstaking.

For instance, some of the most extensive material relates to the bank’s U.K. clients. Initial investigations by French tax authorities identified more than 5,000 British clients linked to \$61 billion in HSBC deposits — more clients and more money than from any other country.

Though the French investigators likely initially over-estimated the true amounts held by clients, the British tax office concluded that 3,600 of the 5,000 names it received from the French in 2010 were “potentially non-compliant.” A report to a House of Commons committee in September 2014 said the tax office had recovered [just £135 million in back taxes](#) from individuals on the list, compared to £220 million collected by Spain and £188 million collected by France. Lord Stephen Green, the head of HSBC during the period the records cover, later became trade minister in the Cameron government in Britain, a position he held until 2013.

Apart from isolated court cases in U.S. federal courts, it appears that the U.S. Internal Revenue Service has also gone about its work quietly despite French tax investigators having identified 1,400 people with U.S. connections, holding some \$16 billion. Again, that figure was higher than the amounts identified by ICIJ.

In a statement to ICIJ media partner 60 Minutes, the IRS said that since U.S. taxpayers were first encouraged to voluntarily come forward with details of their offshore holdings in 2009, “there have been more than 50,000 disclosures and we have collected more than \$7 billion from this initiative alone.” The agency declined to disclose how many, if any, of those who came forward had accounts with HSBC.

What happened after France sent Greece the names of more than 2,000 Greek HSBC clients touched off a furor that now has Greece’s former finance minister facing trial.

Greece received the names in 2010, but nothing happened until October 2012, when a Greek magazine, Hot Doc, published the names and noted the lack of an investigation into whether rich Greeks were evading taxes while the country was undergoing austerity measures, including pay cuts and tax increases for those who paid.



Hot Doc magazine, which published the Lagarde list.

In contrast to the reluctance with which they had gone after possible tax evasion, Greek authorities were quick to arrest Hot Doc editor Kostas Vaxevanis and charge him with violating privacy laws. He was quickly acquitted, and his trial provoked anger when two former heads of the financial police testified that neither the former finance minister Giorgos Papakonstantinou nor his successor had ordered an investigation into the list. Papakonstantinou said it had been lost.

When the list finally surfaced, it was missing the names of three relatives of Papakonstantinou. He now faces criminal charges alleging breach of trust, doctoring an official document and dereliction of duty growing out of the removal of his relatives’ names and out of his failure to act on the list when he received it.

## Doing business with arms dealers

Links to arms dealing emerge repeatedly in the files obtained by ICIJ.

HSBC kept Aziza Kulsum and her family as clients even after Kulsum was named by the United Nations as financing the bloody Burundian civil war in the 1990s.

The 2001 [United Nations report](#) also said that Kulsum was a key player in the Democratic Republic of the Congo in the illicit trade in coltan, a strategically important mineral used in electronic devices. A big part of the world’s supply of coltan comes from conflict zones in Central Africa, where armed factions control many mines, extort miners and profit from the sale of illegal ore.

While two of Kulsum’s accounts were closed before 2001, a third account

worth \$3.2 million was frozen (though not closed) for unspecified “compliance reasons” at an unknown date. Kulsum’s husband had an unspecified connection to a further account that was not closed and held an additional \$1.6 million at one point in 2006/2007. HSBC referred to Kulsum as a “businesswoman (stone and noble metals)” and the owner of a cigarette factory.

Another questionable account appears under the name of Katex Mines Guinee. According to a [2003 report](#) by the United Nations, Katex Mines was a front company used by Guinea’s Ministry of Defense to traffic arms to rebel soldiers in Liberia during fighting in 2003. Inexperienced child soldiers were fighting on both sides; hundreds of people were killed and more than 2,000 were injured. The account is shown with \$7.14 million in it three years after UN reports about Katex Mines were made public.

Other notes show HSBC staff meeting a customer, Shailesh Vithlani, in Dar es Salaam, Tanzania, in 2005, to advise him how best to invest his money. The Guardian reported in 2007 that Vithlani, who is listed as a beneficial owner of one account, was an alleged middleman who arranged for the British arms company [BAE to secretly pay \\$12 million](#) into an unspecified Swiss bank account in return for the Tanzanian government buying an overpriced military radar system. Vithlani, who could not be reached for comment, told The Guardian in 2007 that he did not pay money from Switzerland to officials in Tanzania.

Another HSBC customer linked to BAE was Fana Hlongwane, a South African political adviser and businessman. The U.K. Serious Fraud Office said in statements submitted to South African prosecutors in 2008 that Hlongwane received money from BAE through a disguised chain of offshore intermediaries in order to promote arms deals.

Hlongwane’s lawyers did not respond to repeated requests for comment.

In a 2014 affidavit made to an ongoing inquiry into the arms contracts, Hlongwane denied “any evidence implicating myself and/or my Companies in any corruption or wrongdoing.”

Hlongwane is listed as the beneficial owner of an account, Leynier Finance SA, that contained \$888,000. Two other accounts that held \$12 million at one point in 2006/2007 do not specify his exact role.



Soldiers stand guard on a bridge in Liberia during fighting in 2003. Photo: AP

Another account holder appears to be linked to the so-called [Angolagate scandal](#).

In 2008, French prosecutors began proceedings against more than 40 people implicated in corrupted arms sales to Angola in the 1990s. The scandal, which was alleged to have involved more than \$50 million in bribes exchanged for contracts worth nearly \$800 million, named high-profile French figures, including the son of former French President Francois Mitterrand.

The account likely linked to Angolagate, under the name Micheline Arlette Manuel, was dubbed Corday and was open from 1994 to 1999. Manuel's exact role with the account was not specified.

Corday is the name on a series of accounts at HSBC and other banks that have been publicly linked to Micheline Arlette Manuel's husband, Yves, who also held an account with HSBC and who died following a conviction for his role in the scandal. A [French court ruling](#) in October 2011 said Yves Manuel received and concealed \$2.59 million that he knew had come from the company that disbursed bribes to French and Angolan officials. She did not respond to requests for comment.

Yet another account can be found under the name Wang Chia-Hsing, the son of the alleged middleman in an infamous Taiwan arms deal, Andrew Wang Chuan-pu.

Wang Chuan-pu is a fugitive wanted in Taiwan over his alleged role in the murder of Taiwanese Navy Capt. Yin Ching-feng and a series of kickback and corruption scandals implicating Taiwan, France and China.

The South China Morning Post [reported](#) that Wang Chuan-pu left Taiwan shortly after the body of Yin – who was about to blow the whistle on alleged kickbacks and corruption in the navy's purchase of six French frigates – was found floating off the island's north coast in December 1993. Despite Chuan-pu's death earlier this year, announced by his Swiss lawyers on 30 Jan., court cases continue in Switzerland and Taiwan.

The HSBC documents show conversations between Wang Chia-Hsing, who is described as an interior decorator and shown with an upmarket London address, and HSBC staff even during a period when the account with more than \$38 million was under a court blocking order. The files do not make clear what Wang Chia-Hsing's exact role in the account was. However, the files record that he asked the bank to recognize his non-domicile residency status in the U.K., a reference to a foreign national living in the U.K. who doesn't pay income tax or capital gains tax on earnings abroad. It is generally regarded as a form of legal tax avoidance. The bank's notes further indicate that a HSBC staff member was willing to backdate a form.

A representative for Wang Chia-Hsing said he has “paid all proper taxes due and has not acted in any way improperly or unlawfully.”



## Diamond Traders

An analysis by ICIJ shows that almost 2,000 of HSBC clients who appear in the files are associated with the diamond industry. Among them is Emmanuel Shallop, who was subsequently [convicted](#) of dealing in blood diamonds.

Blood diamonds, or conflict diamonds, are terms used for gems mined in war zones that are later sold to finance further war. Diamonds mined during the recent civil wars in Angola, Cote d'Ivoire, Sierra Leone and other nations have been given the label.

“Diamonds have a long history of being linked to conflict and violence,” said Michael Gibb of the international human rights group Global Witness. “The ease with which diamonds can be converted into tools of war, when not sourced responsibly, is astonishing.”

The documents show that HSBC was aware that Shallop was under investigation by Belgian authorities at the time it was helping him. “We have opened a company account for him based in Dubai. ... The client is very cautious currently because he is under pressure from the Belgian tax authorities, who are investigating his activities in the area of diamond fiscal fraud.”

Shallop's lawyer told ICIJ, “We dot [sic] not want to give any comment on this issue. My client does not want his name to be mentioned in any article because of reasons of privacy.”

Other HSBC account holders can be linked to Omega Diamonds, which in 2013 [settled](#) a tax dispute in Belgium for \$195 million, without admitting liability. Belgian authorities alleged in their civil suit that Omega shifted profits into Dubai by trading falsely valued diamonds from mines in Congo and Angola. During the period of these alleged transactions, the firm's two principals, Ehud Arye Laniado and Sylvain Goldberg, each had HSBC accounts. A third Omega shareholder, Robert Liling, appears in the files as the owner of several accounts.

An attorney for the three men said none were prosecuted for tax offences. “The tax dispute between Omega Diamonds and the Belgian tax authorities involved Omega Diamonds only, neither Mr Laniado, Mr Goldberg or Mr Liling were involved in this. The Omega Diamonds tax dispute has been settled in an amicable settlement.”

## Links to Al Qaeda?

HSBC's clients' links to Al Qaeda were first publicly raised in the [July 2012 U.S. Senate report](#), which cited an alleged internal Al Qaeda list of financial benefactors. The Senate report said the list came to light after a search of the Bosnian offices of the Benevolence International Foundation, a Saudi-based nonprofit organization that the U.S. Treasury Department has designated as a terrorist organization.

Osama bin Laden, the mastermind behind the 9/11 attacks, referred to the handwritten list of the 20 names as the “Golden Chain.”

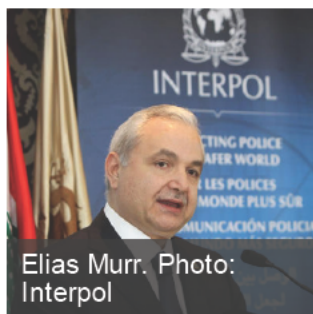
From the moment the names on the Golden Chain list were made public in [news reports](#) in the spring of 2003, the Senate subcommittee stated that HSBC should have been “on notice” and aware these powerful business figures were high risk clients.

Though the significance of the Golden Chain list has since been questioned, the ICIJ found what appear to be three Golden Chain names with HSBC Swiss accounts that existed after that date.

## Documents also reveal irony

The documents reveal so many grim stories, but at least one is ironic.

People on the Most Wanted list of Interpol, the international police agency, such as the diamond dealers [Mozes Victor Konig](#) and [Kenneth Lee Akselrod](#), are among the HSBC account holders — and so is Elias Murr, who is president of the board of Interpol’s Foundation for a Safer World, an organization aimed at fighting terrorism and organized crime. Murr, who was a prominent businessman before entering politics, was interior minister of Lebanon in 2004 when an HSBC account owned by him was held through a company called Callorford Investments Limited. By 2006-2007, the account would contain \$42 million.



Elias Murr. Photo: Interpol

A spokesman for Murr said his client’s wealth and that of his family is public knowledge, and his family has held accounts in Switzerland since before he was born. The account was not connected to his political role. “It is not illegal and it is not suspicious that a Lebanese national opens and holds accounts anywhere.”

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*CORRECTION: This article initially said the U.S. Senate Permanent Subcommittee on Investigations requested the data from HSBC management and was refused. The subcommittee reached out to whistleblower Hervé Falciani and French authorities, but never received the data.*

*Contributors to this story: [Gérard Davet](#), [Fabrice Lhomme](#), [Elliot Blair Smith](#), [Ryan Chittum](#), [Charles R. Babcock](#), [Cécile Schilis-Gallego](#), [Matthew Caruana Galizia](#), [Hamish Boland-Rudder](#), [Emilia Díaz-Struck](#), [Marcos Garcia Rey](#), [Delphine Reuter](#), [Karen Chang](#), [Frédéric Zalac](#), [David Leigh](#) and [James Ball](#)*

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**Cheryl Arvidson** · Falls Church, Virginia

Wow, Chuck. What brilliant work, and what an amazing story. You and all the reporters deserve some big-time recognition for this incredible undertaking and your thorough reporting and writing. Congratulations!

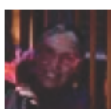
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**Dharam Goopt** · Works at Self-Employed

We should have more of people like Falciani -- we need to clean up the world. An uphill task?

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**Rogene M. Waite**

Major piece everyone should read.

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**Louise Lulu Lanteigne** · ★ Top Commenter · American Academy of Dramatic Arts

Excellent article. My thanks for the folks who worked so diligently to shed light on this important issue.

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**Mike Vietsch**

Thankyou. Now lets make sure these criminals are held to account.

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