



Money Laundering and the City of London's « Crime Scene »: Haven of Tax Havens for the Mega-Wealthy

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When it comes to The City of London, the term 'tax haven' is not describing all that it should. It doesn't just shield the mega-wealthy from paying their fair dues it goes further and offers a departure from the rule of law as you would know it. Secrecy is its raison d'être. These secrecy laws do not benefit the local people living in its jurisdiction but only those individuals and corporations with enough money and with something to hide.

The reality is that the City of London caters for those above the law, it operates on the basis of bypassing democratic society as a whole. This has come about over time where an extraordinary 'gentlemen's agreement' has stood the test of time. The head of state and his/her governments have the need of large loans for wars and the like, the City, in exchange for such commodity has extracted certain privileges the rest of the population do not enjoy. The end result over the centuries is that it now has its own financial jurisdiction to do pretty much as it pleases.



A 'watchman' sits at the high table of parliament and is its official lobbyist sitting in seat of power right next to the Speaker of the House who is "charged with maintaining and enhancing the City's status and ensuring that its established rights are safeguarded." The job is to maintain order and seek out political dissent against the City.

The City of London has its own private funding and will 'buy-off' any attempt to erode its powers; any scrutiny of its financial affairs are put beyond external inspection or audit.

For over a hundred years the Labour party tried in vain to abolish the City of London and its accompanying financial corruption. In 1917, Labour's new rising star Herbert Morrison, the grandfather of Peter Mandelson made a stand and failed, calling it the "devilry of modern finance." And although attempt after attempt was made throughout the following decades, it was Margaret Thatcher who succeeded by abolishing its opponent, the Greater London Council in 1986.

Tony Blair went about it another way and offered to reform the City of London in what turned out to be a gift from god. He effectively gave the vote to corporations which swayed the balance of democratic power away from residents and workers. It was received by its opponents as the greatest retrograde step since the peace treaty of 1215, Magna Carta. The City won its rights through debt financing in 1067, when William the Conqueror acceded to it

and ever since, governments have allowed the continuation of its ancient rights above all others.

The City effectively now stands as money launderer of the world, the capital of global crime. It is the heart and engine of the offshore haven, with Jersey, Guernsey and the Isle of Man its European collection centres, the Caribbean and others hoovering up billions of American dollars from all over the globe. Whilst there are good and legal reasons for offshore accounts, it has a dark and shadowy client list; terrorists, drug barons, arms dealers, politicians, corporations and companies, millionaires, billionaires – most with something to hide.

The Independent newspaper reported last July that The City of London is the money-laundering centre of the world's drug trade, according to an internationally acclaimed crime expert. In addition, every notable financial expert now agrees that due to incredibly lax financial laws by the British government, the London property market is built largely on the laundered money of crime from all over the world involving hidden tax havens, most of which are British.

Her Majesty's British Overseas Territories and Crown Dependencies make up around [25 per cent of the world's tax havens](#), which are now blacklisted by the European Commission and now ranked as the most important player in the financial secrecy world.

Tax havens featured on the [EC's blacklist](#) of June last year include Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, Montserrat and the Turks and Caicos Islands to name just a few and each is inextricably linked to the City of London's crime offices.

The consequence of its operations is that money laundering is now at such levels and so widespread that the authorities have recently admitted defeat in its battle of attrition by stating openly it has been completely overwhelmed and lost control. Keith Bristow Director-General of the UK's National Crime Agency [said just six months ago](#) that the sheer scale of crime and its subsequent money laundering operations was "a strategic threat" to the country's economy and reputation and that "high-end money laundering is a major risk".

In the meantime, the City of London remains politically immune and acts with criminal impunity as it sucks up what is now understood to be trillions in illicit and ill-gotten gains. Bankers and hedge-fund operators dodge the authorities with particular skill sets honed over a millennia, especially HMRC.

It is of no coincidence that this small area of Britain, just 1.2 square miles has the highest pay in the land and the third lowest council tax for property anywhere in the United Kingdom. A £20 million mansion costs less than £1,000 a year in council tax.

At the last [census](#), its population stood at just 7,325, its employees stand at 414,600, nearly 40 per cent of them in financial services. Nearly 17,000 businesses are registered there, 2,700 are finance and insurance based and just over 45 per cent are foreign owned entities. HSBC's organisation is the ninth largest bank in the world following four Chinese and four American banks located down the road in Canary Wharf.

This tiny island haven, with its own borders and police force sits within the Isles of Britain as an international hub, the tax haven of all tax havens. Make no mistake, the banks use offshore business organisations to escape regulation and the grip these organisations have

over an ever weakened and corrupt political class is utterly astounding. The Conservative party is literally [bankrolled](#) by bankers and hedge funds. Half of the wealthiest hedge fund managers in the land pay millions each year to the Tories – what do they expect back from their investment? Perhaps the hundreds of millions of stamp duty exemptions and taxes hedge funds no longer have to pay. This is just the tip of the iceberg.

This is neoliberalism out of control. The legislators have capitulated to its power. Democracy is systematically deconstructed in favour of the corporations. In the legislators place, people powered organisations emerge such as Tax Justice Network, Democratic Audit, New Economics Foundation to name a few who operate in an arena of social justice in an attempt not to stifle capitalism, but to level the playing field a bit.

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