

HSBC Is the Face of Britain's Dope, Inc.

Feb. 20—The banking giant HSBC, formerly known as Hongkong and Shanghai Banking Corp., has been the kingpin of the global drug trade, since the bank's founding in 1865. HSBC is, in fact, one of the key controlling institutions of the global illicit drug cartel called "Dope, Inc."

If you think that is an outlandish claim, consider the fact that *EIR*, through its book *Dope, Inc.*, and the LaRouche movement's *War on Drugs* magazine, published in the early 1980s by the National Anti-Drug Coalition, have made this charge for over 30 years, and have *never* been sued or challenged by the bank.

For years, when banks have been caught laundering drug money, they have claimed that they were not aware that such activities were taking place ("I'm shocked, shocked..."), but were victims of sneaky drug dealers and a few corrupt employees. Nothing could be further from the truth. The truth is that a considerable portion of the global banking system is dedicated to handling the enormous volume of cash produced daily by dope traffickers. This banking apparatus is essential to the functioning of Dope, Inc.—without it, the drug cartels would quickly choke on their own cash.

Contrary to popular opinion, it is not "demand" which creates the mind-destroying drug trade. Rather, it is the world financial oligarchy, looking for massive profits, and the destruction of the minds of the population it is determined to dominate, which organized, and organizes the drug trade. The case of HSBC, rated by the *Financial Times* as the fifth-ranked bank interna-

tionally, according to Tier 1 capital assets, underscores that point.

Expert Testimony

But before we get into the history, listen to how Antonio Maria Costa, former head of the UN Office on Drugs and Crime, described the role of the banks in drug money laundering. Costa spent eight years in that position, between May 2002 and July 2010. He knows whereof he speaks.

Costa gave an interview to the London *Observer* in 2009, in which he addressed the role of drug money in the 2007-08 financial crisis. The UNODC head told journalist Rajeev Syal that he had seen evidence that the proceeds of organized crime were "the only liquid investment capital" available to some banks during the financial crash of 2008. He said a majority of the \$352 billion in drug profits was absorbed into the economic system as a result.

"In many instances, the money from drugs was the only liquid investment capital," Costa said. "In the second half of 2008, liquidity was the banking system's main problem and hence liquid capital became an important factor."

During an interview with *EIR* (April 27, 2012), Costa responded directly to the question of whose initiative it was to flood the banking system with drug money:

"The penetration of the financial sector by criminal money has been so widespread that it would probably be more correct to say that it was not the mafia trying to penetrate the banking system," Costa said, "but it was the banking sector which was actively looking for capital—including criminal money—not only as deposits, but also as share acquisitions and in some cases, as a presence on Boards of Directors."

The Bank of Opium

Now to the history.



HSBC was founded in Hong Kong in 1865 as the Hongkong and Shanghai Banking Company by a consortium of British opium-, silk-, and tea-trading companies, which were the spawn of the British East India Company. The consortium included Jardine Matheson, Dent & Company, David Sassoon & Company, James Innes, and Boston's Russell & Company. Also supporting the new bank was the Peninsular and Orient Steam Navigation Company, which itself has a sordid history in the dope business.

The opium trade began in the early 1700s as an official monopoly of the British East India Company (the "Company"), which conquered India, and ran it on behalf of the British Crown and the financiers operating through the City of London. Indian-grown opium became a key component in the trade for tea and silk in China.

The Company had a thriving business selling British textiles and other manufactured products in India, and Chinese silk and tea in Britain. But the British did not want to pay cash (silver) to the Chinese Emperor for their silk and tea. They determined instead to unload Indian-grown opium in China as "payment."

But the Company ran into problems with the opium end of the trade. The influx of opium caused major problems for China, and led the Emperor to issue an edict in 1729 prohibiting opium consumption. Then, in 1757, the Emperor restricted all foreigners and foreign vessels to a trading area in the port city of Canton. A stronger edict in 1799 prohibited the importation and use of opium under penalty of death.

None of this stopped the British from continuing to flood China with opium, creating millions of addicts, but it did cause the East India Company to protect its tea and silk trade by shifting its Chinese opium operations to nominally independent drug runners, who bought opium legally from the Company in Calcutta, and smuggled it into China.

The most prominent of these drug-running firms was Jardine Matheson & Co. It was founded in 1832 by two Scotsmen, William Jardine and James Matheson. Jardine had been a ship's surgeon with the East India Company, while Matheson was the son of a Scottish baronet. The firm today is controlled by the Keswick family.

In 1839, the Chinese Emperor launched an anti-opium offensive, which included the confiscation of all opium stocks in the hands of Chinese and foreign mer-

chants. The merchants put up a fight, but were ultimately forced to concede, turning in their opium stocks after being indemnified against losses by British officials. In response, however, the British launched a propaganda campaign against China, accusing it of violating Britain's right to "free trade." Britain sent its fleet to China, to force the Chinese to capitulate to the opium trade.

The action, known as the First Opium War, resulted in the Treaty of Nanking in 1842, under which China was not only forced to accept the opium, but also to pay reparations to the opium runners, and cede control of the island of Hong Kong to the British. However, the treaty did not specifically legalize opium, so the British launched a second Opium War, which resulted in the 1856 Treaty of Tientsin, which legitimized the opium trade and further opened China to foreigners.

As the opium and other trade with China expanded, Britain's new territory of Hong Kong became an imperial commercial center. The opium dealers gathered together to form a bank, the Hongkong and Shanghai Bank, as the financial flagship of the British opium trade. Over time, the bank—now known as HSBC—would extend its reach into the drug fields of the Middle East and Ibero-America, as befitting its role as the financial kingpin of Dope, Inc.

HongShang's Invasion of the U.S.

In the early 20th Century, under the initiative of the United States, a number of conventions aimed at controlling drug trafficking were signed. As history shows, these conventions did not *stop* the trade; from then on it was conducted underground.

In 1978, the Hongkong and Shanghai Bank, commonly known as the HongShang, announced its intention to move into the U.S. with the purchase of Marine Midland Bank of Buffalo, N.Y. The U.S. dope trade had expanded significantly over the previous decade (remember the Golden Triangle, and the widespread drug addiction of soldiers in Vietnam?), and the British were determined to grow it even further.

The move touched off a huge political fight, conducted by some U.S. patriots in the banking community of New York, and the LaRouche political movement.

In the Fall of 1978, *EIR* had already identified the British strategy of invading the U.S. banking system,

through the acquisition of major U.S. banks by British banks, a strategy being facilitated by financial insiders in the U.S., such as Paul Volcker at the Federal Reserve, and Comptroller of the Currency John Heilmann at Treasury. The attempt by HongShang to purchase 51% of Marine Midland, then the 12th-largest bank in the United States, was the front end of that policy.

EIR immediately went to work, publishing a number of feature stories on the British dope banks, which it dubbed “Dope, Inc.,” while the LaRouche movement’s political arm, the U.S. Labor Party, intervened by presenting a 300-page dossier on HongShang’s connections to the drug trade to the Federal Reserve and the New York authorities, both of whom had regulatory power over the purchase.

In December 1978, the LaRouche movement issued the first edition of *Dope, Inc.: Britain’s Opium War Against the U.S.*, a groundbreaking book which detailed how the British Empire runs the global drug trade through a combination of chivalric and Masonic

orders, trading companies, and banks. The book also identified the key role of the British territory of Hong Kong and its dominant bank, the HongShang, in the dope trade.

Meanwhile, the New York State banking authorities, under Bank Superintendent Muriel Siebert, were resisting HongShang’s attempted takeover. *EIR* defended the efforts of U.S. patriots to block HongShang’s purchase of Marine Midland Bank, identifying the move as a “projected City of London takeover of direct control of the world monetary system.”

On March 16, 1979, the Federal Reserve approved the HongShang’s application. The U.S. Labor Party sought to overturn the approval in the courts.

In May, Siebert made it known that she intended to disapprove the HongShang takeover attempt, by circulating a 48-page draft report within the state government. In her draft, Siebert, whose decision was backed by the Independent Bankers Association of New York State, questioned whether HongShang had “the attributes needed for management” of Marine Midland, and the appropriateness of having a bank controlled by a foreign power, especially in case of a national emergency.

In June, sensing that its application would be denied, HongShang withdrew its application for approval as a New York State-chartered bank, and applied for a national charter, ultimately receiving approval from Federal authorities, among whom, Volcker was the most prominent. In July, the Lehman Brothers partner who chaired Marine Midland moved to convert the bank to a national charter. Despite Comptroller of the Currency rules which stated specifically that a bank may not change its charter merely to circumvent state regulation—and over the expressed opposition of the State of New York—the charter change was approved, clearing the way for the world’s most notorious dope bank to take over a top-rank American bank.

It Didn’t Stop There

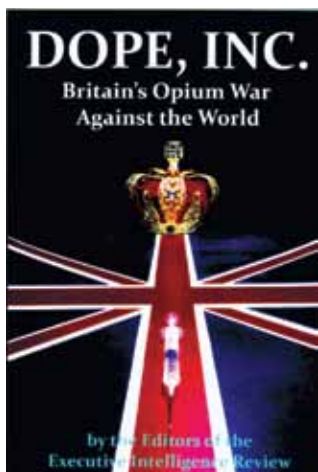
Step by step, HSBC has expanded its operations in the U.S.

HSBC extended its tentacles into America with the establishment in 1995 of a joint venture in California with Wells Fargo, the Wells Fargo HSBC Trade Bank; the same Wells Fargo, which took over Wachovia, after that bank’s offices in Miami, Fla. were raided by Federal law enforcement officials after it was caught

DOPE, INC.

Is Back In Print!

Dope, Inc., first commissioned by Lyndon LaRouche, and the underground bestseller since 1978, is back in print for the first time since 1992. The 320-page paperback, includes reprints from the third edition, and in-depth studies from *EIR*, analyzing the scope and size of the international illegal drug-trafficking empire known as Dope, Inc., including its latest incarnation in the drug wars being waged out of, and against Russia and Europe today.



*This edition, published by Progressive Independent Media, is currently available in limited numbers, so there is no time to waste in buying yours today. The cost is \$25 per book, with \$4 for shipping and handling. It is available through www.larouchepub.com, and *EIR*, at 1-800-278-3135.*

laundering large amounts of dope money. Marine Midland also expanded, buying a large thrift institution.

HSBC took another significant step in 1999, with the purchase of Republic New York Corp., and its Republic National Bank. Republic was founded and controlled by Edmond Safra. Republic had a large gold bullion operation, and also a large “bulk cash” business which was featured in a 1996 exposé in *New York* magazine, detailing how Republic was sending hundreds of millions of dollars a week in \$100 bills to Russia to finance the expansion of the Russian mob.

Today, HSBC’s U.S. arm, HSBC North America Holdings, is the ninth-largest bank holding company in the country, with over \$340 billion in assets. It is the sixth-largest U.S. derivatives bank, with over \$4.4 trillion in bets outstanding.

Global Parasite

Thanks mostly to its thriving dope business, HSBC has become one of the biggest banks in the world. Among its leading acquisitions internationally: It took over the Mercantile Bank of India, London, and China, and the British Bank of the Middle East in 1959; and in 1992, it completed a slow takeover of England’s Midland Bank. In 1981, it made a bid for the flagship of the Inter-Alpha Group, the Royal Bank of Scotland, which was blocked by the British Monopolies and Mergers Commission.

In 1997, HongShang made a major expansion into Ibero-America, buying parts or all of banks in Mexico, Argentina, Peru, and Chile, and founding a new bank in Brazil.

From the Far East to the Middle East to Ibero-America, everywhere the drug trade is flourishing, you will find HSBC. It may not handle the dope, but it does handle the money, making sure that the “citizens above suspicion” who run Dope, Inc. from places such as the City of London get their cut of the proceeds.

In May 2012 a scandal broke in New York City, as whistleblower John Cruz came forward with evidence of HongShang’s laundering of hundreds of thousands of dollars in drug money, including from Mexican drug cartels. Cruz said, “HSBC is a criminal organization. . . . It is a culture of crime” (see previous article).

In July 2012, the Senate Committee on Homeland Security and Governmental Affairs and the Senate Permanent Subcommittee on Investigations issued a 335-

page report entitled “U.S. Vulnerabilities to Money Laundering, Drugs, and Terrorist Financing: HSBC Case History.” HSBC was on the hotseat.

While it is beyond the scope of this article to review the entire report (see *EIR*, July 27, 2012), two elements of the crimes it documented, in addition to drug-money laundering, deserve mention here. First, there’s terrorism. The report contained significant evidence of HSBC’s role in providing banking services for the bankrollers of al-Qaeda, specifically, Al Rajhi Bank. Second, there’s outright fraud, such as HSBC’s role in the Libor interest-rate-fixing scandal, a scheme which caused untold hardship in municipalities and labor unions, among others, around the world.

HSBC is a key example of what the LaRouche movement means by the “British financial empire,” British Crown-protected institutions of international organized crime, *above* governments, and determined to loot populations to the bone in order to financially survive.

The Evidence Is There

The LaRouche movement has never abandoned its campaign to shut down Dope, Inc. Lyndon LaRouche issued “A Proposed Multi-National Strategic Operation Against the Drug Traffic for the Western Hemisphere,” in March 1985, calling on nations to ally, with military and financial measures, to destroy the drug trade *at its source*. This would require strict banking regulation, of the sort that has been increasingly eroded since the Volcker years, and even more so, after the repeal of Glass-Steagall in 1999.

Dope, Inc. was updated and reprinted in 1986, 1992, and again in 2010.

At the same time, the LaRouche movement and *EIR* have promoted a comprehensive anti-drug strategy, including the reinstitution of Glass-Steagall, the shutdown of illegal money flows, and the establishment of a comprehensive economic development program for regions of the world, such as Afghanistan and South America, which have been virtually enslaved by the drug banks, through their local operatives—often narcoterrorist drug gangs.

Under such a policy, criminal banks like HongShang would be prosecuted and shut down. That would represent a significant step toward eliminating the British Empire’s stranglehold on the world today, and a step toward real freedom for mankind.