

## HSBC BANK FRAUD AND SOME OTHER UNETHICAL BUSINESS PRACTICES LEADING TO TURMOIL LIKE SITUATIONS IN GLOBAL ECONOMIES.

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### INTRODUCTION

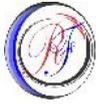
Over the years, it has been seen that the global economy is not the same conventionally operated system as some decades ago. New banks have been established and in an attempt to piling up of their profits, they are hugely involved in unethical practices like insider trading, money laundering, lobbying, asymmetric information and even aiding of terrorist groups. Although, it may sound unbelievable but the HSBC bank in the United States has been involved in this practice since years but the employers of this bank had no courage to bring out this unforgiving reality in front of everybody just in case they might lost their jobs. But as the phrase goes “TRUTH PREVAILS”.

It has been known clearly that since 2007 global crisis banks have been skeptical about lending at very low interest rates and thus are inventing new means of making money whether ethical or unethical. HSBC had been abetting terrorists and drug cartels and then was let off the hook by the U.S. with only 1.9 tn \$ fine. “Everett Stern”, the man who blew the whistle on the global banking conglomerate took to the streets of New York and gave interviews regarding this unholy practice.

Mr. Rudowski of We Are Change Organization caught up with “Everett Stern” who explained how the company got away with laundering money for criminal organizations like Hezbollah & Los Zetas. Essentially, the U.S. treasury Department’s Office of Foreign Assets & Control issues wire fillers to financial institutions that list names of individuals and companies that do business in the U.S.

EVERETT STERN says that in order to avoid getting caught the fraudsters would change the coding on the fraudsters would change the coding on the name a letter bit.

“They would add a dot or a dash so it would not match with the filter. That is how the payments would go through .....Hammas, Hezbollah, drug cartels, Russian mobsters. Any bad guy you can think of.”



Stern even claimed that a mere fine of 1.9 bn. \$ was a mockery of the U.S. banking anti money lauding regulations.

“They sold off the credit card division to capital one.”

“They took all the debt collectors and customer service agents and fixed them. Then they returned them as anti-money laundering compliance office with no ANL experience. The whole thing is a shame.”

The whistleblowers said that he joined the HSBC in Oct. 2010 fresh out of business school and three weeks after he had started, he had been passing information to the CIA and HSBC had even been threatening him with legal action.

In the past years we have seen that banks have been gathering a lot of NPAs and a lot of practices which have been often termed as harming to the economy’s growth but this unexpected practice has led to many question marks over the future of banks has to be no doubt in shambles with people keeping their savings under the mattress.

It has been seen in business practices too that when a larger corporation hankers for larger profits, suffers are the employees and the general public.

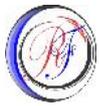
## **COMPANIES INVOLVES IN UNETHICAL PRACTICES**

Two companies which have been engaging in unethical business practices are:-

1. One of the most important aspects of any car company is safety the concern for safety, how both employees and consumers are kept safe, & how issues are handled should a safety concern arise. TOYOTA made a huge & unethical failure in 2010 when they basically betrayed their promises as a company by ignoring safety concerns delaying recall investigations just so they could save a little money.

After confronted with safety cover us regarding faulty brakes and sticking pedals in 2009, Toyota said that phasing in side airbags save \$124 on & 50000 the cost of what it would have taken to recall and fix vehicles. They also stated that delaying a rule for tougher door locks saved those 11 million Dollars.

Despite being ordered to appear before Congress for its unethical practices the company absconded time and again.



2. Halliburton- One of the World's largest oil corporations worldwide, operating in over 80 countries, they are also debatably one of the most evil companies in the entire world. Reasons being as follows:-

- Covering up violations of corruption laws.
- Misleading investigators one of the employees stated he received criminal notes on how to handle federal investigations in an email.
- Mismanagement of waste in Iraq. In one instance they abandoned 85000\$ due to a flat tire and charged approximately \$100 for 15 pounds of laundering services.
- Endangering of employees, National Guard members.

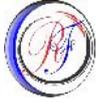
### **BANKS WITH UNETHICAL PRACTICES**

1. Nigeria has often been described as one of the poorest countries in the African Continent. The inequality too has been rising with leaps and bounds. The banks with their unethical means (The Nigerian Bank-Emerald Report) have been making profits exponentially.
2. The Emerald report stated that the Nigerian bank employees had been funded by Irony traders into letting them trading transactions being carried out through the bank secretly because of the ban of Ivory trade as it involved poaching of elephants. Around 4 million \$ of profit had been made by the Nigerian Bank in the due course.
3. Barleys took to the route of moral hazard by spreading asymmetric information about the mortgage loans. It offered cheap loans to the home seekers for a sweet home and then presented it in such a form that the loans being lent out were perceived as an act of kindness and virtue such that the government some rewarded the Barclays with no tax and some other dues to be paid being wiped out.

### **RECOMMENDATIONS AND SUGGESTIONS:-**

Thus, these cases of companies and banks are a slap upon the global financial world. If we do not nip these problems in the bud they would certainly take an imaginary form. The recession of 2007 global crisis affected each and every economy in the world so how can such massive frauds remain isolated in their own niche.

- 1.1 Steps have to be taken to bring about stern measures against such immoral practices like immediate firing of employees involved in such practices.
- 1.2 Time to time monitoring of business tactics should be observed.
- 1.3 People like EVERETT STERN who are honest whistleblowers should not be made to feel like losers but cheered up. This would act as an incentive for other people to



complain immediately in case of any kind of unwanted forms of financial transactions.

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