

HSBC sued over drug cartel murders, accused of laundering

APR 11 2016

Greg Farrell

New York Families of US citizens murdered by drug gangs in Mexico have sued HSBC, claiming the bank can be held responsible for the deaths because it let cartels launder billions of dollars to operate their businesses.

The lawsuit brings fresh scrutiny to the Mexican activities of HSBC, which in 2012 paid \$US1.9 billion (\$2.7 billion) to resolve a criminal investigation into whether it violated US sanctions laws and laundered at least \$US841 million on behalf of drug cartels.

HSBC said it would fight the claims in the lawsuit, filed on Tuesday in federal court in Texas.

The new case recounts a series of

murders in 2010 and 2011 in horrific detail, arguing the bank should be held to account for them under the US Anti-Terrorism Act.

Lesley Redelfs was four months pregnant when she and her husband, Arthur, were shot by the Juarez cartel after leaving a children's birthday party hosted by the US Consulate in Ciudad Juarez, where she worked. Jaime Zapata and Victor Avila were special agents for Immigration and Customs Enforcement, driving to Mexico City when they were run off the road by two vehicles filled with hit men from the Los Zetas cartel, who then opened fire. Mr Avila survived. Rafael Morales was abducted on his wedding day, as were his brother and uncle, and the three

died of asphyxiation after members of the Sinaloa cartel wrapped duct tape around their heads.

"The Mexican drug cartels are terrorists who routinely commit horrific acts of violence to intimidate, coerce and control the civilian population and the government," Richard Elias, a lawyer for the victims and their families, said. "HSBC was complicit in laundering billions of dollars for drug cartels and should be held accountable under the Anti-Terrorism Act for supporting their terrorism."

The 1996 Anti-Terrorism Act, amended in the wake of September 11, allows victims to seek compensation from organisations that provide material support to groups that commit ter-

rorist acts. Although other violent drug-trafficking organisations, such as the Revolutionary Armed Forces of Colombia, have been designated by the US government as terrorists, the Mexican drug cartels have so far avoided that official label. The Texas lawsuit seems to be the first that's based on the legal theory that the Mexican cartels are terrorist organisations.

The lawsuit draws on documents made public in 2012 as part of a US Senate investigation. HSBC's internal controls were ignored and the bank was dubbed by one drug lord as "the place to launder money", according to the complaint – a claim disputed by the bank. "We are committed to combating financial crime and have taken strict

steps to help keep bad actors out of the global financial system," Robert Sherman, a spokesman for the bank, said.

Mr Zapata's death drew public attention after it emerged that a pistol used in the assault was traced to a gun-trafficking ring targeted by a US operation known as Fast and Furious, in which agents from the Bureau of Alcohol, Tobacco, Firearms and Explosives allowed guns to slip into Mexico in an effort to trace the flow of weapons.

HSBC already is among banks facing a lawsuit from families of US soldiers killed or injured by attacks in Iraq on accusations that the firms helped Iran process transfers and finance Hezbollah and other militant groups.

BLOOMBERG

NR: AFBBA1:AD154