



HERMES FORENSIC SOLUTIONS



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National Drugs
Conference of Ireland
November 2011



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This is money laundering!





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The BIG Picture

It's all connected:-

The drugs

The killings

The money

The countries

The banks

Me and you!



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Why listen to me?

Because I am a whistleblower

I am one of those people

I join the dots together

I have made choices

Others made different choices

I have a story to tell – ‘Once upon a time in a bank!

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Who am I?

I am a former drug squad officer

I am a former bank compliance officer

I am subject of a legal agreement

I am now a self obsessed man

I am a believer

I am a survivor

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Blowing the Whistle!

❖ **‘PROSECUTORS IN MIAMI ANNOUNCED \$160 million** in money-laundering penalties against Wachovia Bank on Wednesday, the largest penalty ever obtained under federal anti-money-laundering laws. The bank acknowledged its failure to adequately monitor the billions of dollars it processed for Mexican currency-exchange houses between 2004 and 2007, a money flow including at least \$110 million of narcotics proceeds from Mexican drug cartels. The Justice Department agreed not to prosecute Wachovia as long as regulators see continued compliance and cooperation from the bank—once the nation's fourth largest and now part of Wells Fargo.’

❖ Barrons March 22nd 2010



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Wachovia on Woods

'Woods remains a Wachovia employee, now on stress-related disability leave. Bank spokesperson Mary Eshet said last week that Woods hadn't been treated unfairly. "Wachovia believes that it has acted appropriately in its business dealings," her written statement said, "and Mr. Woods' claims to the contrary are without merit."

Barrons March 9th 2009



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Blowing the Whistle!





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The obvious questions

- ❖ Why did I do what I did?
- ❖ What action did I take?
- ❖ How did it effect me?
- ❖ Would I do it again?
- ❖ What is the future of
whistleblowing and regulation?



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To make a difference

- ❖ There have been in excess of 45,000 people murdered in Mexico because of drug trafficking.



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Back to the beginning

- ❖ It is the role of the banks to forestall money laundering; to take the proceeds out of the crime; to stop the crime



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The BIG Picture

- ❖ The money that Wachovia has admitted laundering came from Mexico, the drugs come from and through Mexico, the 45,000+ murders took place in Mexico
- ❖ All of these things are connected this is the big picture



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The Financing of war!

- ❖ In Africa the wars are in part financed by ‘blood diamonds’ / ‘conflict diamonds’ -Liberia Charles Taylor
- ❖ The US and the international community have taken action to try to stop the war



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The Financing of Business

- ❖ In this instance the drug trafficking business
- ❖ Drugs - Money - Laundry - Clean Money - Wages, More Drugs, Logistics, Weapons - Murders



Conflict/Blood Dollars

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The President!

"We need to do more to make sure that illegal guns and cash aren't flowing back to the cartels.

"That's part of what is financing their operations. That's part of what is arming them."

Barack Obama March 24th 2009



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The Secretary of State!

"Our insatiable demand for illegal drugs fuels the drug trade. Our inability to prevent weapons from being illegally smuggled across the border to arm these criminals causes the deaths of police officers, soldiers and civilians."

"I feel very strongly we have a co-responsibility."

Hillary Clinton 24th March 2009



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That close





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Action or Inaction

- ❖ There were people being murdered everyday in Mexico, if there was a possibility that I could make a difference I took action
- ❖ I cannot answer for others - they can talk for themselves



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Action or Inaction

- ❖ I am sustained by the thought that had I done nothing I would have become one of the many people I despise
- ❖ I would take pills everyday to deal with my mental state



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Action or Inaction

- ❖ My regulated status compelled me to be a whistleblower, there was no option.
- ❖ I was an ‘approved person’ in a ‘control function’
- ❖ I was deemed to be fit and proper
- ❖ I was required to maintain my fitness and properness



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How did it affect me?

I was treated by a psychiatrist and spent time as a day patient at a psychiatric hospital

I was very stressed, indeed burnt out

I became and I remain isolated

I survived, I continue to survive

I will bounce back - I will prevail



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Would I do it again?

You will work it out for yourselves - but you need to understand that this instance is not a thing of the past, it is ongoing.

The end has not appeared for me and I do not know if it ever will



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Help?

I get by with a little help from my friends!

BUT where were the regulators?

'In just the three years ending 2007, Wachovia processed \$373 billion in wire transfers, \$47 billion in checks and \$4 billion in bulk cash deposits from the currency exchanges.'

Barron's 20.3.10



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Money Laundering!

What's it all about? - Is it a charade?

Have governments forgotten what this is all about?

Do they care?

The UK government is considering decriminalising money laundering by banks – that should help.



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Information

Whistleblowing – is the provision of information often about criminality (perhaps wholesale drug money laundering) to the authorities.

BUT – Do they want it?

Silence!



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The Irony of the System

In the financial services business, fortunes are made and lost through the acquisition and use of information.

The FSA and other regulators are not in the business of embracing human intelligence



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My future?

I will probably never again be a fulltime employee for a big UK/US bank!

I have been blackballed I don't have what they are looking for, but I do have characteristics I believed they should require of all staff.



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So what am I?

I am Credible

I have integrity

I have experience and expertise

I am robust and steadfast

I am prepared to fight for what I believe – I won't break the law!



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This is what they said about my actions

‘You were the only person in the bank to get it 100% correct!’

‘You were Moses in the wilderness!’



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What did their statement say?

‘The Bank failed to adequately respond to **several warnings**, beginning in December of 2006, relative to the receipt of large volumes of sequentially numbered traveler’s checks in pouches from Mexico. The Bank failed to recognize the risks associated with pouches and cash letters received from jurisdictions with lax or deficient AML structures.’



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What is the view point of the FSA?

SYSC 18.2.3 31/12/2006

The [FSA](#) would regard as a serious matter any evidence that a [firm](#) had acted to the detriment of a worker because he had made a protected disclosure (see [SYSC 18.2.1G \(2\)](#)) about matters which are relevant to the functions of the [FSA](#). Such evidence could call into question the fitness and propriety of the [firm](#) or relevant members of its staff, and could therefore, if relevant, affect the [firm's](#) continuing satisfaction of [threshold condition](#) 5 (Suitability) or, for an [approved person](#), his status as such.



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FSA Letter to me Feb 2010

Financial Services Authority

Direct line: 0207 066 1122
Local fax: 0207 066 3123
Email: robert.davison@fsa.gov.uk


25 February 2010

Mr M Woods


Dear Mr Woods

FORMAL COMPLAINT

I refer to your recent letter dated 17th February 2010, and your earlier correspondence in related matters with the FSA.

The FSA will not respond to you further on this issue.

Yours sincerely


Robert Davison
Manager – Wholesale Banks and Investment Firms

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OCC Letter March 19th 2010



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

March 19, 2010

Mr. Martin Woods
[Redacted]

Re: Wachovia Bank, N.A. Enforcement Actions

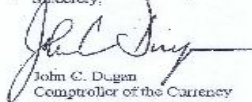
Dear Mr. Woods:

I am writing to personally recognize and express my appreciation for the role that you played in the actions brought against Wachovia Bank for violations of the Bank Secrecy Act. I understand that you brought to my staff's attention issues relating to the casa de cambio customers at Wachovia's London branch, which proved to be indicative of broader problems in the organization. The information that you provided enabled my staff to better understand the nature of the issues at Wachovia, which were the basis of the actions brought by the OCC, the U.S. Department of Justice, and FinCEN against the bank.

I want you to know that I appreciate very much the candor with which you dealt with members of my staff, both while you were employed with Wachovia's London branch and in later interviews with the OCC after you had left the bank. Not only did the information you provided facilitate our investigation, but you demonstrated great personal courage and integrity by speaking up when you saw problems. Without the efforts of individuals like you, actions such as the ones taken against Wachovia would not be possible.

Thank you again, and I wish you well in your future endeavors.

Sincerely,


John C. Dugan
Comptroller of the Currency



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What will the FSA do?

Only they know and only they will know

*The Regulatory Decisions Committee
aka the RDC*

Who are they? They are industry practitioners, members of the club.



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Conclusion

*Money talks and governments listen
people are killed and they do not hear
the gunshot*

*In Mexico there is no sign of
improvement – thus the money is still
being laundered*

Notwithstanding this we must be heard



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The mantra of the whistleblower

'Be the change you want to see in the world'

Mahatma Gandhi



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ANY QUESTIONS
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Martin Woods

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