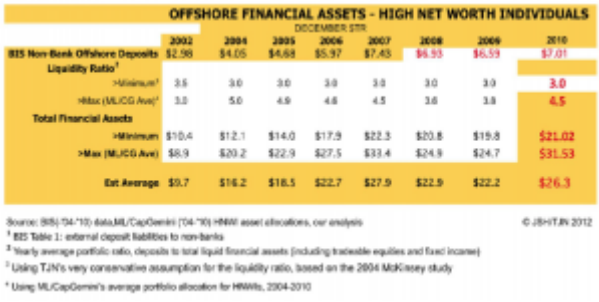
BIG US BANKS HAVE GAINED MARKET SHARE IN THE LOOTER ASSISTANCE BUSINESS



OFFSHORE FINANCIAL ASSETS - HIGH NET WORTH INDIVIDUALS

DECEMBER $TR

	2002	2004	2005	2006	2007	2008	2009	2010
BIS Non-Bank Offshore Deposits	$2.98	$4.05	$4.68	$5.97	$7.45	$6.93	$6.59	$7.01
Liquidity Ratio[1]								
>Minimum[2]	3.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0
>Max (ML/CG Ave)[3]	3.0	5.0	4.9	4.6	4.5	3.6	3.8	4.5
Total Financial Assets								
>Minimum	$10.4	$12.1	$14.0	$17.9	$22.3	$20.8	$19.8	$21.02
>Max (ML/CG Ave)	$8.9	$20.2	$22.9	$27.5	$33.4	$24.9	$24.7	$31.53
Est Average	$9.7	$16.2	$18.5	$22.7	$27.9	$22.9	$22.2	$26.3

Source: BIS ('04-'10) data,ML/CapGemini ('04-'10) HNWI asset allocations, our analysis

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[1] BIS Table 1: external deposit liabilities to non-banks

[2] Yearly average portfolio ratio, deposits to total liquid financial assets (including tradeable equities and fixed income)

[3] Using TJN's very conservative assumption for the liquidity ratio, based on the 2004 McKinsey study

* Using ML/CapGemini's average portfolio allocation for HNWIs, 2004-2010

As I noted earlier, the Tax Justice Network just released a study showing that there is somewhere between $21 and 32$ Trillion that tax cheats have hidden in tax havens. Really obscenely rich people like Mitt Romney make up for $9.8 trillion of that—or about 18% of the total liquid net worth in the world, hidden away in tax havens.

But there are two other tables from the study that bear notice. The study suggests that the money stashed in tax havens has been growing steadily at a rate of 16% a year.

> Our analysis finds that at the end of 2010 the Top 50 private banks alone collectively managed more than $12.1 trillion in cross--border invested assets for private clients, including their trusts and foundations. This is up from $5.4 trillion in 2005, representing an average annual growth rate of more than 16%.

TOP 50 GLOBAL PRIVATE BANKS, 2005-2010
($Billions, Assets Under Management)

(1/2)

Rank 2005	Rank 2010		Jun-05	Mkt%	Dec-09	Mkt%	Dec-10	Mkt%	2009-2010 AAGR%
		Top 10 - Total	$2,372.8	42.2%	$3,868.8	46.6%	$6,182	51.2%	20.0%
		Next 10 - Total	$1,412.4	25.1%	$2,319.9	28.0%			2005-2010 AAGR%
		Next 30 - Total	$1,796.8	31.9%	$2,060.4	25.0%			
2005	2010	Top 50 - Total	$5,391.3	100%	$8,050.1	100%	$ 12,066.4		15.8%
1	1	UBS	$1,349.2		$1,637.6		$1,799.0		5.8%
2	2	Credit Suisse	$469.2		$770.1		$932.0		14.7%
7	3	Goldman Sachs	$166.0		$220.5		$843.0		36.3%
10	4	Bank America	$108.5		$455.8		$643.5		42.8%
5	5	HSBC	$183.0		$350.0		$390.0		16.3%
6	6	Deutsche Bk	$180.9		$464.2		$367.5		15.2%
9	7	BNP Paribas	$158.0		$293.0		$338.0		16.4%
24	8	Wells Fargo	$75.0		$187.3		$309.0		30.9%
8	9	Morgan Stanley/ SSB*	$165.0		$365.0		$297.0		12.5%
4	10	JPMorganChase	$187.0		$366.0		$284.0		8.2%
11	11	Pictet	$150.0		$296.0		$279.0		13.3%
12	12	Bank Leumi	$138.0		$282.5		$291.0		12.7%
13	13	Barclays	$135.4		$280.0		$238.3		12.0%
38	14	Commerzbank	$50.2		$287.3		$225.0		49.4%
10	15	AGN Aerts	$150.8		$199.3		$218.4		7.7%
32	16	TD Canada	$48.4		$65.0		$183.0		29.9%
34	17	Banque Julius Baer	$46.8		$160.2		$181.0		31.1%
16	18	Credit Agricole	$134.3		$215.2		$171.0		5.4%
23	19	Bk of New York	$82.6		$84.0		$168.0		15.0%
17	20	Northern Trust	$131.5		$141.5		$154.0		6.7%

Source: bank financials, private banking industry interviews, JSH analysis

But that's sort of misleading. As the table above makes clear, the amount in tax havens grew by 67% between 2002 and 2004, then grew by 40% in the following two years, then by another 23% in the last year of the bubble. Then it crashed, basically losing that 23% and plateauing for a year. And then it started growing again, 18% between 2009 and 2010. And who knows how much in the last year?

The banksters paid a price for 2 years, but the looting has begun again.

What I find particularly interesting—though I'm not sure what to make of it—is the changing share of looter service the big banks are doing. While UBS' tax shelter dollars continued to grow, they lost market share among tax cheats. Meanwhile Goldman Sachs' tax shelter dollars almost quadrupled in that time. Bank of America and Wells Fargo made big gains too (though Morgan Stanley's tax cheat business shrank and JP Morgan's was somewhat flat.

Like I said, I don't know what to make of it. But it sure seems like since the crash at least some of the banks have decided to recover by catering to tax cheats.

Lovely. Some of the same banks that are still in business because tax payers bailed them out are increasingly some of the biggest players in facilitating the looting of our own—and every other—country.

Update: This Title was changed.