

WE'RE ALL BCCI NOW

I've been saying for a while that when everything finally unravels, it will probably be revealed that Citibank has been playing the same function as BCCI—the bank that served as the means for organized crime, terrorists, and the CIA to launder money in the 80s—once did.

Maybe I wasn't so far off (h/t Gitcheegumee):

Drugs money worth billions of dollars kept the financial system afloat at the height of the global crisis, the United Nations' drugs and crime tsar has told the *Observer*.

Antonio Maria Costa, head of the UN Office on Drugs and Crime, said he has seen evidence that the proceeds of organised crime were "the only liquid investment capital" available to some banks on the brink of collapse last year. He said that a majority of the \$352bn (£216bn) of drugs profits was absorbed into the economic system as a result.

This will raise questions about crime's influence on the economic system at times of crisis. It will also prompt further examination of the banking sector as world leaders, including Barack Obama and Gordon Brown, call for new International Monetary Fund regulations. Speaking from his office in Vienna, Costa said evidence that illegal money was being absorbed into the financial system was first drawn to his attention by intelligence agencies and prosecutors around 18 months ago. "In many instances, the money from drugs was the only liquid investment capital. In the second half of 2008, liquidity was the banking system's main problem and hence liquid capital became an important factor," he said.

Some of the evidence put before his office indicated that gang money was used to save some banks from collapse when lending seized up, he said.