

UK lawyers laundering Zambian money

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We have often said that the UK is not just an offshore financial centre (and now an IMF study agrees). We've also said it's a tax haven. They're different (although not very different). Secrecy facilitated by professional services that enables corruption is one of the features of a tax haven. Now there's further evidence that the UK is a tax haven.

As the Guardian has reported:

Two London law firms, including one run by Nelson Mandela's personal UK lawyer, were involved in a conspiracy to launder part of \$46m (£23m) "plundered" by a former African president, a high court judge ruled yesterday at the end of a secret four-month trial.

It continues:

In a damning 220-page judgment Mr Justice Peter Smith accused ex-president Frederick Chiluba of Zambia, who left office in 2001, of shamelessly defrauding his people and flaunting his wealth with an expensive wardrobe of "stupendous proportions".

And notes that:

The lead defendant in the London case is the central London law firm of Meer Care & Desai who handled \$10m of the stolen money

Of this firm the judge said:

Meer, despite his "long and distinguished career", must have known that the money was tainted. "I am satisfied that no honest solicitor in his position would have done what he did." His unquestioning acceptance of the money - transferred to a London bank account by the Zambian intelligence service - was "classic blind eye dishonesty".

The second firm involved was:

Cave Malik & Co, of Edgware, north London, which handled \$3m. [It] is run by Bimal

Thaker, a British citizen and a close associate of the Chiluba circle who had previously practised in Zambia. The judge described Thaker as "a thoroughly dishonest witness".

It's a fact that money laundering happens in the UK. This is the tip of the iceberg, I suspect. It's a welcome discovery, but I am sure these firms are not alone in using client accounts to assist money laundering. And they excuse themselves for the reason that I was told a firm in the Isle of Man did so recently. They said 'no laws in the Isle of Man have been broken'. This is farcical. Money laundering requires a person to consider all aspects of the transaction, in and out of their territory. But as the judge noted 'blind eye dishonesty' is commonplace.

It's not surprising that those of us concerned about the supply of corruption services remain highly sceptical of much professional conduct. I bet all the right paperwork had been done in these cases. But if you chose to ignore the obvious that is possible and money laundering can still happen. And a good fee always helps people ignore the obvious.