

Dirty money requires two to tango

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In a piece titled [Dirty Money: Why does the international banking system make it so easy for corruption to flourish?](#), the People & Power series on Al Jazeera reports on kleptocrats, grand scale corruption, and the ease of channelling dirty money through the secrecy mechanisms of the global financial system,

Again, let's drive the point home here, we're talking secrecy - we are not disputing rights to due privacy - we are talking the kind of secrecy that allows criminals and tax cheats to profit with impunity, and to lead privileged lifestyles of excess at the expense of others.

The report observes that western governments are scrambling to find the hidden wealth of out-of-favour despots and freeze it, and then asks the question [we have been asking](#): how, "as if by magic" did the assets get there in the first place?

"The answer involves hidden accounts, tax havens and shell companies, and a banking and regulatory system unable to see through the corruption and halt the flow of dirty money."

Well, "unable to see through" does not describe the picture accurately, and the report itself goes on to show how banks are complicit in corruption and crime.

Martin Woods is interviewed. Martin worked as a senior anti-money laundering compliance officer for U.S. bank Wachovia (since taken over by Wells Fargo), in the City of London. When Martin identified suspicious transactions, and raised the alarm in both in the U.S. and in London, the reaction from his superiors at the bank was not what he expected:

"It was resentment because on the one hand, I was identifying issues that perhaps they should have identified and wanted to ignore - and on the other hand I've shattered a bubble ... the money making venture that they are involved in has been shown up to be what it was - a dangerous and criminal enterprise."

In fact, Martin had exposed a major Mexican drug money laundering operation that ran

into \$billions. (See [here](#) for more on Martin Woods' story, and read [Treasure Islands](#) on the U.S. and the City of London as [secrecy jurisdictions](#))

Jack Blum, a [senior adviser](#) to TJN, is interviewed and observes:

"There are always going to be a number of institutions, some of them quite large, that simply don't play by the rules and they have to be cracked down on. I think the critical thing is that when we catch somebody in the act the next time around, the punishment really should fit the crime, and perhaps they wind up losing a banking license or are very severely sanctioned, and that will send a clear message that this behaviour is no longer acceptable."

The reporter comments that, alongside quite legitimate activities, a tax haven provides a cloak for illegal ones. [Richard Murphy](#) demonstrates just how quick and easy it is to open a shell company in a tax haven, and states how:

"It's hiding what's going on ... that's what they sell. It's the secrecy they sell."

Anthea Lawson of [Global Witness](#) outlines the impact:

"The best figures that are out there at the moment show that for every \$1 in aid that goes into developing countries, \$10 come out in illicit financial flows and end up back in banks in tax havens and in major financial centers. That consists of a mixture of corruption, so that's state assets being looted, as well as tax evasion by wealthy individuals, and abusive tax avoidance by multinational companies seeking to stash their profits in offshore havens."

And points out:

"It takes two to tango - there is a real complicity in the perpetuation of corruption and dictatorship. It's time that the financial sector took responsibility for its role in this."

We agree. And it's a globally intertwined power elite that runs the secrecy system and pulls the strings behind the banks' activities and the secrecy jurisdictions. That's why we need to keep shining the light in those dark corners.

You can watch the Al Jazeera report [here](#).

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