

Why I knew Standard Chartered was guilty

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Last week I was heavily criticised for saying I thought Standard Chartered guilty as charged by New York. I was accused of trial by media; acting hastily; presuming guilt when innocence is the required assumption and so many more cliches. And I was sure I was right to ignore all such warnings. It transpires I was right to do so. [As the FT says:](#)

Standard Chartered has agreed to pay \$340m to New York state to settle accusations it hid from regulators key details involving at least \$250bn in transactions with Iran and potentially violated US sanctions policy.

The civil penalty avoids what could have been a bruising showdown on Wednesday with New York state's Department of Financial Services, which last week accused StanChart of defrauding regulators, falsifying records and obstructing government inquiries.

Note there's no reference to only \$14 million of mistakes here: the error is to admitted relate to at least \$250 billion of transactions. Standard Chartered, for all their bluff and suggested counter claim for loss of reputation, have in effect pleaded guilty in full. So why was I so confident? For the simple reason that, [as the Guardian puts it this morning:](#)

After Barclays' Libor rigging and HSBC's Mexican money laundering scandal, we now have Standard Chartered branded as a facilitator for "terrorists, weapons dealers, drug kingpins and corrupt regimes".

But for those of us who have looked at offshore in detail for a decade or so know there is no news in this. This is what offshore exists to do. The major banks are the key offshore players. They're assisted - as Standard Chartered was - by big accountants lawyers who [have lost sight of what being ethical might mean](#). And however much places like Cayman and Jersey might protest that they're clean, that's an impossibility. To put it another way, they can't possibly be clean if even the major banks that work there see the abuse of all regulation as one of their primary functions, which they have to date. What we, as a society, now have to face is that this corruption is not marginal, it is normal. And it is not done by faceless people who can't be held to account. It's done by the supposed top echelons of our society who have knowingly run criminal organisations, or at least have knowingly turned a blind eye to it when they had chance

to do something about it. Over thirty years neoliberal economics has corrupted our society to its very core. Now, what are we going to do about it? That's the real question.