'London Bridge is down'! Britain is sad! Is 'Londongrad' also going down?

TIOL - COB(WEB) - 833
SEPTEMBER 15, 2022

By Shailendra Kumar, Founder Editor

"LONDON
Bridge is down." This is how the demise of Queen Elizabeth II was codified to be communicated to the British Prime Minister by the private secretary of the Queen. Though the entire nation is officially mourning till September 19 but the world is no less sad! About 500 dignitaries, including heads of state, will be flying down to London for the state funeral. The United Kingdom has lost the longest-reigning monarch and the British monarchy has lost the most revered and admired patron in the last century. The Queen's death is emblematic of not only the end of a glorious era for Britain but also the beginning of a tumultuous phase for the institution of monarchism! Anti-monarchists who were dormant not only in many Commonwealth countries but also in the UK for long, have turned radioactive. Social media is teeming with pictures and videos of British protesters questioning - "Who elected the King"!

Drumbeats can be heard from Australia. Ordinary Australians want their country to embrace republicanism. Although 'Save the King' shout was omnipresent but its key political leaders have explicitly expressed their views that a referendum on this issue is inevitable soon. Prime Minister of Antigua and Barbuda last Saturday announced his plans to hold referendum on becoming a republic within three years. Jamaica is another such Caribbean country. Barbados has already voted to dethrone the monarch as head of the state. The Tik Tok and Instagram generation is not even aware of the British monarchy and they constitute a large chunk of voters in the Commonwealth countries. The fissiparous bomb has begun ticking fast!
In coming months or a few years, many more island nations and other countries within the clan of Commonwealth may go the Barbados way. Notwithstanding a soaring rage against the monarchy, as many as 14 former colonies have incidentally retained the British sovereign as their head of State. However, one quick inference which cannot go unheeded, is - The demise of the Queen is the bellwether of sagging political and diplomatic heft of the United Kingdom! Unquestionably a diminished country, now!

Let me now swirl to 'Londongrad' whose decline has repeatedly been demanded and widely debated by the NGOs and transparency-peddling organisations such as Tax Justice Network. Such expectations strongly sprouted after Russia invaded Ukraine and the West decided to impose economic sanctions in unison. A blizzard of sanctions on Russian banks, companies and oligarchs followed. Boris Johnson Government also boarded the sanctions caravan and seized assets worth billions of dollars of Russian oligarchs supposedly having a patron in Mr Putin. It has thus far notified as many as over 1500 businesses and individuals including about 100 oligarchs. Russian banks were barred from raising debt in London. Many state-owned Russian companies were banished from London Stock Exchange and also the airspace. Many British companies like Shell and British Petroleum exited out of their joint ventures without batting their eyelids at huge losses in billions of dollars! The UK Parliament hurriedly passed the dust-layered Economic Crime (Transparency & Enforcement) Bill to initiate punitive action against the dirty Russian money. The new legislation makes it mandatory to register foreign entities and their beneficiaries in the government register which was introduced in 2016 but was loosely enforced!

Before I dive deeper into the bottomless depth of 'Londongrad', let me first explain how London earned such a moniker? London has historically been a hotspot for global dirty money. Corrupt capital is smoothly funnelled into London from all over the world and it is a slop-bucket for dodgy wealth of Russian plutocrats. London financial centre lures filthy money through its enthusiastic warmth to foreign investment and strong property rights. Another carrot of attraction is the financial secrecy offered by both Britain and its web of offshore satellites like Cayman Islands, British Virgin Islands and Jersey. These two make London murkier than its competing tax havens like Panama. National Crime Agency pegs it to over USD 125 bn inflow annually! Though Britain introduced the Register for declaring beneficial owners, it still has 84000 plush houses with unknown beneficiaries. Sans hemming and hawing, Transparency International Report states that as many as 86 banks, 81 law firms and 177 educational bodies accepted dirty money in London.

What further wooed money-launderers to London was the political obsequiousness and hawking of a golden visa scheme which promised residency rights to anyone who invested USD 1.3 mn. Although such a scheme which was introduced in 1994, has recently been trashed into dustbin but the unfurling of the welcome mat triggered a rush among the kleptocrats and tainted money carriers across the world. London's status as a robust incubator for corrupts and criminals grew in popularity far and wide!
There is hardly any acolyte of kleptocracy worth millions either in Africa or Asia or even Europe who has no mansion or business channels in

London. Britain metaphorically turned into a butler to the world! What transformed London into 'Londongrad' for the Russian millionaires were the quality education infrastructure, universities and expensive but servile legal professionals, who said sayonara to self-policing and ethical codes for hefty fees from their corrupt clientele. They carved out a complex web of legal structures to facilitate the filthy or corrupt capital into London.

At the first stage, money is transferred through foreign banks into bank accounts of UK-based letter-box companies and the same is 'washed' clean by a brain-box consisting of accountants, lawyers and banks who practise the art of layering transactions. Once the money gets integrated into the banking system, the same goes through another cycle of creative financial re-engineering. Physical assets like expensive mansions, watches, cars, jewellery and million-dollar exquisite art pieces consume most of such dirty money. Since offshore companies were legally permitted to buy properties without disclosing the details of owners, the Londongrad market thrived and moved in just one direction. This was more so as penalties for banks, lawyers and accountant remained paltry besides lacklustre enforcement machinery!

However, 'Londongrad' may not come out unscathed from the intensifying rattles of geopolitics. After the Ukraine invasion, the British Government has allocated a sizeable chunk of resources for the enforcement and perhaps minimal loopholes in the register of beneficial owners of properties which the world would come to know only after a year when the legal brains lock their horns with the Solicitors Regulatory Agency and cases slither through the maze to the precincts of courts of law. Let the legal 'chainsaw' come into play! The UK always had good common and economic laws but enforcement was notoriously curate's egg!
Fiendishly difficult and without any deterrence value! In fact, most often. it smacked of recklessness and mercuriality which provided a safe bolthole to not only the Russian plutocrats but also the Chinese billionaires who accounted for one-third share in 2020. If we go by the gospel that unalloyed good is a fiction, let's not expect a rapid tumble of the 'Londongrad' as ideological kinship in geopolitics is like an arithmetic sum which may change tomorrow! So will the enforcement arms of an aggressive nation! Let's hold our breath to see the vexing paradoxes of the financial world, sorry, laundered money world before we firm up our opinion! Dirty money also enjoys the credentials of weathering tough times in the past! Everything-sucks, yuck!