

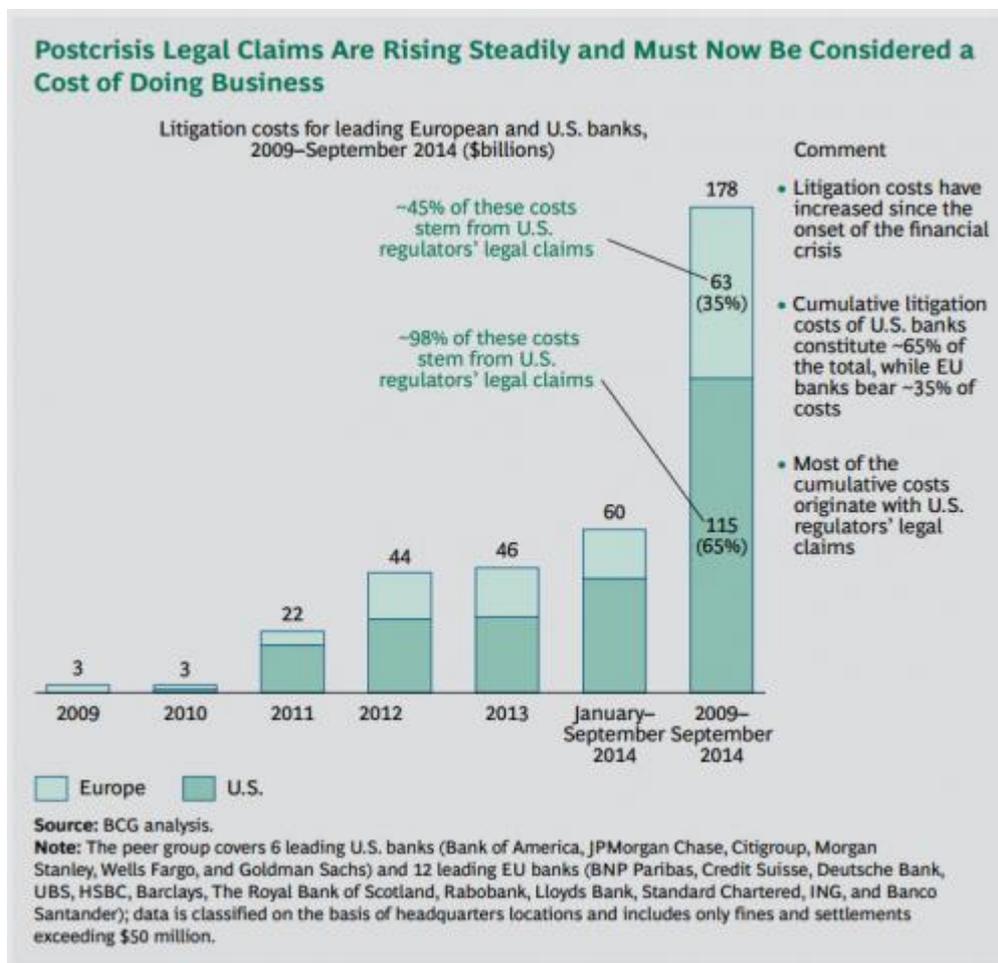
The world's biggest organised crime syndicate. From Zerohedge, BCG report, 4 December 2014.

Once upon a time it was the Sicilian, or Russian, or Japanese, or Chinese mob that were some of the biggest sources of funding for corrupt government officials (incidentally, most of them). After all, the government is smart enough to realize that it is more lucrative to "cooperate" with the world's biggest criminal syndicates than to wipe them out and cut off a major source of funding (of course, when it comes to populist optics and reelection, there is always an easy low-level perp walk every week or so to keep the peasants in place... and Diebold). So while the underlying symbiotic principle between the government and the world's biggest criminal enterprise remains the same, the counterparty has changed.

So who, in simple numeric terms, is the world's biggest organized crime syndicate?

The answer, courtesy of a new report by the Boston Consulting Group, which shows the transfer of some \$178 billion in litigation costs into the pockets of government apparatchiks in the past 6 years, is clear.

Banks.



From the [report](#):

The new era in banking is characterized by a rigorous enforcement of sanctions. As of September 2014, the cumulative litigation costs for EU and U.S. banks since the onset of the financial crisis has reached some \$178 billion.

Most of the costs originated with U.S. regulators' mortgage-related claims, and the remaining litigation costs are divided among claims focused on misselling, violations of U.S. sanctions, improper conduct, market manipulation, tax evasion and misrepresentation. Litigation costs of banks headquartered in the U.S. leapt higher in 2011, driven by mortgage-related claims, which continue to dominate. EU bank costs were kick-started in 2012, beginning with redress payments for misselling payment protection insurance in the UK, followed by market manipulation issues-for example, those related to the London Interbank Offered Rate scandal-as well as improper-conduct litigation, such as anti-money-laundering cases.

The current wave of litigation cases has not yet been settled, and potential-still hidden-litigation risks are substantial. Meanwhile, regulators have shifted their view toward more unified and sanction-based supervision, adopting regulations with a stronger focus on business conduct.

All of these developments reflect the persistent character and future burden of litigation-a new cost of doing business.

Sure enough: when one is a criminal syndicate, the largest in world history, paying litigation kickbacks in the hundreds of billions to the government is just the cost of "doing business."

And here is the absolute punchline: the Sicilian, or Russian, or Japanese, or Chinese, or any other mob, they all had one or more members thrown in jail for good measure.

Just *how many* bankers have ended up in prison in the past 6 years?

This may be a trick question

Source: BCG - the [report](#):