

# Base wary of Clinton Foundation's ties to troubled banks

By **Alexandra Jaffe**, CNN

🕒 Updated 6:03 AM ET, Tue March 3, 2015



## Clinton Foundation's fundraising 03:37

**Washington (CNN)** — Hillary Clinton's coziness with Wall Street has long given progressives pause on her potential presidential candidacy. But her family's foundation's ties to banks that have been under investigation for everything from interest rate manipulation scandals to breaking Iran sanctions could further deepen the trust gap between the Democratic front-runner and those who think banks would have too much say over her policies.

A CNN review of public event listings for the Clinton Global Initiative's Annual Meeting found partnerships with at least six banks that were under investigation, involved in litigation or had been fined by government agencies and regulators at the time of the meeting.

In every case, the bank in question was listed as a sponsor of the event even after the investigations were widely reported in the media.

[RELATED: Clinton Foundation defends foreign donations](#)

The Clinton Foundation and Clinton Global Initiative are, ostensibly, both attractive organizations to provide a foundation for the Clintons to build their legacy, and for Hillary Clinton to make a presidential campaign pitch.

CGI aims to foster partnerships between governments, foundations, companies and other stakeholders to

improve the lives of people worldwide. Its Annual Meeting is a routinely glitzy confab, bringing together business and world leaders, celebrities and government officials to discuss policy proposals and global issues over three days every September.

Each year the event partners with two dozen or so major corporate and foundation sponsors, a designation that entails a higher level of monetary and operational support for the conference than that given by regular GCI members

Of the array of sponsors, a few banks were perennial supporters, including British bank Standard Chartered, Goldman Sachs and Germany's Deutsche Bank, all of which were listed as mid-level backers of the event every year from 2009 on. French bank Credit Agricole was a supporter of the event from 2009-2012.

British banking giant Barclays emerged as a "strategic partner" with CGI for its 2010 annual meeting, and gave the same level of support every year after that. In 2014, HSBC became the latest bank to get on-board with the event, signing on as a "convening sponsor," the highest level of support possible.

[READ: New York Times editorial board urges Clinton to ban foundation's foreign donations](#)

All of the banks have had pockmarked pasts — and many were either under investigation or fined for breaking Iran sanctions, while Clinton was secretary of State.

---

## Banks violated Iran sanctions

In August of 2010, [the Justice Department announced](#) Barclays would pay nearly \$300 million in fines for breaking sanctions against Iran, Cuba, Sudan and others. The next month, it was — for the first time — a "strategic partner" for that year's annual event.

In 2012, the CGI annual event featured three major banking partners that were also facing penalties and investigations for breaking Iran sanctions.

Standard Chartered paid [a total \\$667 million](#), when all was said and done, to various regulators to settle allegations it violated Iran sanctions. The first half of that fine was [levied by the New York State Department of Financial Services](#) in August 2012, and the next month Standard Chartered appeared as a "meeting sponsor" of the CGI's annual meeting.

A [late August 2012 New York Times report](#) revealed Deutsche Bank was also under investigation for potential Iran sanctions violations. [Days later, Reuters reported](#) Credit Agricole was conducting an internal review of payments involving countries that may have been subject to U.S. sanctions, at the urging of the Manhattan District Attorney and other "American governmental authorities." Deutsche Bank was a meeting sponsor and Credit Agricole was a partner at that year's CGI meeting.

In December 2012, the [Department of Justice and U.S. Treasury announced](#) HSBC would pay \$1.92 billion to settle allegations that the bank allowed drug cartels to launder billions of dollars and that the bank violated U.S. sanctions by illegally conducting transactions on behalf of customers in Iran, Libya, Cuba, Sudan and Burma.

It's unclear whether HSBC or any of its subsidiaries gave to the foundation that year or prior, but records on the Foundation's website that were recently updated indicate the bank contributed anywhere from \$500,000 to \$1,000,000 in 2014, when it was listed as a convening sponsor for that year's meeting, the highest level of support possible.

The fact that the foundation partnered with banks that were actively under investigation raises questions over what restrictions, if any, the Foundation placed on its fundraising operation. Those questions have steadily

grown over the past few weeks as [a Wall Street Journal report uncovered close ties](#) between the Foundation's contributors and Clinton's policy work during her time at State.

[RELATED: GOP seeks to make Clinton Foundation a 2016 headache](#)

---

## Clinton Foundation operations murky

But Clinton Foundation officials declined to detail how it vets its contributors.

"With all sponsors or partners, we perform a vet that consists of thoroughly researching all publicly available information about the organization or individual to make an assessment on whether it would be appropriate or inappropriate to proceed, in order to ensure that they comport with the Foundation's mission and goals," a Clinton Foundation official wrote in an email.

"The details of each determination is not something we make public. To successfully fulfill its mission, CGI is careful to engage with credible and effective individuals and organizations who have the ability to positively impact people around the world."

There's no indication the Clintons had any knowledge of the ongoing investigations into banks supporting the foundation's efforts. In fact, during the time Hillary Clinton was serving as secretary of State, CGI was split from the broader Clinton Foundation, and Bill Clinton had no direct involvement in its day-to-day activities. Clinton herself stayed out of the foundation entirely during her time at State.

But the two were reincorporated after Clinton left State in 2013, and the support from scandal-linked banks continued through the most recent event, when HSBC became a major backer. And both Clintons spoke at nearly every one of the events in question.

The Foundation wouldn't detail who within the organization secures commitments from corporate and foundation partners, and didn't comment on whether the Clintons are involved in that effort.

According to Foundation officials, those partnerships are brokered by a team of account managers who "develop and maintain relationships with the NGOs, Foundations, companies and individuals who make Commitments to Action through CGI."

The event sponsorships, officials said, denote members of CGI that have contributed to the group's work through a higher level of monetary or in-kind support than the rest of its members, though they wouldn't disclose how much. [According to a 2013 New York Times report](#), sponsorships for the event start at \$250,000.

Such organizations are allowed a higher number of spots at the organization's Annual Meeting and other meetings year-round.

But officials insisted in an email that no matter how much sponsors contribute to CGI, "it's not a partnership in which the organization dictates or has control over our stage or programming."

"We of course welcome the advice and suggestions from all of our members, no matter their level," an official added.

Clinton Foundation spokesman Craig Minassian said in a statement that much of the work of the organization "wouldn't be possible" without cooperation among multiple organizations and companies, and defended its members as "credible and effective."

"CGI is careful to engage with credible and effective organizations and the results speak for themselves," he said.

Minassian said that since CGI was founded, its members have launched nearly 3,200 commitments that have affected 430 million people in 180 countries. Commitments launched by financial institutions include efforts to "increase access to credit in the developing world, support entrepreneurship opportunities for women and girls, increase financial literacy and tangibly address global health challenges."

---

## Global interest-rate rigging, tax evasion and other controversies

But some of those banks were also implicated in various financial plots that impacted the global economy and earned them steep fines.

According to [a Justice Department statement](#) issued in June 2012, Barclays "admitted and accepted responsibility for its misconduct" at the center of a scheme to manipulate global interest rates, which in turn affected prices for consumer lending.

The bank agreed to pay \$450 million in total to the Justice Department, the U.S. Commodity Futures Trading Commission and the UK's Financial Services Authority to resolve the violations.

The following month, [the Financial Times reported](#) that regulators were investigating Deutsche Bank, HSBC, and Credit Agricole for potential involvement in that scandal. All four acknowledged that investigations related to the developments were underway, but most declined to comment on the substance of the report; Credit Agricole said in a statement that the bank "has not been accused of any wrongdoing."

Deutsche Bank, Credit Agricole and Barclays were sponsors of varying levels at that year's CGI annual meeting, just two months after the FT report was published.

In July 2014, the [Senate Permanent Subcommittee on Investigations accused](#) both Barclays and Deutsche Bank of helping hedge funds avoid paying more than \$6 billion in taxes. Two months later, Barclays was listed as a "strategic partner," while Deutsche Bank was a "meeting sponsor," at the annual CGI meeting.s

In August 2014, [the Federal Housing Finance Agency announced](#) Goldman Sachs agreed to a settlement worth \$1.2 billion to resolve claims it sold high-risk mortgage-backed securities, one of the abuses by big banks that contributed to the economic meltdown just six years before. On Sept. 12, 2014, just three weeks prior to that year's CGI meeting, the [FHFA announced](#) HSBC would pay \$550 million to settle similar claims. Goldman Sachs was again a meeting partner; HSBC became a CGI backer for the first time at that year's event, as a "convening sponsor," the highest level of support possible.

Barclays and Deutsche Bank declined to comment on the ties to the Clinton Foundation, and three of the four remaining banks did not respond to a request for comment. A Goldman Sachs spokesman stressed that it was not the subject of a criminal investigation but rather a civil lawsuit, and noted that most of the world's biggest corporations, which are frequently major drivers of international charitable work, have faced lawsuits and investigations at times.

---

## Clintons' long and deep ties to the financial industry

Contributions from banks are nothing new for the Clintons, or their foundation. The financial sector was the second-biggest contributor to Clinton's 2008 presidential bid, and according to the Washington Post, donations from the financial services sector made up the largest share of corporate donors to the Clinton Foundation.

But that closeness to Wall Street has many progressives eying her warily, and the connection to banks facing investigations or fines could add fuel to that fire. Adam Green, co-founder of the Progressive Change Campaign Committee, said it increases pressure on Clinton to deliver with her deeds as much as her words.

"It's fair for voters to be skeptical of Hillary Clinton's speeches about holding Wall Street accountable when Wall Street institutions fund her foundation at the same time she gives those speeches," he said.

"That's a burden that Clinton will have to address by backing up her words with bold action -- like appointing an economic team not beholden to Wall Street and showing a willingness to break up too-big-to-fail banks and jail bankers who broke the law."

If nothing else, it underscores the challenge she'll face during a presidential campaign in making a populist economic pitch to average voters and framing herself as a reformer while at the center of a tangled web of ties to troubled banks.

Michael Smallberg, an investigator at the good-government group the Project on Government Oversight, said that the reports on the Foundation's financial backers could "complicate" Clinton's message in 2016.

"The recent close ties between the foundation and Wall Street banks and other big businesses may complicate her attempt to portray herself as an economic populist and reposition her stance on financial issues," he said.

In response to the recent Wall Street Journal report outlining Clinton's corporate lobbying abroad as secretary of State, Robert Harrison, CGI's CEO, outlined in a blog post the ways some of the companies and foundations named have contributed to improving conditions for people across the world.

"This is the story the Wall Street Journal missed -- the positive impact that members of CGI are having on millions of people worldwide and the evolution of the conventional philanthropic model over the past decade to a dynamic ecosystem that now promotes creative collaboration across antiquated divides," Harrison wrote.

And Clinton Foundation officials defended the contributions from the banks, which it says represent less than one percent of CGI's total membership, but are "also some of the organizations with the capacity to make the biggest impact."

Those officials noted that many organizations with checkered pasts have contributed to the greater good.

"Many major institutions -- financial, media, industrial or otherwise -- have been subject to investigation at some point, and that alone shouldn't preclude these organizations, which are capable of significant and positive impact, from contributing to improving lives," an official wrote.

Indeed, CNN has partnered with CGI for its Annual Meeting, and the network's parent company, Time Warner, [was fined \\$300 million by the SEC](#) in 2005 for fraud and aiding and abetting other securities frauds. And companies and banks under investigation have advertised with CNN, including HSBC, which recently advertised on CNNMoney's homepage.