

Leo Tolstoy traveling from Zurich to Stuttgart, looked out the train window and saw the moon: a good omen, he thought. The French banker sitting next to him was on his way to the gaming tables in Baden-Baden, and Tolstoy decided to join him. "Roulette from morning to night," he writes in his diary. "Lost, but made it up toward the end of the day." The next day he lost everything. The banker bailed him out and left town. Tolstoy kept losing until Turgenev arrived to clean up matters and get him out of town.

The Russians have always loved Baden-Baden. In 1793, Czar Alexander took Louise Princess of Baden as his wife. A Russian orthodox church was built for a Czar and is the place of worship today for the Russians who have taken over Baden-Baden.

Russian and Ukrainian laundered money is very much in the news, but not in Germany.

On the initiative of the International Chamber of Commerce (ICC) Germany and in an unprecedented move, corporate chiefs from 36 top German companies urged their country's lawmakers in a letter dated June 29 2012 to ratify the United Nations Convention against Corruption (UNCAC). Warning that failure to ratify the Convention would harm the reputation of German firms abroad, they concurred: "In the international context, a democratic country, such as Germany, must be entirely credible and should not unnecessarily make itself vulnerable"

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Germany led the EU in the insistence that Cyprus "tax" bank accounts before they get an bailout money. They insist that because so much 'laundered' money is in those accounts, they can not in good faith authorize funds unless Cyprus cleans up their act.

The Bundestag has found no evidence of money laundering in Cyprus. Germany is another matter. There is no question that in the spa-casino town of Baden-Baden, money is laundered daily.

Like all towns that are taken over by dirty money, at first the local townspeople love it. There is so much fresh money being spent. Shopkeepers and restaurateurs benefit. But as time goes by, the locals can no longer afford a home, because the easy dirty money has escalated housing prices. Life is no longer comfortable for the natives.

Andreas Frank, who called the local money laundering surge to the attention of officers at HSBC twenty years ago, has documented efforts to clean up Germany's act.

In the bill "Gesetz zur Optimierung der Geldwäscheprävention" from August 18th 2011 the German government confirmed that the German Laundering Act was not enforced since it was enacted in 1993. For more than 18 years Germany, a founding member of the FATF, was prone to ML/TF operations by Transnational Organized Crime with low risk

for the money launderers being detected.

Under the pressure from the EU infringement cases and the 2010 FATF review, several bills to amend the German Money Laundering Act were passed by the Bundestag in 2011. Frank was nominated as a special advisor to Bundestag Finance Committee. In several papers to the Ministry of Finance and the Bundestag Frank addressed the unresolved deficits - however, without any response from the administration in charge.

In response to the demands of the corporate chiefs from 36 top German companies Chancellor Angela Merkel's Christian Democrats (CDU) stated bluntly that the ruling party would not ratify UNCAC in the public sector, despite pressure from top companies, partly because it treated them as civil servants.

United Nations Convention against Corruption (UNCAC): Germany is one of a few major industrialized countries that have not acceded to the UN Convention against Corruption. Germany joins the "non-ratification" list with Barbados, Bhutan, Comoros, Côte d'Ivoire, Czech Republic, Guinea, Japan, Myanmar, New Zealand, Saudi Arabia, Sudan, Swaziland and Syria (UNCAC Signature/Ratification status). The UN member states Bangladesh, Belize, Chad, Democratic People's Republic of Korea, Equatorial Guinea, Eritrea, Gambia, Grenada, Monaco, Oman, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Suriname, Tonga and Tuvalu have not signed and therefore not ratified UNCAC. Even though the European Union is not a member state of the United Nation, it has ratified UNCAC on November 12th 2008.

The refusal of the German government has to be seen in the context of growing international pressure to ratify UNCAC. All major forums, including the G8 and G20 Calls are encouraging countries to accede to the Convention.

The economic losses resulting from corruption in Germany are estimated at around € 150 billion for 2011 (Prof. Dr. Friedrich Schneider, Universität Linz).

Money laundering has become a species of high finance. Some claim it's the third largest business in the world, behind legitimate currency transactions and the auto industry. It conceals some nasty enterprises — criminal-finance experts estimate that more than two thirds of U.S. money-laundering prosecutions involve illegal drug dealing, and terrorists shuffle their share of cash as well. Then again, knowing what we do about many legal global transactions of late, you'd have to say it's not just the criminals in the financial marketplace who are up to no good.