HSBC got a sweetheart deal from the Obama administration. It laundered vast amounts of money for Mexico's murderous Sinaloa cartel, helped bust sanctions for terrorists and mass murderers, and did not cooperate with the investigation. The U.S. Attorney in charge of the case, Loretta Lynch, refused to prosecute any of the HSBC bankers or even sue them individually. Instead, there was a pathetic non-prosecution agreement limited to HSBC.

Lynch is accused of not contacting either of the primary whistleblowers in the case. The failure to contact one of the whistleblowers has already blown up in Lynch's face as it became public a few months ago that the governments of the U.S. and Europe were provided many years ago with data on HSBC's Swiss affiliate that show it was helping terrorists, genocidal leaders, the most violent drug gangs, and tens of thousands of wealthy people evade taxes. Lynch failed to bring that case or use any of the invaluable data provided by the whistleblower who copied the files from the Swiss bank.

Now comes word that, like Standard Chartered, HSBC is failing to abide even by the pathetic sweetheart deal Lynch gifted HSBC's criminal managers with. In the case of Standard Chartered, NY authorities came down on Standard Chartered with at least one foot on the neck. Lynch is made of considerably less stern stuff. She failed even to do the most obvious move of extending the agreement with HSBC. The New York Times tells the tale in DealBook's trademark incoherent fashion.

"The filing represents a subtle yet important shift for the Justice Department, which until now has largely applauded HSBC's efforts since reaching the deferred-prosecution agreement and paying $1.9 billion to the federal authorities. While commending HSBC for continuing "to act in good faith to meet the requirements of the D.P.A.," prosecutors highlighted times when bank employees resisted the overhaul."

DealBook, of course, is not so impolite as to mention that the two clauses of the second sentence are contradictory and that HSBC is acting in bad faith and violating even the sweetheart agreement. HSBC's violations were a heaven sent opportunity for Lynch to undo the massive embarrassment of the shameful deal she gave HSBC - one of the world's largest and most destructive criminal enterprises. She could use the "watchdog" report damning HSBC to state the reality - HSBC's managers have acted in bad faith and violated the deal that would have got them off with no real prosecution. Lynch could now prosecute HSBC and its senior managers for all the frauds - including the vast frauds she missed last time because of her failure to talk with the whistleblowers. And the chances of that happening closely approach zero because Obama chose Lynch to continue Holder's shameful policies of refusing to prosecute bankers rather than change those policies.

In fairness, DealBook's incoherence appears to reflect Lynch's incoherence in her HSBC filing. Consider the (unintentional) humor resident in the DealBook's description of her filing.

"Her filing, alternating between praise and concern, reflects dueling messages from the Justice Department. Coming at a time when prosecutors are grappling with repeat offenses on Wall Street, the filing underscores the Justice Department's efforts to stem the pattern of corporate recidivism."

Notice the disastrous admissions tucked into the convoluted paragraph. Holder's refusal to prosecute the bankers has led to "repeat offenses on Wall Street." Ponder that which DealBook religiously refuses to ponder - if fraudulent bankers find they grow wealthy from the "sure thing" of fraud with no risk of prosecution or even being sued, why wouldn't they respond with "repeat offenses" that would create a "pattern of corporate recidivism?" DealBook is very sympathetic to Holder and Lynch. They are portrayed as "grappling" with the thorny problem that because senior bankers realize that under Holder and Lynch they can grow wealthy and powerful by leading "repeat offenses" they will do so even though they promise "dad" (Holder) or "mom" (Lynch) that they'll never do it again. (DealBook hates to use the "f" word to describe elite bankers' frauds.)

As DealBook (hilariously) portrays the matter, Holder and Lynch "grapple" with this intractable and apparently inconceivable (in the Princess Bride sense of the word made famous by Vizzini) problem that the elite bankers keep on committing massive felonies helping terrorists and the world's most violent drug gangs even after they look Holder and Lynch (dad and mom) straight in the eyes and solemnly promise to never hit their little brother and steal his toy truck again. Five minutes later, dad and mom hear a smack followed by the little brother breaking into tears and find big brother with little brother's toy truck. Big brother, of course, solemnly says he never hit his little brother and the truck in his hand is not his little brother's truck. Big brother, being sophisticated, even pleads in the alternative that if he is holding little brother's truck it is because little brother gave him the truck. Except, that we're not talking about toy trucks, but senior bank officers knowingly funding mass murder and terrorism.

Here's a hint to dad and mom if we presume for the sake of analysis that Holder and Lynch actually wished to "stem the pattern of corporate recidivism." Put the senior officers in prison for at least a decade. Have the OCC and the NY State authorities yank HSBC's (and Standard Chartered's licenses to do business in the U.S.). If they cannot operate profitability without the license have the UK put them in receivership on a Friday, replace the managers with honest, skilled managers, and open the bank (complete with renewed U.S. licenses) on Monday. Then sue and bring enforcement actions against any culpable officers to "clawback" their compensation.

We had no problem with recidivism when we got the Department of Justice (DOJ) to bring the S&L prosecutions. To my knowledge, of the over 1000 felony convictions in S&L cases designated as "major" by the DOJ, no senior S&L crook that we convicted played any material role in leading the three fraud epidemics that drove the 2008 financial crisis. The truth is that Holder and Lynch are taking no meaningful efforts against what even DealBook now admits is "the pattern of corporate recidivism" by our most elite bankers. The only thing they "grapple" with is the bad publicity arising from the stench of that "pattern" of the most despicable and harmful elite financial frauds in history.

Conclusion

There can be no more incriminating indictment of the Nation's leading federal prosecutors than the fact that even the sycophantic DealBook admits that on Holder and Lynch's watch a "pattern" of recurrent frauds by our most elite CEOs has emerged - and those frauds commonly involve profiting from the banks aiding the funding of mass murderers. The administration has managed to turn into reality all those bad novels they sell in airport book stores that describe networks of criminal elite bankers financing terrorists, drug gangs, and venal and brutal kleptocrats with impunity from the laws.