

Title: The money laundering machine just took a hit...

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Ruble fell by as much as another 30 percent in early Monday trading. In an effort to stem the plunge, the Russian central bank hiked its benchmark interest rate by more than double, from 9.5 percent to 20 percent.

The Russian central bank has, itself, lost its credibility to prop up its currency over the long haul or to intervene effectively in other markets. That's because its \$640 billion in foreign currency and gold reserves is effectively frozen throughout much of the world. According to [a Joint Statement](#) from the European Commission, France, Germany, Italy, the United Kingdom, Canada, and the United States on Saturday, they have agreed to "imposing restrictive measures that will prevent the Russian Central Bank from deploying its international reserves in ways that undermine the impact of our sanctions." According to Ursula von der Leyen, the President of the European Commission, that means that the EC plans to "ban the transactions of Russia's central bank and freeze all its assets, to prevent it from financing Putin's war."

This morning, the U.S. Treasury Department also [indicated that it was freezing the assets of the Russian central bank that are held in the U.S.](#)

As the Russian Ruble dramatically loses value against foreign currencies, and the Russian central bank is crippled from propping it up, imports become more costly for Russian consumers. That will further foment anger against Putin. As many as 5,000 anti-war protesters have already been arrested in Russia, according to human rights monitors.

The same joint statement from the European Commission, the U.S. and other allies said that "selected" Russian banks were being removed from the SWIFT system. That system is the primary method that banks and corporations quickly and efficiently pay for goods and transfer funds across Europe. The names of exactly which banks are being removed from SWIFT has yet to be released. As [we reported on Friday](#), global banks in the U.S., France, Austria and Italy have major bank operations in Russia. It will be interesting to see if the Russian units of those banks are removed from SWIFT.

Russia is also facing bank runs. Over the weekend, long lines were forming in Russia to take cash from banks' ATMs. According to Reuters, there was a run today on the European arm of Russia's largest bank, Sberbank. Reuters reported that "Sberbank Europe and two other subsidiaries were set to fail, after 'significant deposit outflows' linked to 'geopolitical tensions,' according to the ECB."

Putin, whose mental status is now being questioned around the globe, hiked tensions further over the weekend by announcing in a televised statement that he was [putting his nuclear-armed forces on high alert](#).

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Russian and Ukraine officials were set to meet this morning to engage in discussions.



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← **Here's Why the Russian Sanctions Are a Dud: Big Foreign Banks from the U.S., France, Austria and Italy Are Operating in a "Routine Manner" in Russia**

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## Moscow Stock Exchange Can't Open as Russian Stock Prices Collapse on Foreign Exchanges

By [Pam Martens and Russ Martens](#): February 28, 2022 ~

Putin started an unprovoked war in Ukraine and now finds himself losing a serious financial battle at home. Anything connected to Putin is now toxic: that includes his country's currency, its stock exchange, its banks, its major corporations, and its central bank. Even [Russia's vodka is being removed from shelves](#) in Canada and the U.S.



Vladimir Putin,  
President of Russia

The central bank of Russia (Bank of Russia) first announced earlier today that the Moscow Stock Exchange would open at 10 a.m. Moscow time (2 a.m. New York time) but there would be no stock trading, just trading in the foreign exchange, currency and repo markets. A further decision on opening up the stock exchange for stock trading was set for 1 p.m. Moscow time (5 a.m. New York time). Stock trading has still not opened on the Moscow Stock Exchange and even the website of the Moscow Stock Exchange was not functioning as of 7 a.m. ET Monday morning.

Unfortunately for Putin, investors are able to see where Russia's major corporations are trading because many of them also trade on foreign exchanges: as of 8:16 a.m. ET on Monday, this is where some major Russian corporations were trading on the London Stock Exchange: Sberbank (down 69 percent); Rosneft (down 39 percent); Novatek (down 67 percent). That follows plunges in their stock prices at the end of last week after Russia invaded Ukraine.

Norway's sovereign wealth fund, the largest in the world, [said it would no longer buy Russian companies and will begin divesting from its \\$3 billion in Russian stocks](#). [British Petroleum \(BP\) announced its plan to exit its 19.75 percent stake in Russian oil company, Rosneft](#). It said both of its BP-nominated Directors would immediately resign from the Rosneft Board.

Apparently anticipating a wave of selling by other sovereign wealth funds, the Russian central bank said it was temporarily banning Russian brokers from selling securities held by foreigners.

The Russian currency, the Ruble, is also in major trouble. After collapsing to an historic low against the U.S. Dollar last week, the Ruble fell by as much as another 30 percent in early Monday trading. In an effort to stem the plunge, the Russian central bank hiked its benchmark interest rate by more than double, from 9.5 percent to 20 percent.