

Goldman Sachs in FBI crosshairs over 1MDB

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The Federal Bureau of Investigation (FBI) and the Justice Department of the United States are looking at the role of Goldman Sachs in a series of transactions by 1MDB in their investigation into the Malaysian state-owned fund, the The Wall Street Journal reports.

Quoting sources, WSJ said the inquiries into Goldman Sach's role are at the information-gathering stage and there is yet any suggestion of wrongdoing.

"(Investigators) have yet to determine if the matter will become a focus of any investigations in the 1MDB scandal," it quoted an FBI spokesperson as saying.

Goldman Sachs had advised 1MDB on three acquisitions and arranged the sale of US\$6.5 billion in bonds, making US\$600 million in fees.

The report said the bank executives responsible for making the financial arrangement for 1MDB were also involved in the controversial transactions with the Libyan Investment Authority, which is now the subject of a lawsuit.

The report said the Libyan sovereign wealth fund in a 2014 lawsuit in London claimed the bank took advantage of its unsophisticated executives to sell them complicated and money-losing investments.

Goldman Sachs has denied the claim.

"In Malaysia, one of Goldman's big assignments came in 2012, when it advised 1MDB on the acquisition of Malaysian conglomerate Genting Bhd's domestic power generation business.

"The deal quickly turned into a loser for 1MDB, which paid RM2.3 billion for the business, about US\$740 million at the time.

"In its financial statements for the year, 1MDB booked an impairment charge of RM1.2 billion, writing down part of the premium for the power assets it had bought from Genting and another Malaysian company," the report says.

But the most controversial deal was the bank charging a whopping US\$300 million fee for arranging a US\$3 billion bond for 1MDB to acquire the power assets in 2013.

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