

Private banker at centre of Swiss bank BSI-1MDB link

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A private banker, caught up in Singapore's money-laundering probe linked to 1Malaysia Development Bhd, was a key link between the embattled state investor, a Swiss private bank and a Malaysian businessman connected to the troubled fund.

Yak Yew Chee, a senior banker at Swiss-based BSI Singapore, has emerged for the first time as a key figure in Singapore's money-laundering probe, according to documents released at Singapore High Court last week.

Yak was not personally at the Singapore High Court last Friday, when he sought to unfreeze his Singapore funds to pay taxes and legal fees. His lawyer agreed to withdraw the petition after the prosecutor raised no objection in allowing Yak to transfer S\$1.76 million (RM5.22 million) from his overseas bank accounts.

In an affidavit filed at the court, Yak denied any wrongdoing or getting unlawful benefits from managing the accounts of 1MDB or its affiliates.

Yak handled the lucrative 1MDB account after he joined Swiss private bank BSI in Singapore in 2009, a person who worked with him at the bank said. He was on unpaid leave for five months last year while BSI investigated him for alleged misconduct related to client accounts, the court documents say, but did not disclose details of the internal probe.

Yak went back on BSI's payroll in October last year and was last paid his monthly salary of nearly S\$83,000 (about RM246,121) on Jan 27, according to his court affidavit.

Singapore authorities are conducting a money-laundering investigation into bank accounts linked to 1MDB, whose activities have triggered legal action across three continents.

Some of the accounts Singapore is probing belong to Yak and have been frozen, together with S\$9.7 million of his funds, according to the court documents, the first to emerge from Singapore's probe into 1MDB announced last July.

Malaysia said in March 2015 that 1MDB had transferred US\$1.1 billion from the Cayman Islands into BSI Singapore.

Yak did not respond to Reuters' request for comments. BSI declined to comment.

The court disclosures about the money transfers in Singapore linked to 1MDB are another hit to the Malaysian government's efforts to put a lid on the scandal-hit fund, which is chaired by Malaysian Prime Minister Najib Abdul Razak (photo).

Malaysia's attorney-general last month cleared Najib of any wrongdoing in the case, and 1MDB has denied the graft and money-laundering allegations. But Switzerland's chief prosecutor said a criminal investigation into 1MDB had revealed that about US\$4 billion appeared to have gone astray.

Eyes on Asia

Yak was among 100 Asia-based bankers who left rival RBS Coutts, mostly from its Singapore office in late 2009, for BSI, lured by promises of hefty bonuses, three banking sources in Singapore said. It was then the biggest such defection in Asia's private banking sector, they said.

BSI was turning to Asia at that time amid concerns a wide-ranging US tax investigation into Swiss banks could weaken Switzerland's wealth management industry.

Yak started with an annual salary of S\$500,000. His clients included Brazen Sky Ltd, a financial vehicle owned by 1MDB, which was holding US\$1.1 billion worth of fund units in BSI Bank in Singapore, 1MDB says on its website.

The bank was making between US\$15 million and US\$20 million in fees from the Brazen Sky account, said a person familiar with the situation. Reuters could not independently confirm this.

Another client was Malaysian financier Low Taek Jho, court documents show. Jho Low (photo), as he is more popularly known, was an adviser to Terengganu Investment Authority, which later became 1MDB, but he never had any position with 1MDB, the Malaysian fund said in a statement.

Jho Low did not respond to Reuters request for comment.

Yak said in his affidavit he believed the reason his bank accounts were seized was "due to ongoing investigations into Low Taek Jho". Singapore's Commercial Affairs Department declined to comment on whether Jho Low is under investigation.

Rocketing bonus

Yak's career blossomed at BSI Singapore. "He was a big success and the way he brought in business was constantly showcased," one person who has worked with Yak, told Reuters.

His bonus rocketed from S\$649,294 in 2011 to S\$10.44 million by 2014, according to his court affidavit.

BSI Singapore was also prospering. Its staff had grown to over 200 by end-2010, from 30 in 2009, to become the Swiss bank's biggest overseas subsidiary, the bank's annual report shows. In the 2014 annual report, BSI said its Singapore unit had almost doubled its net

profit compared to 2013.

But the relationship between the banker and its star banker appeared to sour last year, the court documents show.

Yak asserted in the court documents that the bank was trying to terminate him and deny him some of the S\$8.8 million of bonus that he says has not yet been paid.

BSI declined to comment on any aspect of Yak's case.

BSI has been put up for sale by its owner, investment bank BTG Pactual, which is rushing to sell assets to raise cash and shore-up investor confidence following the arrest of its founder André Esteves in November.

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