

US\$731m siphoned from 1MDB to 'Malaysian Official 1' account, says DOJ
MalaysiaKini.com
July 21st, 2016
Zikri Kamarulzaman

US\$731 million was allegedly siphoned from Malaysia's state investment fund 1MDB into a bank account owned by the unnamed 'Malaysian Official 1', according to the lawsuit filed by the US Department of Justice (DOJ) yesterday.

DOJ did not name 'Malaysian Official 1' but described the individual as a "high-ranking official in the Malaysian government who also held a position of authority with 1MDB."

Upon its formation, Malaysian Official 1 assumed a position of authority with 1MDB, said DOJ.

Malaysian Official 1 had the authority to approve all appointments to, and removal from, 1MDB's board of directors and 1MDB's senior management team.

"In addition, any financial commitments by 1MDB, including investments, that were likely to affect a guarantee given by the government of Malaysia for the benefit of 1MDB, or any policy of the Malaysian government, required the approval of Malaysian Official 1," the court documents state.

Prime Minister Najib Abdul Razak's stepson Riza Aziz is described in the suit as a relative of 'Malaysian Official 1'.

The DOJ yesterday filed civil suits to seize assets in the United States that it claimed were purchased using funds siphoned from 1MDB. It plans to return the proceeds of the sale of these seized assets to Malaysia.

According to the suits, the largest transaction made to Malaysian Official 1 was a US\$681 million deposit made to an AmBank account in March 2013.

"Plaintiff alleges on information and belief that Malaysian Official 1 is the ultimate beneficiary of the AMPRIVATE BANKING-MR Account.

"The AMPRIVATE BANKING-MR Account is the same account that later received certain payments totalling approximately \$681 million in March 2013.

"The attorney-general of Malaysia has publicly stated that the account into which these \$681 million payments were made belonged to Malaysian Official 1."

According to the suits, the amount allegedly came from a US\$3 billion bond 1MDB raised to invest in a joint venture with Aabar.

From the bond, US\$1.26 billion was diverted into an account belonging to Tanore Finance Corporation, which then pumped in the US\$681 million to 'Malaysian Official 1'.

In August 2013, US\$620 million was returned to Tanore's Singapore bank account, which DOJ claimed was owned by an associate of Penang-born tycoon Jho Low.

The US authorities quoted Malaysian attorney-general Mohamed Apandi Ali as saying the US\$681 million - which was received in Prime Minister Najib Razak's bank account - was a personal donation from a member of the Saudi royal family.

Two other deposits

The suit also claims that another US\$50 million in 1MDB funds were siphoned into the Malaysian Official 1's account in two other instances.

In the first instance, the suit said US\$24.5 million of US\$1.03 billion diverted from 1MDB to Good Star Limited, believed to be owned by Jho Low, was "transferred to an account at Riyadh Bank maintained in the name of a Saudi prince."

The unnamed prince is said to be a co-founder of PetroSaudi.

Citing JP Morgan Chase banking records, the DOJ said US\$20 million of the US\$24.5 million was then channelled into Malaysian Official 1's account in 2011.

In the second instance, the suit said US\$1.367 billion raised in bonds by 1MDB for power purchase agreements "were misappropriated and fraudulently diverted to bank accounts in Switzerland and Singapore."

These funds were then allegedly channelled into British Virgin Islands firm Aabar Investment PJS Ltd (Aabar-BVI), which deposited US\$636 million into a Singapore bank account held by Blackstone Asia Real Estate Partners.

Of this amount, US\$30 million was deposited into Malaysian Official 1's account in October and November 2012.

The DOJ claimed the Blackstone account is owned by the same Jho Low associate who owned the Tanore account.

In an [immediate response](#) to allegations, the Prime Minister's Office (PMO) said the government would "fully cooperate with any lawful investigation of Malaysian companies or citizens in accordance with international protocol".

According to Najib's press secretary Tengku Sarifuddin Tengku Ahmad, the prime minister has always maintained that the law would be enforced, without exception, if any wrongdoing is proven.

Copyright © 1999-2016 Mkini Dotcom Sdn. Bhd
Source: <https://www.malaysiakini.com/news/349275>