

Riza Aziz said US\$94m siphoned from 1MDB was a 'gift', DOJ claims
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Riza Aziz, the stepson of Prime Minister Najib Abdul Razak, had claimed that US\$94 million of 1MDB funds which ended up in accounts he had access to, was a gift from Aabar BVI, said the US Department of Justice (DOJ).

"(Riza) Aziz claimed, including in his 2012 US tax return, that this money was a 'gift' from Aabar BVI," it said in its suit yesterday.

According to the department Aabar BVI, a British Virgin Island company set up with a similar name "to give the impression that it was", had received US\$1.367 billion diverted from bonds raised by 1MDB for power purchase agreements in 2012.

Of this amount US\$238 million was banked into the Singaporean bank account of Riza's film production company Red Granite.

The DOJ has accused Riza of using US\$94 million of these funds to purchase three pieces of real estate – one in New York City, one in Beverly Hills, and one in London, United Kingdom.

In their suit, it detailed how US-based accounting firm Nigro Karlin Segal Feldstein & Bolno (NKSFB) had sought an explanation as to the nature of the gift.

"The funds came from an investor in Red Granite Capital, I cannot sign the returns without proof it is not income to Riza. The firm would be put at risk, these numbers are too high," an NKSFB partner wrote in an email.

A managing director at the firm acting on behalf of Riza explained that Aabar BVI was a "personal holding company of a family friend".

The managing director also procured a letter from Mohamed Ahmed Badawy Al-Husseiny, who was an Aabar BVI director, and CEO of the real Aabar at the time of the transactions.

The letter read as follows:

"This letter is intended to confirm that the transfer of US\$94,500,000 which consisted of a wire transfer on June 18, 2012 to BSI Bank, Ltd (account number [XXX]250A) for the benefit of Riza Aziz was intended as a gift.

"The transfer was made for no consideration and no services were performed or gift received for assets. This was a gratuitous transfer made with detached and disinterested generosity based on our close personal relationship."

The DOJ however refuted this in its footnotes, saying on the date of the transfer, Aabar BVI had actually wired US\$133 million to Red Granite.

It added that the US\$94 million was the amount Riza had "transferred into the US over a period of approximately five months and used to purchase personal assets".

Besides being used to purchase properties, the DOJ alleged that US\$64 million of 1MDB funds were used to bankroll Red Granite's movie 'The Wolf of Wall Street', a charge Red Granite denies knowledge of.

US\$41 million of 1MDB funds was also purportedly used to cover gambling expenses for Riza, Penang-born tycoon Jho Low, and their associate Eric Tan Kim Loong.