

**DOJ's daunting legal challenges on 1MDB**  
**MalaysiaKini.com**  
**Aug 10<sup>th</sup>, 2016**

The United States Department of Justice (DOJ) will face daunting legal challenges with regard to the case against 1MDB, according to the *Financial Times*.

Among them, it said, is prosecutors must struggle to convince witnesses to testify against powerful officials who are implicated.

"Obtaining documents from overseas also involves invoking mutual legal assistance treaties, a time-consuming process.

"In many cases, including the 1MDB affair, prosecutors have difficulty unravelling the web of shell companies and other legal ruses that mask ownership," *Financial Times* reported.

Even Kendall Day, who heads the DOJ's asset forfeiture and money laundering section, conceded that it would not be a walk in the park.

"I can tell you from personal experience that corruption cases of any stripe are hard," Day is quoted as saying by the UK publication.

It also quoted a Washington attorney, Jack Blum, who revealed that some American judges are reluctant to hear such cases as they believe the matter belongs in foreign courts.

On July 30, US attorney-general Loretta Lynch revealed that DOJ would initiate court proceedings to seize assets allegedly procured with funds misappropriated from 1MDB

This renewed calls for Prime Minister Najib Abdul Razak, who has repeatedly denied abusing public funds and was previously cleared by the Malaysian attorney-general, to step down.

Among others, the DOJ court filings named Najib's step-son Riza Aziz and Malaysian businessman Jho Low, who is said to be close to the prime minister's family.

The documents also mentioned "Malaysian Official 1" 36 times, and alleged that the person profited from 1MDB.

The opposition said the official is none other than Najib.

Cabinet ministers and ruling politicians, on the other hand, offered mixed reactions - some denied, others claimed to be in the dark and one even proclaimed that only "idiots" would not know who this "Malaysian Official 1" is.

However, they all agreed that the prime minister was not involved in the alleged abuse of funds.

### **DOJ has made life harder for kleptocrats**

Meanwhile, Global Financial Integrity president Raymond Baker told the *Financial Times* that the DOJ programme has made life harder for kleptocrats.

At the same time, Baker noted, how less formal methods had succeeded in a more swifter manner.

In 2013, for example, Tunisia recovered US\$28m stolen by the wife of Zein al-Abidine Ben Ali, the dictator who had been deposed two years earlier, with a phone call.

"The governor of the central bank of Tunisia called the governor of the central bank of Lebanon. They did it on the basis of personal connections. Lebanon went through some minor legal gymnastics, got the money and sent it back," said Baker.

*Financial Times* also noted that the US had a reason for targeting foreign officials who are believed to be involved in acts of corruption.

"The volume of dirty money flowing around the world threatens the stability of US markets, officials say. More than US\$1tn in illicit funds flow out of the developing world annually, according to Global Financial Integrity," it said.

DOJ's Day pointed out that stable and liquid US financial markets are a magnet for corrupt cash.

"There's a reason kleptocrats like to put their assets in the US. But hot money can really distort our markets and create risks for our financial institutions," he said.

According to *Financial Times*, there is also the security aspect.

Corruption flourishes under the same conditions that offer comfort to organised crime or terrorists, it said.

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