

PetroSaudi CEO loses appeal to dismiss US DOJ suit

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A US Court of Appeal has reaffirmed a lower court's decision to dismiss a motion by PetroSaudi International (PSI) CEO Tarek Obaid to set aside a US government civil forfeiture suit on his equity holdings.

In a two to one decision, the Court of Appeal ruled that it was immaterial whether Obaid was involved in a criminal conspiracy involving 1MDB and that the plaintiff had wrongly argued that the court had no jurisdiction over the stock holdings in question.

The court determined that Obaid acquired 2.5 million shares in Palantir Technologies - a California-based big-data firm named after a magical artefact in JRR Tolkien's Lord of the Rings series - with US\$2 million on March 12, 2010, using money traceable to 1MDB.

This act, said the court, was not a criminal act per se but the acquisition of the stock was a "mechanism" to launder proceeds from 1MDB.

The dissenting judge ruled that those district courts do not have jurisdiction over a person's property because alleged co-conspirators took action within the court's territorial jurisdiction.

Previously, Obaid had argued at the Central California District Court that the court had no jurisdiction over the case as the stocks were located outside of the US and that the owner was a foreign citizen residing abroad.

Obaid holds dual Swiss and Saudi citizenship. He also told the court that the transaction took place entirely outside the US and the US Department of Justice (DOJ) did not allege that he agreed to defraud 1MDB.

Emerging in the early chapters of the 1MDB saga in 2009, Obaid was a key figure in the botched 1MDB-PSI joint venture.

1MDB raised US\$1 billion in the venture, and the US DOJ had determined that US\$700 million in those proceeds ended up in Gold Star Limited, incorporated in Seychelles.

The US DOJ has been actively seizing assets - properties and paintings, among others - which was acquired with funds traceable to Good Star, including the Palantir stocks.

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