

1MDB scandal: Abu Dhabi's IPIC drops lawsuit against Goldman Sachs

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Abu Dhabi's International Petroleum Investment Co (IPIC) said on Wednesday that it was dropping a lawsuit against Goldman Sachs Group Inc to recover losses suffered from the US investment bank's dealings with Malaysian state fund 1MDB.

The lawsuit had alleged that Goldman conspired with unidentified people from Malaysia to bribe its two former executives - former IPIC managing director Khadem Abdulla al-Qubaisi and Mohamed Ahmed Badawy al-Husseiny, former CEO of Aabar, an IPIC unit - to further their business at its expense.

Abu Dhabi state fund Mubadala Investment Co, which controls IPIC, had suspended business dealings with Goldman after the lawsuit.

"Following collaborative discussions, the International Petroleum Investment Company is dismissing its lawsuit against Goldman Sachs, related to issues regarding 1MDB," IPIC said in an e-mailed statement on Wednesday.

Goldman did not immediately respond to a Reuters request for comment.

The scandal dates back to the government of former Malaysian prime minister Najib Abdul Razak, which set up the 1MDB fund in 2009. The Justice Department estimated that US\$4.5 billion (RM18.64 billion) was misappropriated by high-level fund officials and their associates between 2009 and 2014.

Malaysia in September dropped criminal charges against three Goldman units after the bank agreed to pay US\$3.9 billion (RM 16.16 billion) to settle the probe.

The investment bank has been investigated by regulators in at least 14 countries, including the United States, Malaysia and Singapore, for what its leadership did and did not know about the transactions.

Goldman is expected to settle with US authorities, later this week, to resolve a probe into the bank's role in underwriting three bond offerings in 2012 and 2013 that raised US\$6.5 billion (RM26.93 billion) for the Malaysian government.

According to the US Department of Justice, Goldman earned US\$600 million (RM2.49 billion) in fees for its work with 1MDB.

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