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1MDB scandal

Malaysia central bank letters deepen mystery over fate of state investment fund cash

FT REPORTERS

The fate of more than \$1bn paid out by Malaysia's scandal-hit 1MDB state investment fund has come under a fresh spotlight after leaked central bank letters suggested it went to a mysterious offshore company controlled by a flamboyant young financier.

The company is the Seychelles-registered Good Star. It is owned, according to claims in one of the central bank letters, by Jho Low, a Malaysian dealmaker and socialite known for lavish partying.

Mr Low has since emerged as a figure of increasing interest as investigations on several continents reveal more about a case that Swiss authorities say may involve the misappropriation of \$4bn from Malaysian state companies.

US authorities are focusing on the Good Star cash flows, according to a person familiar with the matter. Meanwhile,

BSI, the Swiss private bank that counted both 1MDB and Mr Low as clients, is facing a criminal investigation in Switzerland and the shutdown of its Singapore operation over alleged money-laundering breaches in relation to the Malaysian fund. Neither the Swiss nor Singapore authorities named Mr Low, who has not been accused of any offences. He has always denied any wrongdoing connected with 1MDB.

The 1MDB payments to Good Star were \$700m in late 2009 and \$330m in May 2011, according to a Malaysian central bank letter of March 23 seen by the Financial Times. The letter from deputy governor Nor Shamsiah Yunus to Hasan Arifin, chairman of the Malaysian parliament's public accounts committee, relates to a committee investigation into 1MDB. Neither Ms Nor nor Mr Hasan responded to requests for comment.

In a second letter on April 6, Ms Nor

says two unnamed foreign authorities had told the central bank that Mr Low seemed to be the beneficial owner of Good Star. The agencies provided the information on condition their identities not be revealed, the letter adds.

One of the foreign authorities said Mr Low appeared to be the ultimate controller of both Good Star and a bank account in the company's name opened at RBS Coutts in Zurich in June 2009, the central bank letter said. Swiss authorities are investigating hundreds of millions of dollars of 1MDB payments into this account. The letter did not make clear whether ownership of either Good Star or the bank account had changed since.

Mr Low did not respond to a request for comment sent to Jynwel Capital, the Hong Kong-based Low family company where he is chief executive.

In the Seychelles, where Good Star is registered, details of shareholders and

directors are not openly available from corporate registries. The islands' financial intelligence unit said last month it was assisting probes into 1MDB.

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an account this week by Malaysia's prime minister. Najib Razak reportedly told parliament in a written answer that, according to 1MDB records, Good Star was owned by PetroSaudi International, a Saudi oil company, at the time of the fund transfers. Those transfers, he added, were related to a 2009-12 venture

between 1MDB and PetroSaudi. The Malaysian government did not respond to a request for further comment.

The Malaysian central bank's March 23 letter also alleges 1MDB provided incomplete or misleading information about the transfers to Good Star, which were approved on the basis they were investments related to the PetroSaudi joint venture. The April 6 letter stated that PetroSaudi had said last year that Good Star belonged to its group. PetroSaudi denies any wrongdoing and has not been accused of any offences. The company says all funds and transfers related to the 1MDB venture were properly accounted for and says it did not misinform 1MDB or any other authority about Good Star. 1MDB, which has previously denied wrongdoing, declined to comment further.

Mr Low seems to have kept out of the spotlight as the 1MDB affair has unfolded. Jynwel Capital was part of con-

sortiums in high-profile purchases such as that of EMI Music Publishing in 2012. Mr Low is also director of Jynwel's charitable foundation, whose pledges have included \$25m for UN humanitarian news agency Irin. Mr Low is a friend of Riza Aziz, stepson of Mr Najib and co-founder of Red Granite Pictures, a production company whose credits include *The Wolf of Wall Street*. US authorities are investigating New York property deals involving Mr Low and Mr Riza. Both men and Red Granite have denied wrongdoing.

The 1MDB scandal emerged last year. Mr Najib received \$680m into his personal bank account. The prime minister, who chaired the fund's advisory board, has denied wrongdoing and said the payments were not linked to 1MDB. *Reporting by Michael Peel in Bangkok, Jeevan Vasagar in Singapore, Anjali Raval in London, Kara Scannell in New York and Emma Dunkley in London*

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