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# IMDB

Continued from Page One  
Sachs Group Inc. and Standard Chartered PLC.

Mr. Low, who had no official position at IMDB, employed trickery, setting up offshore shell companies with misleading names, misidentifying money transfers as "gifts" and putting money into art and real estate to conceal its origins, according to the Justice Department. His cohorts inside and outside the fund pressured bank compliance officers, relied on close relationships with others and got help from people inside government, according to the complaint and other documents.

That the alleged fraud could roll on for so long without detection suggests weaknesses in a global system designed to clamp down on money laundering, a problem U.S. and other Western leaders have pledged to fix.

Investigators in at least seven countries are still trying to figure out what happened to all the money. IMDB was supposed to invest in energy and property businesses to create jobs, but funds instead moved to secret offshore havens and later were distributed among various participants, the Justice Department alleges. Bank-transfer records reviewed by the Journal show that large sums wound up in the prime minister's personal accounts at AmBank, which is based in Kuala Lumpur. So far, U.S. investigators have traced more than \$1 billion to the purchase of luxury real estate in Beverly Hills, New York and London, as well as the financing of a Hollywood movie, "The Wolf of Wall Street," the Justice Department says.

The U.S. has moved to seize assets and is conducting a criminal investigation into some of those involved, according to people involved with the matter.

Mr. Najib has denied any wrongdoing and said he never received a call from a Saudi donor, much of which was returned. The Malaysian attorney general agreed and cleared him of any crime. IMDB has denied wrongdoing and said it would cooperate with any lawful international investigation. A lawyer for Mr. Low declined to comment. Goldman Sachs and Standard Chartered have said they did nothing wrong.

## Saudi connection

The alleged plot began just after Mr. Najib, the prime minister, founded IMDB in mid-2009. That August, a group of Malaysians, including the prime minister and Mr. Low, met in France with Turki bin Abdullah al Saud, a son of the late King Abdullah of Saudi Arabia and co-owner of a private Saudi oil company called PetroSaudi International Ltd., according to documents reviewed by the Journal.

Weeks later, IMDB signed a joint venture with PetroSaudi toward which the Malaysian fund pledged to contribute \$1 billion. Only \$300 million of IMDB's money reached the Saudi joint venture, the Justice Department says. Officials at the fund ordered the rest—\$700 million—to go to a Seychelles-based shell company called Good Star Ltd., which the Justice Department says was owned by Mr. Low. Later, IMDB sent another \$330 million to Good Star.

Employees at IMDB's banker, Deutsche Bank AG, wanted to know why the money wasn't going to the joint venture and asked questions about Good Star, according to the Justice Department complaint.

IMDB's executive director at the time told a Deutsche Bank officer in a phone conversation to push through the payment or face blame if the "deal goes off," according to a transcript cited by the Justice Department.

"I'm under tremendous pressure" to get the deal done, the executive director added, according to the transcript. "Let me just convince my compliance person," said the banker, who wasn't named. "It's a little bit sticky."

When the banker kept asking for details, IMDB's executive director said the money was going directly to PetroSaudi to settle debts, according to the Justice Department.

Deutsche Bank processed the transfer. Bank Negara Malaysia, the central bank, which monitors large transfers into and out of the country, added its imprimatur, according to the Justice Department complaint. PetroSaudi has denied



Prime Minister Najib Razak, above, had personal accounts at AmBank. Financier Jho Low, below, stressed secrecy to bank officials.

wrongdoing and "rejects any claims that it is involved in the misappropriation of funds from IMDB," its lawyer said. Deutsche Bank declined to comment.

In early 2011, Good Star sent \$24.5 million to a Riyadhi bank account held by Prince Turki, the PetroSaudi co-owner, according to the Justice Department complaint. The prince then sent \$20 million via an intermediary to Mr. Najib's private accounts at AmBank in Kuala Lumpur, according to the complaint and someone familiar with the probe. The prince couldn't be reached for comment, and a lawyer for PetroSaudi didn't respond to requests for comment on the transfer.

The transfer represented the first drip of what would become a flood of cash—about \$1 billion—that flowed into Mr. Najib's personal bank accounts and a lawyer for PetroSaudi to communicate discreetly. Cheah Tek Kuang, a senior AmBank executive and adviser to the chairman, handled the account, personally, the BlackBerry messages indicate.

The prime minister gave Mr. Low access to the accounts, according to investigative documents. His primary contact at AmBank was Joanna Yu, the banker he had warned via BlackBerry to communicate discreetly. Cheah Tek Kuang, a senior AmBank executive and adviser to the chairman, handled the account, personally, the BlackBerry messages indicate.

Mr. Low messaged that if Malaysia's central-bank governor, Zeti Akhtar Aziz, raised concerns about IMDB-related transfers, Mr. Cheah was to see her and "let her know this is boss request," an apparent reference to Mr. Najib.

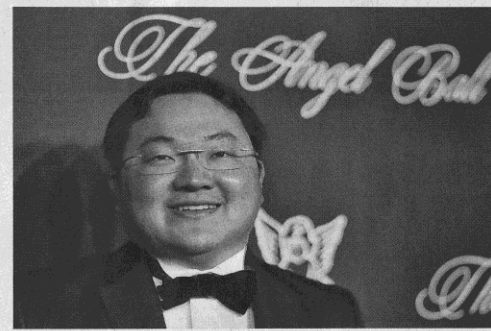
An AmBank spokesman declined to comment, as did Ms. Zeti, Ms. Yu and Mr. Cheah, who didn't respond to requests for comment.

## The U.S. has moved to seize assets and is conducting a criminal probe.

Investigators believe someone in Mr. Low's entourage created letters vouching for the origin of the funds, according to people familiar with the probe in two countries.

A letter dated Feb. 1, 2011, which was reviewed by the Journal, said Mr. Najib was being given \$100 million as a reward for Malaysia's "good work to promote Islam around the world." It said the gift "should not in any event be construed as an act of corruption."

It was signed Saud Abdulaziz Majid al Saud, who is a minor Saudi royal. But he donated no money and wasn't the



AmBank financier Jho Low, shown here, stressed secrecy to bank officials.

instigator of the letter, according to a person involved in the matter. The prince didn't respond to requests for comment.

AmBank's Mr. Cheah sent the letter to the central bank, two e-mails followed, using some nearly identical language, describing purported gifts of hundreds of millions of dollars.

As a tight general election approached, Mr. Najib sent hundreds of checks to ruling party politicians to help fund his campaign, the Journal reported last year. He narrowly retained power.

After the election, Mr. Najib closed his main account at AmBank and sent about \$620 million back to the offshore company it came from, according to transfer documents.

The IMDB fund was running into financial trouble as money flowed out and no major revenue-generating investments were there to replace it.

In 2012, Goldman Sachs sold \$3.5 billion in IMDB bonds in two offerings. Goldman earned hundreds of millions of dollars in fees on the bonds, which carried a safe, sovereign-risk profile and were bought by foreign institutional investors.

Some of the money was used for the stated purposes—to buy power plants—but almost half was sent into offshore shell companies overseen by Mr. Low and his associates, according to the Justice Department.

Mr. Low turned to contacts in Abu Dhabi in the United Arab Emirates to help raise money. He knew Khadem Al Qubaisi, then managing director of International Petroleum Investment Co., or IPIC, an \$80 billion Abu Dhabi sovereign-wealth fund.

IPIC announced it would participate with IMDB to develop power plants. The Malaysian fund told its auditors and bankers it was sending \$1.4 billion to

## Money Chat

Jho Low, a confidant of Najib Razak, and Joanna Yu, an employee of AmBank, discuss how to keep the prime minister's bank accounts secret, according to phone messages between them reviewed by the Journal. They refer to Mr. Najib by his initials, MNR, which includes his Muslim name, Mohammad.

October 2012

MNR's funds coming this week?

JY: Yes, MNR's used 25m + used 50m coming in. Make sure kept fully under wraps including statements. Super sensitive.

JL: Jho Low

March 2013

Cannot have anything on screen that if someone opens and takes snapshot using camera phone of anything that could remotely link the account to MNR, and amt of funds in it.

JL: Even the branch manager. Sensitive times.

JY: Ok. Even I don't hv access - only branch mgr + head of sales at branch.

Source: chat transcripts THE WALL STREET JOURNAL

## U.S. Banks Used in IMDB Transfers

Some U.S. banks got involved in IMDB-related transactions because U.S. dollars were transferred, which requires the use of "correspondent banks." Financier Jho Low discussed with Joanna Yu of AmBank in BlackBerry messages whether to use Wells Fargo & Co. or J.P. Morgan Chase & Co. to transfer money. "Can do JP, but may raise ques too...suspect better keep to wachovia," Ms. Yu wrote, referring to a unit of Wells Fargo. "Okay, wachovia then," he replied. The transfer went

through the Wells Fargo unit. At various points, J.P. Morgan, Citigroup Inc. and other banks also acted as correspondent banks for other transactions involving funds from IMDB, documents detailing the transfers indicate.

Under U.S. law, banks dealing in dollar transactions are required to implement anti-money-laundering provisions, including knowing the source and recipient of funds, and to report suspicious transactions. Wells Fargo, Citigroup and J.P. Morgan declined to comment.

—Tom Wright and Bradley Hope

Goldman again in 2013 to sell \$3 billion of bonds, asking for the money to be deposited in an account at BSI AG, a small private bank based in an Italian-speaking region of Switzerland. BSI was looking to build its business in Asia through a new office in Singapore.

Clients involved with IMDB had around 100 accounts at BSI, Swiss regulators say. They include Mr. Low, who opened 18 accounts in Singapore in one day. Hundreds of millions of dollars of IMDB money moved through BSI accounts controlled by Mr. Low and others, according to the Justice Department and banking documents reviewed by the Journal.

Mr. Low's main contact at BSI was Singapore banker Yak Yew Chee, who brought in the IMDB-related business, according to a person who worked at the bank. Singapore's central bank in May asked state prosecutors to investigate six former BSI executives, including Mr. Yak, for possible criminal offenses. A lawyer for Mr. Yak, who has left the bank, declined to comment, citing the investigation.

About half the Goldman bond proceeds wound up in offshore companies controlled by Eric Tan, an associate of Mr. Low, according to the Justice Department. He used the money to buy more than \$100 million of art on Mr. Low's behalf, including a Vincent van Gogh pen-and-ink drawing, the complaint says.

## Financial trouble

After Mr. Najib's 2013 election victory, IMDB had only about \$20 million in cash and more than \$10 billion in liabilities. It was having trouble making interest payments, board minutes show.

Malaysian newspapers began to criticize the fund, effectively scotching an initial public offering that IMDB had planned for its power assets that would have brought in much-needed funds.

Around that time, Mr. Najib opened three new AmBank accounts, which caught the attention of AmBank's then-chief executive, Ashok Ramamurthy, investigative documents show. He was on assignment from Australia & New Zealand Banking Group Ltd., or ANZ, which has a 23.8% stake in AmBank. ANZ declined to comment.

In 2014 Mr. Najib and his wife, Rosmah Mansor, visited the Italian resort island of Sardinia and he used a credit card linked to one of the accounts to buy jewelry worth \$750,000, bank records show. A few months later, he drew on the accounts to spend \$130,000 when visiting a Chanel store in Honolulu with his wife, the records show.

AmBank's Ms. Yu messaged Mr. Low: "We can't maintain the accounts. Ashok reporting the status at monthly board meeting."

"They shouldn't disclose contents of account. Later leak," Mr. Low replied.

Mr. Cheah, who had overseen Mr. Najib's accounts at AmBank, had resigned. "It's difficult as Mr. Cheah no longer around," Ms. Yu messaged, urging Mr. Low to close the accounts. He replied the prime minister wanted to keep them open. All three were eventually closed in March 2015.

In all, Mr. Najib wrote more than 500 checks totaling about \$400 million from the IMDB-funded accounts, according to bank documents.

In 2015, after the Journal reported the \$681 million transfer into Mr. Najib's accounts, investigators around the globe stepped up their inquiries.

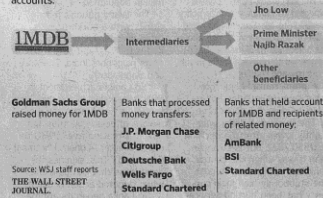
Last summer, Malaysia's attorney general drew up an arrest warrant for Mr. Najib, people involved with the matter said. Mr. Najib fired him and appointed a new one. The new one declined to open a criminal case against IMDB over the missing PetroSaudi investments, saying there was insufficient evidence.

Abu Dhabi's rulers have fired Mr. Al Qubaisi from the sovereign-wealth fund, frozen his assets and arrested him, according to people familiar with the action. Mr. Low's whereabouts is unknown. Singapore revoked BSI's banking license and said in June it was setting up an anti-money-laundering department.

Switzerland's attorney general has opened criminal proceedings against BSI. The Justice Department is looking into whether Goldman Sachs violated a U.S. law requiring banks to report suspicious transactions, people familiar with the probe say. Goldman has said it had "no visibility" into what IMDB did with the money it raised.

## Missing the Alleged Fraud

The IMDB scandal eluded detection or interference by a number of banks. Money was allegedly diverted from IMDB and transferred through a maze of shell companies before landing in private bank accounts.



Source: WSJ staff reports THE WALL STREET JOURNAL