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IMDB

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may or may not exist.”

Executives at IMDB have denied any funds were missing and echoed Mr. Najib’s claims that its primary problem was the wrong business plan. Mr. Najib and IMDB didn’t respond to requests to comment Wednesday.

U.S. investigators paint a starkly different picture in their lawsuits, which instead describe transactions involved with IMDB as part of “an international conspiracy to launder money.”

The documents allege that more than \$3.5 billion was diverted by unnamed high-level Malaysian officials from IMDB in three groups of transactions over several years using fraudulent documents and shell companies around the world.

A person familiar with the continuing probe said the number eventually may rise to as high as \$6 billion when a full accounting is completed by authorities in multiple countries.

A Federal Bureau of Investigation criminal investigation into money laundering and fraud also is ongoing in the U.S., according to a person familiar with the probe.

Wednesday’s move marks the single largest attempted asset seizure ever under the U.S. Justice Department’s Kleptocracy Asset Recovery Initiative. It was set up in 2010 so “corrupt leaders cannot seek safe haven for their stolen wealth in the United States,” according to a State Department pamphlet.

The cases also are likely to put a strain on U.S. relations

with Malaysia, a moderate Muslim nation with ties to the Middle East as well as Western governments. President Barack Obama forged a relationship with Mr. Najib as one of Washington’s allies in Asia at a time of growing concern over China’s rise and played golf with him in Hawaii in 2014.

Wednesday’s action by U.S. authorities focused on assets purchased in the U.S. with the proceeds of alleged corruption.

As a result, it doesn’t seek to target any assets controlled by Mr. Najib, despite allegations by opposition politicians and people familiar with investigations in two countries that Mr. Najib received hundreds of millions of dollars in his personal bank accounts originating with IMDB.

The complaint does allege that money from several transactions ended up in the accounts of Malaysian Official 1 from 2011 to 2013. The Journal has previously reported how more than \$1 billion in total was transferred into Mr. Najib’s accounts during that period, citing bank transfer documents and people familiar with the matter.

Much of that money was transferred to offshore companies, according to bank-transfer documents reviewed by the Journal.

Mr. Najib and the Malaysian attorney general have said the money was a legal political donation from the Saudi royal family. The attorney general cleared Mr. Najib of wrongdoing and said most of the money was returned.

Saudi Arabia’s foreign minister said he was aware of a donation in April but declined to provide any other details.

The complaints filed Wednesday allege that there



Leonardo DiCaprio as Jordan Belfort in ‘The Wolf of Wall Street,’ a movie linked to IMDB funds.

were three major recipients of misappropriated funds: Jho Low, a businessman and confidant of Mr. Najib’s family involved in setting up IMDB and its subsequent dealings; Riza Aziz, stepson of Mr. Najib and a co-founder of the Los Angeles-based film company **Red Granite Pictures**; and Khadem Al Qubaisi, a former Abu Dhabi official whose sovereign-wealth fund was involved with IMDB.

Wednesday’s lawsuits don’t seek to take action against any individuals, instead targeting only the property that government officials want to seize.

Mr. Aziz’s spokesman has said he has committed no wrongdoing. Mr. Al Qubaisi has declined to comment on several occasions through his lawyer. A lawyer for Mr. Low declined to comment.

Authorities in Switzerland and Singapore also have investigations into IMDB. Both have

brought sanctions against a private Swiss bank, **BSI SA**, that helped process many IMDB-related transactions. BSI has said it is appealing.

Singapore prosecutors have called the IMDB affair its largest-ever money-laundering probe.

Descriptions of the alleged frauds in the complaints raise questions for other institutions and people connected to the deals.

For instance, two of the alleged groups of transactions described by investigators relate to \$6.5 billion in bonds **Goldman Sachs Group Inc.** raised for IMDB. The complaint says at least \$2.5 billion of that money was misappropriated by high-level IMDB officials, their relatives and other associates.

The FBI as well as several other U.S. regulators have been investigating the role of Goldman Sachs in those deals since

last year, but the investigations are at an earlier stage, according to people familiar with the inquiries. The bank has declined to comment on ongoing investigations.

The U.S. government also alleges that IMDB’s earliest deal, a joint venture with a Saudi Arabian company called **PetroSaudi International Ltd.**, was used to siphon away at least \$1 billion. PetroSaudi repeatedly has denied any wrongdoing and said IMDB was fully compensated with profits for the investment.

Hundreds of millions of dollars were actually diverted and used to pay gambling debts at Las Vegas casinos and to pay for yacht and jet rentals and a London interior decorator, the filings say.

Mr. Low acquired a \$44.8 million luxury hotel in Beverly Hills, a \$35.4 million Bombardier jet, and \$151.4 million worth of luxury homes in

Southern California and New York, according to the filings.

Money diverted from two 2012 IMDB bond offerings was used to help finance the production of “The Wolf of Wall Street” and to pay for other real estate and gambling bills, according to the filings. A portion of a subsequent IMDB bond offering in 2013 was used within days to finance Mr. Low’s purchases, including \$130 million of art from auction houses in the U.S., the filings show.

Mr. Najib still enjoys solid support in parts of Malaysia, particularly rural areas dominated by the United Malays National Organization, which has led every Malaysian government since the country’s independence from Britain in 1957, making it one of the world’s longest-ruling political parties.

Mr. Najib’s political coalition won a state election in May and has tightened its grip on the media while detaining or purging critics who have questioned his stewardship of the IMDB fund.

Still, he has come under intense pressure from Malaysia’s opposition over the past year, which has called for his resignation.

“The seizure of assets will further swell opposition against Prime Minister Najib Razak, and encourage collaboration among those seeking to remove him from power,” said Ooi Kee Beng, deputy director of the ISEAS-Yusof Ishak Institute, a research center in Singapore. “It will also signal other countries looking into the activities of IMDB to hasten their own investigations.”

—Celine Fernandez
and Yantoultra Ngui
contributed to this article.