

Swiss bank linked to 1MDB scandal sold for US\$1.3 billion
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The Swiss private bank involved in a money laundering scandal related to 1Malaysia Development Berhad has been sold for US\$1.34 billion (RM5.6 billion), says Reuters.

The news agency reported yesterday that Zurich-based EFG International agreed to buy Brazilian financial company Group BTG Pactual's BSI for 1.33 billion Swiss francs (US\$1.34 billion) in cash and shares.

EFG has been the 12th-biggest player in a market where many analysts expect to see consolidation as smaller banks struggle under increased regulation and an erosion of Switzerland's cherished bank secrecy laws.

"Since EFG was almost condemned to buy for not having critical mass, and because possible acquisitions don't grow on trees, the deal makes sense," Zuercher Kantonalbank analysts wrote in a note.

One of the main sticking points in negotiations was how to handle potential penalties from BSI's ongoing legal issues, which include a money laundering scandal related to state investment vehicle 1MDB.

The deal, which Reuters reported last week, includes the setting up of a "substantial" escrow account which EFG believes will protect it from any penalties, it said, without giving specific details.

Singaporean authorities are conducting a money laundering probe into bank accounts linked to Malaysian state development fund 1MDB, whose activities have triggered legal action across three continents.

According to documents released by the Singapore High Court earlier this month, BSI private banker Yak Yew Chee emerged as a key figure in the probe, having handled the lucrative 1MDB account after he joined the Swiss private bank in 2009.

Putrajaya said last year that 1MDB had transferred US\$1.1 billion from the Cayman Islands into BSI Singapore.

Attorney-General Tan Sri Mohamed Apandi Ali last month said there was a lack of evidence to implicate Prime Minister Datuk Seri Najib Razak, who chairs the 1MDB board of advisers, while 1MDB has denied the graft and money laundering allegations.

But Switzerland's chief prosecutor said a criminal investigation into 1MDB had revealed that about US\$4 billion appeared to have gone astray. – February 23, 2016.

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