

## **Ex-Goldman banker to 1MDB subpoenaed in US probe**

### **Malaysian Insider**

**March 8, 2016**

A former Goldman Sachs Group Inc banker has become entangled in a sprawling investigation of state investment fund 1Malaysia Development Berhad (1MDB) as US authorities turn to him for information.

Tim Leissner was issued a subpoena about the matter in late February, according to three people briefed on the matter; just days after Goldman Sachs confirmed he had left the firm.

Leissner, a German national, was most recently chairman of the firm's Southeast Asia operations but had taken personal leave and relocated to Los Angeles by early this year, according to people with knowledge of the move.

From Malaysia to Switzerland to the US investigators have been trying to trace whether money might have flowed out of the fund and illegally into personal accounts.

Accusations have boomeranged and been called politically motivated even as authorities outside Malaysia press ahead with their inquiries.

Prosecutors in the Justice Department's kleptocracy asset-recovery unit are investigating whether funds were embezzled from 1MDB by politically connected people in Malaysia, the people said.

The FBI's New York office is leading the investigation and is trying to determine if any US laws were broken, according to one of the people briefed on the subpoena issued to Leissner.

At this point, it is unclear what information Leissner might be able to provide. Leissner's attorney, Jonathan Cogan of Kobre & Kim, didn't respond to a phone call and e-mail requesting comment.

At a Beverly Hills, California, residence linked in public records to Leissner's family, a woman who answered the intercom said Leissner wasn't at home. He didn't respond to written questions left there.

At the Justice Department, spokesman Peter Carr declined to comment, as did Kelly Langmesser, a spokeswoman for the Federal Bureau of Investigation's New York office.

### **Local project**

Leissner championed a series of bond sales that raised US\$6.5 billion for the Malaysian fund and were notable for the above average fees generated for Goldman. Since the fund's beginning in 2009, controversy has raged over whether money was

spent as intended for local projects like a financial center in Kuala Lumpur or siphoned off for personal benefit.

The finger-pointing within Malaysia intensified with the early 2015 news report that the fund had missed a loan payment, which it later paid.

Goldman Sachs is working with an outside law firm to conduct an internal examination and is reviewing its own role in helping 1MDB raise capital, according to two of the people.

There is no indication that Goldman engaged in any wrongdoing, according to the two.

The bank is cooperating with the Justice Department's efforts to gather information, they said.

Michael DuVally, a spokesman for Goldman, declined to comment.

Putting its own capital at risk, Goldman earned commissions and expenses of US\$593 million for its role issuing bonds for 1MDB, or more than 9% of the proceeds, well above the industry norm.

Citing its policy not to discuss personnel matters, Goldman declined to provide any information about the departure of Leissner, who had worked at the firm 18 years and is married to former US fashion model and designer Kimora Lee Simmons.

Leissner was named head of investment banking in Singapore in August 2002 and became a partner in 2006. He was instrumental in building business in Malaysia and the region.

### **Investment woes**

Since Prime Minister Datuk Seri Najib Razak started 1MDB seven years ago, the fund's debt levels have swelled amid allegations of financial irregularities lodged by opposition officials.

The fund, whose advisory board is chaired by Najib, said in February 2015 that it would wind down its assets.

The prime minister has said accusations of misappropriations are politically motivated and has denied any wrongdoing.

The allegations have sparked a feud with former Prime Minister Tun Dr Mahathir Mohamad, who has called for Najib to step down, citing what he characterised as Najib's mismanagement of the economy as well as 1MDB.

In July, the attorney-general said a special task force investigating 1MDB looked into deposits into Najib's bank account amounting to hundreds of millions of dollars ahead

of the 2013 general election.

The prime minister has said the funds were not used for private benefit and the A-G said the money was a political contribution from the Saudi royal family.

The A-G said Najib returned US\$620 million to the Saudi donors. In January, A-G Tan Sri Mohamed Apandi Ali, cleared Najib of any corruption charges related to the Saudi donation.

Representatives of 1MDB have denied transferring funds to Najib's personal accounts. Najib's office, 1MDB, the attorney-general's office and the country's anti-graft agency were not immediately available for comment.

### **Switzerland and Singapore**

Investigators outside Malaysia are still trying to trace where money from the investment funds might have gone.

The Swiss A-G froze accounts holding tens of millions of dollars last year as part of a criminal investigation into whether \$4 billion was embezzled from state-linked Malaysian companies, with some of it making its way into Swiss accounts of former Malaysian officials.

"The monies believed to have been misappropriated would have been earmarked for investment in economic and social development projects in Malaysia," the Swiss authority said in a statement in January.

The Swiss officials asked for assistance from Malaysia, and subsequently said the Malaysian prime minister wasn't one of the public officials accused in the matter.

The Monetary Authority of Singapore said in February that it froze a large number of accounts linked to possible money laundering of 1MDB funds. – Bloomberg, March 8, 2016.

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