

## **1MDB prosecutors eye ex-Goldman banker's money moves**

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**Officials from the FBI and Justice Department have been interviewing bankers familiar with 1MDB about Tim Leissner's network of relationships with politically connected Malaysians.**

NEW YORK: US prosecutors investigating Goldman Sachs Group Inc's role in raising almost US\$6 billion for Malaysia's 1MDB investment fund are asking questions about money flowing through accounts linked to Tim Leissner, the lead banker behind the transactions, according to people familiar with the matter.

Officials from the Federal Bureau of Investigation and Justice Department have been interviewing bankers familiar with 1MDB about Leissner's network of relationships with politically connected Malaysians, said the people, who asked not to be named because the queries aren't public.

In interviews as recent as last month, the people said, the US officials asked about the association between Leissner, who left Goldman Sachs in February 2016, and Low Taek Jho, who the Justice Department said in July was at the centre of a scheme that siphoned more than US\$3 billion dollars from 1MDB.

US investigators are asking in particular whether money was sent from a Leissner-linked account to an entity controlled by someone tied to the Malaysian government, one of the people said.

Leissner's attorney, Marc Harris, declined to comment. An official who answered the phone at Low's Hong Kong-based company Jynwel Capital said he wasn't available.

It's not the first time US officials have scrutinised personal transactions of Goldman's lead banker for troubled 1MDB. US authorities said last year in court filings that several million dollars from 1MDB ended up in an account belonging to 1MDB's top lawyer Jasmine Loo. She later transferred several thousand dollars to Leissner, people familiar with the matter have said. Attempts to reach Loo weren't successful.

The US look into 1MDB money flows is part of a globe-spanning effort. Switzerland, Singapore, Hong Kong, Luxembourg and other countries are also investigating the roles banks and individuals may have played in ploughing cash from the fund into luxury real estate, art, lavish parties and even movie productions.

Goldman Sachs and the Justice Department also declined to comment.

No official role

Investigators also asked about Leissner's interactions with Roger Ng, a former Goldman colleague who worked on the 1MDB funding, the person said.

Ng, a Malaysian national, was head of Goldman's Southeast Asian sales and trading business at the time of his resignation in April 2014. Ng, who has not been publicly charged with any crimes, declined to comment when contacted by phone.

At the heart of the 1MDB scheme, according to US prosecutors, was Low. The Malaysian was an adviser on 1MDB's creation in 2009, the US said. Bankers at Goldman Sachs understood him to be a liaison from the fund even though he didn't have an official role there, the government said.

Two years ago, after 1MDB raised suspicions by failing to make a payment on its multibillion-dollar debt, the FBI began investigating Low's multimillion-dollar acquisitions of trophy properties in Manhattan and Beverly Hills.

Low and his associates diverted money raised for development projects into personal accounts and then pumped it into art, penthouses and the production company behind 2013's "The Wolf of Wall Street," the US alleged in court documents seeking the seizure of more than US\$1 billion in assets.

Low has described his role with 1MDB to newspapers as informal consulting that didn't break any laws.

The fund has consistently denied any wrongdoing. Prime Minister Najib Razak, who until last year served as the chairman of 1MDB's advisory board, has denied any wrongdoing and was cleared by Malaysia's attorney-general.

Goldman's role?

US officials also began looking into Goldman Sachs's role in raising the money for 1MDB, people familiar with the matter have said. Goldman sold almost US\$6 billion in bonds for 1MDB in 2012 and 2013, when Leissner led the bank's efforts in Southeast Asia. It earned US\$593 million, or 9% – several times the industry average for underwriting risky bonds.

US prosecutors called attention to those high fees in last year's forfeiture filings. Without accusing the bank of wrongdoing, the US said that Goldman's marketing materials for the 1MDB bonds were misleading: Some Goldman circulars said the bond's proceeds would be used for business purposes, when they in fact enriched Malaysian insiders, according to the filings.

Goldman, in a statement at the time, said the fund was designed to invest in Malaysia and the bank "had no visibility" in whether the money it raised may have been used for other purposes.

## Shell companies

US investigators have gathered information on Leissner-linked accounts before their latest round of queries. In last year's forfeiture filings, prosecutors said that a 1MDB lawyer had received US\$5 million, through a series of shell companies, into a Swiss bank account.

The 1MDB lawyer, who wasn't identified in the complaint, is Jasmine Loo, people familiar with the situation have said. US authorities are investigating a six-figure payment that Loo made to an account belonging to Leissner a year after she left 1MDB, other people familiar with the situation have said.

The US hasn't accused Loo of wrongdoing. The transfer from Loo was an investment in a startup company that Leissner was backing with her, one of the people familiar with the matter has said.

## Goldman star

Leissner spent nearly two decades at Goldman, where he became a star for his rainmaking skills in Southeast Asia. The German national married former US fashion model and designer Kimora Lee Simmons in 2013.

Once 1MDB came under scrutiny, the bank hired an outside law firm to review its conduct. Goldman discovered that in June 2015, Leissner had provided a letter of reference for Low on company letterhead, something the bank's management had never approved. The unauthorised letter was cited last month by Singaporean authorities who banned Leissner from working in the securities industry there for 10 years.

Goldman put Leissner on administrative leave in early 2016 and he resigned shortly after. Federal prosecutors then subpoenaed him for questioning in the 1MDB matter, people briefed on the matter said last year. Leissner wasn't considered a target of the investigation, one person familiar with the situation said at the time.

Within weeks of issuing the subpoena, the government put off the scheduled interview, according to several people familiar with the matter. The meeting ultimately didn't happen, they said.

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