

US links US\$2.2 billion deal involving Jho Low to 1MDB
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WSJ reports US\$50 million that Jho Low paid for purchase of energy firm allegedly came from 1MDB, and that Low made US\$350 million from this deal which he allegedly used to purchase London properties.

KUALA LUMPUR: US authorities allege that US\$50 million that Malaysian financier Low Taek Jho, or Jho Low, contributed to the purchase of a US energy company came from 1MDB.

The US Department of Justice (DoJ) is investigating the US\$2.2 billion purchase of Coastal Energy, a Houston firm controlled at the time by legendary Texas oilman Oscar Wyatt Jr, according to the Wall Street Journal.

The DoJ has filed another lawsuit against Low to recover the money involved in the deal, but not the assets of Coastal Energy.

Both Low and 1MDB have consistently denied any wrongdoing.

Investigators claimed that the Coastal deal netted Low a US\$300 million windfall in less than a week (excluding Low's US\$50 million investment), the WSJ reported.

The report details how in 2013 and 2014, funds allegedly stolen from 1MDB were funnelled via a series of bank accounts and shell companies to partly finance the purchase of Coastal Energy.

The Coastal deal involved people believed by investigators to be involved in the alleged schemes to defraud 1MDB, according to the WSJ.

The buyer was a joint venture between a company owned by Abu Dhabi sovereign-wealth fund International Petroleum Investment Co, or IPIC, and a shell company controlled by Jho Low called Strategic Resources (Global) Ltd (SRG). Goldman Sachs advised the IPIC unit that paid nearly all of the purchase price.

The WSJ said a January 2014 press release issued by Coastal Energy, Cepsa and SRG announcing the deal's completion referred to Strategic Resources as a firm controlled by Low's father, Larry Low. When executives and advisers met for dinner to mark the deal's close Low's brother joined the celebration, one person told the WSJ.

The DoJ had earlier filed a US\$1 billion asset seizure lawsuit against properties controlled by senior executives of IPIC and Low.

According to the WSJ report Low invested US\$50 million in the deal, with the rest of the money coming from IPIC's Spanish energy unit, Compañía Española de Petróleos SAU, or Cepsa.

One week later, the DOJ documents show, Cepsa transferred US\$350 million to Low's shell company. The DOJ said: "The commercial basis for this nearly immediate 600% return on investment is not immediately apparent."

The WSJ said it was this money, "washed" through the purchase of Coastal Energy, that Low had allegedly used to buy three London properties, which the DOJ recently filed to seize.

The WSJ said IPIC and Cepsa didn't respond to requests for comment.

According to the report Goldman said in a statement that neither Low nor any firm controlled by him was a Goldman client in the Coastal deal.

"Prior to reading the government filing, Goldman was not aware of, and had no involvement in, any transaction in which SRG sold its stake in a joint venture back to Cepsa," the firm said.

Goldman made roughly US\$600 million in revenue from 1MDB in 2012 and 2013 for selling US\$6.5 billion in bonds.

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