

US moves to seize another US\$540 million in 1MDB scandal

Malaysia Today

June 16, 2017

The move compounds court cases launched last year in which Washington sought to confiscate more than US\$1 billion allegedly embezzled bringing the total amount stolen to US\$4.5 billion.

WASHINGTON: US authorities on Thursday moved to seize another US\$540 million in assets allegedly stolen in the 1MDB fraud and used to fund extravagant spending, the Justice Department announced.

The move compounded court cases launched last year in which Washington sought to confiscate more than US\$1 billion allegedly embezzled by businessmen with political connections in Malaysia bringing the total amount US officials say was stolen to US\$4.5 billion.

The scandal has rocked the Malaysian governing class, exposing Prime Minister Najib Razak to allegations of corruption and of personally profiting from the alleged theft, which he has denied. 1MDB is a Malaysian sovereign wealth fund created in 2009.

“Today’s complaints reveal another chapter of this multi-year, multi-billion-dollar fraud scheme, bringing the total identified stolen proceeds to US\$4.5 billion,” acting US Assistant Attorney-General Kenneth Blanco said in a statement.

“This money financed the lavish lifestyles of the alleged co-conspirators at the expense and detriment of the Malaysian people.”

Prosecutors have identified another US\$540 million of the assets that can be seized.

The suits say the funds were used for investments such as the Hollywood film “The Wolf of Wall Street” –ironically about financial crimes by wealthy businessmen as well as high-end real estate in London, New York and Beverly Hills as assets to be seized.

In court papers filed Thursday in Los Angeles, federal prosecutors said that in 2014, Malaysian businessman Jho Low stole US\$850 million from funds borrowed from a syndicate of banks, ostensibly meant to repay options on bonds issued in a prior phase of the embezzlement scheme.

Instead, however, the money went to purchase a US\$261 million, 300-foot (91-meter) yacht equipped to handle 26 guests, 33 crew, with a helipad, gym, cinema and pool.

Conspirators also bought a US\$3.2 million work by Picasso and a US\$9.2 million Basquiat as well as investing in other Hollywood films like the comedy “Dumb and Dummer To,” according to the Justice Department. Low has also denied wrongdoing.

The Justice Department in 2010 launched the “Kleptocracy Asset Recovery Initiative” to seize the ill-gotten gains of foreign officials which pass through the American financial system and where possible return them to the victims of fraud.

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