

Foreword by
Gordon Brown

This is the story of the have-nots and the have-yachts, of the failings of globalisation, and how a tiny rainforest campaign derailed the world's largest theft and brought down a government...

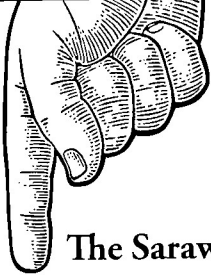
The **Sarawak** **Report**

The Inside Story
of the 1MDB Exposé

Investigated and reported by

Clare Rewcastle Brown





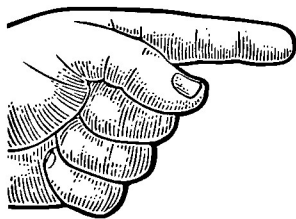
The Sarawak Report

is the stranger-than-fiction tale of how one woman uncovered the world's biggest theft which, in 2018, brought down the Malaysian government.

Investigating the deforestation of Sarawak, Borneo, and the dispossession of its people, journalist Clare Rewcastle Brown followed a trail of corruption that led her to the heart of Malaysian politics and to Prime Minister Najib Razak himself. Determined that the public should know the truth, she started a blog, which became Malaysia's go-to news outlet for information that the government was trying to suppress – and whistleblowers wanted to get out. She was soon running a radio station too.

To nail down absolute proof, Rewcastle Brown criss-crossed the globe and, defying danger, pieced together the evidence of the 1MDB scandal – the theft of billions from the country's sovereign wealth fund.

*(continued on
back flap)*



THE SARAWAK REPORT



THE SARAWAK REPORT

The Inside Story of the 1MDB Exposé

CLARE REWCASTLE BROWN

PUSTAKA PERDANA



1011756

Gerakbudaya
Enterprise







‘Caught in the Jungle’ by Zunar:
 Rosmah Mansor, Najib Razak, Taib Mahmud bound;
 Jho Low and Musa Aman flee left and right.

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Dedicated to my mother and father
who spent their young adult lives serving
in Borneo with integrity and commitment

Do not spread corruption on earth after it has been so well ordered.

The Qur'an, sura 7, verse 56

Take no part in the unfruitful works of darkness, but instead expose them.

Ephesians, chapter 5, verse 11

*There is nothing higher than truth.
Everything is upheld by truth, and everything rests upon truth.*

The Mahabharata, book 12: Shanti Parva, chapter 254, verse 11

There is no peace, saith my God, for the wicked.

Isaiah, chapter 57, verse 21

If the top beam is crooked, all the rest will not be straight.

Chinese proverb



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FOREWORD

It's being called the theft of the century – billions of the Malaysian people's money gone missing during a ten-year binge. And the scale of the wrongdoing, and how it happened, is exposed in meticulous and dramatic detail in this book by Clare Rewcastle Brown.

At great personal cost, including risks to her safety, and out of a love of Sarawak, where she was born, Clare has spent a decade investigating what's been going wrong at the highest level in Malaysia – from wanton environmental damage through the destruction of the country's forests to the unaccounted-for billions of the Malaysian people's savings. In doing so, Clare has uncovered the truth of how an elite at the top of a now discredited government authorised and benefited from downright immoral acts.

In *The Sarawak Report*, Clare, who is also my sister-in-law, charts something more than rottenness at the core of one disreputable regime: in a way no other account has successfully done, she reveals the loopholes in our modern global economy and the flaws in our global financial and legal architecture that allow wrongdoing to flourish unchecked at the highest level and for years go unprosecuted.

When she fled the country, Imelda Marcos, the then First Lady of the Philippines, left behind 2,700 pairs of shoes at the presidential palace in Manila. When, in June 2018, the home of the 'First Lady of Malaysia', Rosmah Mansor, was raided, investigators found what her daughter described as "steel safes full of jewels, precious stones and cash". The treasure trove included 567 Hermès, Prada and Chanel handbags, among them a \$200,000 Hermès Birkin version; 423 watches, mostly made by Rolex; 234 brand-name sunglasses; and other luxury items that between them were estimated to be worth \$274 million – on top of the \$28 million cash found lying around in 26 different currencies. And this example of personal avarice is just the tip of an iceberg of greed, extravagance and waste. In total, billions have gone missing from one fund, 1MDB (1Malaysia Development Berhad) – losses on a scale few African dictators have yet been able to match and perhaps today rivalled only by Russian oligarchs.

But *The Sarawak Report* is not just a morality tale about corruption in high places. It is a morality tale about how what has become the economic

jungle of modern globalisation costs ordinary citizens billions in lost income, lost services and lost savings when the transactions of a ruling clique are not subject to cross-border rules governing proper behaviour.

Globalisation has come to mean the free and unrestricted flows of capital that render borders porous and allow for money to be moved unsupervised and unchecked from state to state. Clare charts how the wealth of the Malaysian people – accumulated in the fund 1MDB and personally under the control of Prime Minister Najib Razak – was sent out of Malaysia and round the world, flowing into shell companies in Curacao, the British Virgin Islands, the Seychelles, the Cayman Islands and many other tax shelters and havens, the sole purpose being to disguise what is alleged in indictments by US prosecutors to be the plundering of the nation's wealth.

In recent years there have been two notorious cases of wrongdoing at the highest level: Malaysia's 1MDB and Brazil's Petrobras. Both expose the loopholes in the way we manage globalisation. But the Malaysian 1MDB theft – with its global scope and scale, and its geopolitical fall out – has reached even deeper than the oil company scandal that has engulfed Brazil.

What happened at 1MDB reflects the way modern globalisation can work to aid, rather than prevent, wrongdoing – not only enabling money to be sent at speed, at the flick of a switch, from place to place and to any and all corners of the world, but also enriching secretive tax havens operating questionable practices to hide assets and so disguise the real patterns of ownership and all too often to hide criminal acts. The money of the Malaysian people landed up in British Virgin Islands and Seychelles-based companies with accounts in Singapore through a bank owned by the United Arab Emirates. Ironically, at a time when our ability to connect and communicate instantaneously should enable us through forensic accounting to track suspicious transactions and ensure there is no hiding place for them, things have got worse, not better. As long as national legal systems are limited in their ability to monitor and supervise extra-territorial transactions, and as long as international cooperation remains ineffective and deficient, then sending money offshore will continue to deprive national treasuries of the revenues they need, leaving domestic populations worse off and in many cases impoverished.

What's more, the global economy is only as strong as its weakest link. Islands, small states and territories today advertise themselves as offshore financial markets, flags of convenience, economic free zones and tax havens – and many specialise in laundering money with laws that are so lax and easy to manipulate that no one can begin to discover who are the true beneficiaries of the wealth that is being stashed away. It is estimated that today seven trillion dollars' worth of the world's wealth is hidden away offshore, mainly to escape taxation. As long as we fail to ensure compliance from those havens and shelters, and let wrongdoers hide behind a veil of

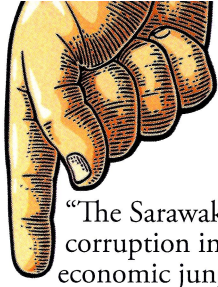
secrecy, billions that could finance decent public services will continue to be lost.

But corruption flourishes not just because these shelters, shell companies, offshore bank accounts, and dubious trusts are located in far-flung overseas territories, and often in rogue or 'bandit' states, but because they are supported by apparently respectable firms at the heart of some of the world's biggest and most advanced cities. As capital has gone global, a sufficiently significant corps of our professions, from lawyers to bankers to accountants to consultants, have facilitated these practices, excusing themselves from taking moral responsibility for activities that take place outside their own countries' jurisdictions. Despite there being world famous names involved, too many institutions have compliance departments that lack real teeth, and too often they have made the calculation that they will not suffer any reputational damage even if they fail to discharge their legal and moral obligation to report suspicious transactions. It makes it essential that legislators increase the penalties and sanctions against these intermediaries, including revoking the licenses of offending firms.

Geopolitical rivalries also allow disreputable regimes to continue their wrongdoing by exploiting big power rivalries and attempting to play off one set of competing interests against another. Indeed, for a time, as Clare charts in some detail, the then Malaysian prime minister's influence reached right into the heart of the citadels of power in the United States of America. The support he then had from the USA led him to believe that his powerful contacts made him immune from exposure. And when America's justice officials woke up to the wrongdoing, for a time the Malaysian government believed they could escape scot-free by turning to China for loans that could bail them out and hide their losses.

But at last, thanks to Clare's detailed research, the truth is coming out. The story she has uncovered, which takes us from country to country, offshore shelter to offshore shelter, shell company to shell company, and from one dubious financial practice to another, will surely prompt a more rigorous scrutiny of offshore centres, tax havens and the rules that govern transnational financial transactions. At the minimum, we need, as the Panama and Paradise papers have shown, non-compliant tax havens to be blacklisted and fully sanctioned; the international exchange of tax information agreed by all countries; and the opening up of secretive trusts to public scrutiny, accompanied by wide ranging reforms in legal, accounting and banking practices. The Malaysian people, who have had to suffer a decade of wrongdoing, deserve nothing less.

The Right Honourable Gordon Brown, FRSE
Former Prime Minister of the United Kingdom



"The Sarawak Report is not just a morality tale about corruption in high places. It is a morality tale about how the economic jungle of modern globalisation costs ordinary citizens. At last, thanks to Clare's detailed research, the truth is coming out."

The Right Honourable Gordon Brown
Former Prime Minister of the United Kingdom

"Clare's dogged (and, to some, more than a little annoying) persistence, and an incredible nose for the fishy stuff, uncovered the heist of the century. The explosive exposés rocked the nation, and precipitated the fall of the Malaysian government for the first time in 60 years."

The Right Honourable Tony Pua
Member of Parliament for Damansara, Malaysia

"I cannot overstate Clare's role in the changes that Malaysia is seeing today. Were it not for her dogged perseverance in digging for the truth, Malaysia would probably still be under the BN/UMNO regime, and fast rotting into a bankrupt kleptocracy."

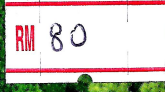
The Right Honourable Baru Bian
Member of Parliament for Selangau, Malaysia

"It is clear that you are an active campaigning blogger rather than an objective journalist... Therefore, even if I were to be in possession of information relevant to your query, I would be unwilling to assist you in your questionable activities."

Rick Haythornthwaite
COO of PetroSaudi and Chairman of Global Mastercard

"Everything is put out on Sarawak Report...
I cannot stand for this."

Najib Razak
Former Prime Minister of Malaysia



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