

# The scandal: What we know so far

HOW 1MDB FELL APART

State fund 1Malaysia Development Berhad (1MDB) was set up nearly a decade ago gleaming with promise, as Malaysia's leaders – chief among them then Prime Minister Najib Razak, the fund's staunchest champion – lauded it as a key initiative to expand the country's wealth through strategic investments. The shine soon wore off, as the fund racked up

billions in debt in just a handful of years. By mid-2014, 1MDB's debt stood at a crippling RM42 billion. And today, the state fund is accused of being an elaborate international scam that saw around US\$4.5 billion (S\$6 billion) end up in the pockets of high-level officials at the helm, and their collaborators.

## 2009

- The Terengganu Investment Authority, started in 2008, is converted from an investment vehicle for the development of the oil-rich Malaysian state to a national Finance Ministry company named 1MDB. It announces a controversial US\$2.5 billion joint-venture deal with Saudi oil firm PetroSaudi, which critics say was a front to siphon public funds.

## 2012 to 2013

- 1MDB begins buying up power plants, racking up about RM18 billion in debt. Analysts believe the firm paid too much for the ageing generators.

## 2014

- The company accumulates RM41.8 billion in debt. It struggles to meet financing obligations and fails to meet a year-end deadline to pay a RM2 billion loan.



## 2015

- 1MDB requires the help of several local firms to refinance its debt in February 2015. And, among other moves to trim debt, it sells its power plant unit Edra Global Energy to a Chinese company for RM17.3 billion. Abu Dhabi's wealth fund International Petroleum Investment Company provides 1MDB with US\$1 billion cash to help repay a US\$975 million loan.
- This is also the year allegations of graft come to light, with claims surfacing in the media that US\$700 million linked to 1MDB was deposited in PM Najib's personal accounts. The United States launches a probe into 1MDB in September.



## 2016 to 2017

- US prosecutors detail a multibillion-dollar trail of fraud from 2009 to 2015 that saw public funds allegedly splurged on Monet (above) and van Gogh paintings, and luxury real estate in the US (below) and Britain.



- Mr Najib was not named in the legal filings, which instead referred to a "Malaysian Official 1" who had pocketed US\$681 million. Then Malaysian Cabinet minister Abdul Rahman Dahlan later confirms that Mr Najib was indeed Malaysian Official 1.
- Attorney-General Apandi says his investigations found the millions deposited Mr Najib's account were a gift from a royal family in Saudi Arabia, with no wrongdoing committed.

## 2018

- Malaysia's new government after winning the May 9 polls, vows to return billions of dollars of public funds lost, with Tun Dr Mahathir Mohamad, the new Prime Minister, declaring he is confident prosecutors would soon have a strong case to bring charges against Mr Najib.



- The developments include forming a special 1MDB task force that holds meetings (above) to look into matters concerning the fund and raids on properties linked to Mr Najib and his family which have turned up at least RM114 million in cash and over 400 high-end handbags.
- In recent weeks, Finance Minister Lim Guan Eng said, contrary to Mr Najib's claims that there was no 1MDB bailout by the previous government, his ministry had paid RM7 billion to service the troubled fund's debt in the past year – "the single largest bailout in history carried out by the government of Malaysia".

### Najib Razak

- The opposition painted Mr Najib (right) as the fund's biggest beneficiary, branding the then Prime Minister – who was also Finance Minister, and the head of 1MDB's advisory panel until 2016 – a kleptocrat in the recent general election. The fallen premier was questioned for more than 10 hours on May 22 and 24 by Malaysia's anti-graft agency on SRC International, a former 1MDB unit which allegedly transferred RM42 million (S\$14.2 million) into Mr Najib's personal accounts.



### Rosmah Mansor

- Mr Najib's impeccably dressed wife has also become the target of attacks for her allegedly exorbitant lifestyle. She surfaced in the 1MDB probe too, with the DOJ claiming that she was gifted nearly US\$30 million of jewellery, including a rare pink diamond necklace, bought using stolen funds.



### Low Taek Jho

- Better known as Jho Low (left), he has denied involvement in 1MDB, but the US Department of Justice (DOJ) pinpointed him as the man who controlled flows of money out of the fund to bank accounts around the world. His current whereabouts are unclear but Malaysia's Inland Revenue Board was last week asked to investigate Mr Low and his family in relation to 1MDB.



### Riza Aziz

- The DOJ said Mr Riza – the eldest son of Mr Najib's wife Rosmah from a previous marriage – co-founded Red Granite Pictures which funded the Martin Scorsese film The Wolf Of Wall Street using 1MDB cash. The firm has denied that its funds were obtained illegitimately.

## HIGH-ROLLERS AND WHISTLE-BLOWERS



### Khadem al-Qubaisi and Mohamed Badawy al-Husseiny

- The two former Abu Dhabi officials have been investigated by Swiss and US prosecutors looking into 1MDB, and are suspected of having aided in and benefited from the misappropriation of public funds. Mr Qubaisi (above left) was the former managing director of International Petroleum Investment Co (IPIC) – one of Abu Dhabi's largest sovereign wealth funds, which has close business links to 1MDB – while Mr Husseiny was chief executive of IPIC's unit Aabar Investments PJS.



### Arul Kanda Kandasamy

- The former chief investment banker in Abu Dhabi signed up to be 1MDB's chief executive in January 2015 to help fix the beleaguered fund's staggering debt. But he soon found himself caught in a political maelstrom, fending off allegations of fraud and graft relating to the fund. Things got personal last month, when newly minted Finance Minister Lim Guan Eng branded the fund's chief "utterly dishonest and untrustworthy".



### Xavier Andre Justo and Clare Rewcastle-Brown

- The duo played a key role in bringing 1MDB's woes to light. Justo, a former director at PetroSaudi International, is believed to have shared information on the Saudi oil firm's aborted venture with 1MDB with Sarawak Report editor Rewcastle-Brown, whose site claimed in 2015 that nearly US\$700 million was funnelled into Mr Najib's bank account.



### Apandi Ali and Abdul Gani Patail

- Mr Najib's ouster has changed the fates of these two men.
- In July 2015, Tan Sri Abdul Gani (right) – who was then heading a task force investigating money-laundering allegations at 1MDB – was retired as attorney-general due to what the government said then were "health problems". Prime Minister Mahathir Mohamad said in recent weeks that Mr Abdul Gani had prepared a charge sheet against Mr Najib in 2015, before he was promptly placed on early retirement.
- Tan Sri Apandi Ali (right) stepped in as the new Attorney-General, and in January 2016 cleared Mr Najib of any wrongdoing after a probe into the nearly US\$700 million that appeared in the then Prime Minister's personal accounts. It was, said Mr Apandi, a donation from the Saudi Arabian royal family.
- Now, Mr Apandi is on the way out, placed on forced leave by the new administration. Mr Abdul Gani, meanwhile, will co-lead a new task force focused on reviving probes into 1MDB.



The Tun Razak Exchange development, a 1MDB project, in Kuala Lumpur.

## NEAR AND FAR

The 1MDB saga has had global consequences, as countries near and far find themselves tangled up in the controversy. Authorities in at least six places, including Singapore and Hong Kong, have launched investigations into the fund and individuals and companies linked to it.



### US

- Its Department of Justice (DOJ) helped catapult the 1MDB scandal into the international spotlight when it opened its probe into the beleaguered state fund and laid out details of lavish spending sprees and complex money-laundering operations involving public funds. Last month, a special Malaysian task force set up to look into the 1MDB scandal met officers from the DOJ and the Federal Bureau of Investigation to discuss the ongoing probe.



### Switzerland

- Switzerland had in 2016 asked Malaysia to aid in a probe into the alleged misappropriation of US\$4 billion linked to 1MDB. It said some funds had been transferred to Swiss accounts belonging to former Malaysian public officials. The Swiss attorney-general's office said last month that its federal prosecutors are seeking quick talks with Malaysian counterparts on how to press forward with its 1MDB probe.



### Singapore

- The Monetary Authority of Singapore (MAS) imposed millions in fines on several banks here after it was found that accounts at Singapore-based banks had been used to funnel illicit funds. Four people have been jailed and two investment banks shut down over their role in the alleged laundering of billions of dollars. Last week, Singapore investigators were in Kuala Lumpur to help the authorities with an investigation into 1MDB.



### Luxembourg

- In 2016, prosecutors in Luxembourg said they found "concrete clues" of embezzlement from companies owned by 1MDB via accounts in Singapore, Switzerland, and Luxembourg.



### Hong Kong

- Hong Kong police in 2015 opened investigations into bank deposits allegedly linked to Mr Najib after former Umno member Khairuddin Abu Hassan lodged a police report claiming that deposits of more than US\$250 million were made into a Credit Suisse bank account in Hong Kong through four companies linked to Mr Najib.



### Indonesia

- Indonesia too got caught up in the 1MDB fallout, when authorities, as part of a joint operation with the FBI, this year seized the Equanimity, Mr Low's US\$250 million yacht in Bali. The seizure of the yacht, which was supposedly bought with siphoned public funds, was later ruled invalid and without legal basis.