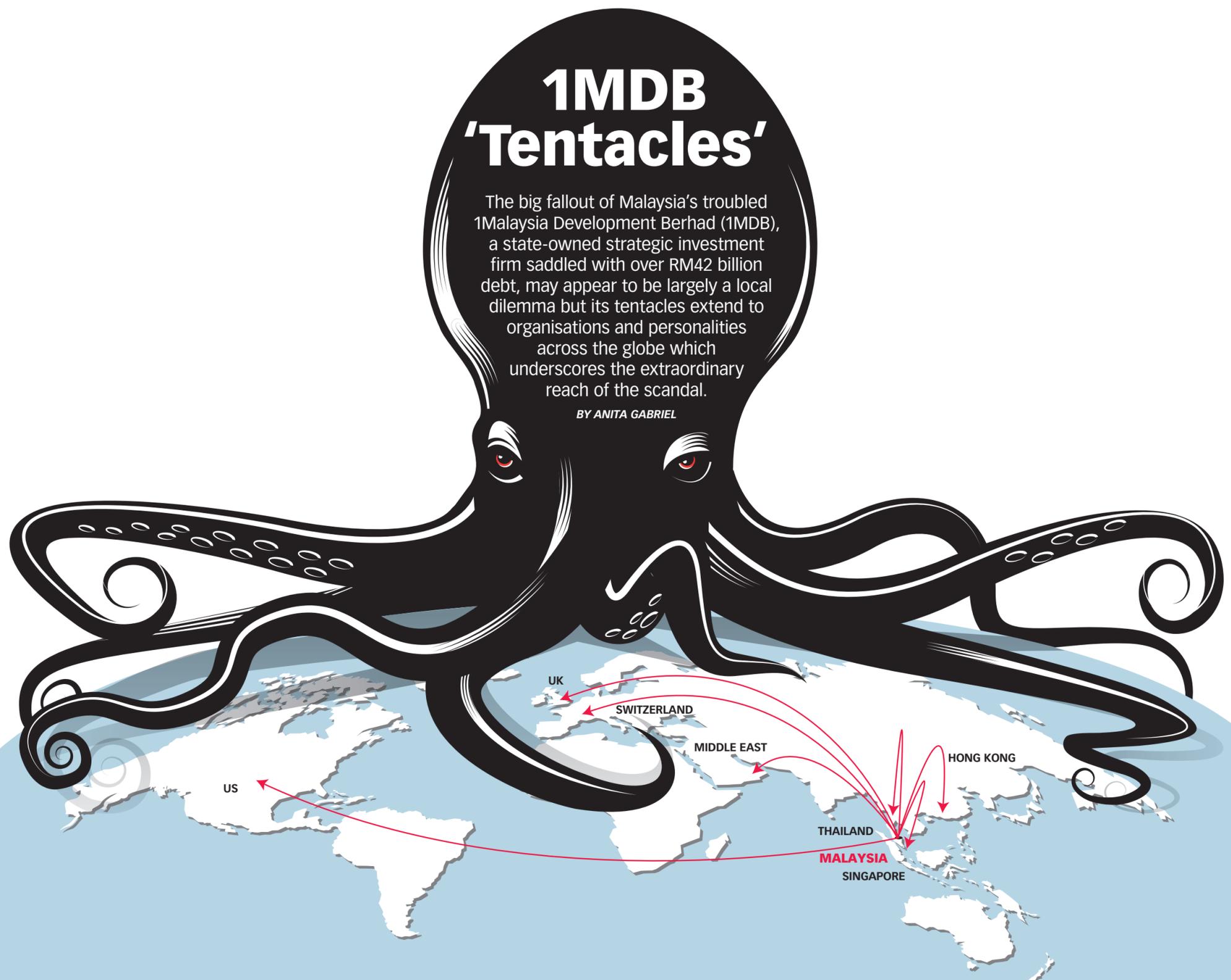


1MDB 'Tentacles'

The big fallout of Malaysia's troubled 1Malaysia Development Berhad (1MDB), a state-owned strategic investment firm saddled with over RM42 billion debt, may appear to be largely a local dilemma but its tentacles extend to organisations and personalities across the globe which underscores the extraordinary reach of the scandal.

BY ANITA GABRIEL



MALAYSIA
Where it all began

- Originally called Terengganu Investment Authority, the firm was set up in February 2009 to tap the state's bountiful oil royalty. Cracks appeared soon after it raised RM5 billion via bonds and within just seven months, it was moved to MOF and renamed 1MDB.
- The strategic investment vehicle came armed with lofty goals of wooing FDI and catalysing sustainable development. It would eventually buckle under insurmountable debt, losses and deals with poor commercial value, compelling a restructuring that is now under way.
- Allegations of egregious wrongdoing at 1MDB have triggered a sweeping probe by multiple agencies, assisted by foreign regulators.
- The allegations have also roiled the country's highest office – Prime Minister Najib Razak, who has denied the allegations.



Najib Razak

SINGAPORE
Not too close for comfort

- An international financial hub known for its tough laws against "dirty" money. Singapore Police have launched a probe into possible money laundering offences and has frozen two bank accounts related to the 1MDB money trail. It is not clear which banks and whose accounts are involved.
- Bank accounts in Singapore belonging to Jho Low, an individual at the centre of the controversy who was TIA's special adviser and owns luxury condo units here, are also reportedly under scrutiny.
- The Monetary Authority of Singapore has said it was committed to provide assistance "within the full ambit" of its laws to Malaysian authorities.
- Swiss wealth manager BSI's Singapore branch is where 1MDB CEO Arul Kanda said the firm was keeping US\$1.1 billion worth of 'units', a portion of its US\$2.318 billion controversial investment in Cayman-registered funds redeemed last year.



Jho Low

HONG KONG
Water under the Bridge

- One of the biggest sore points among critics was that 1MDB had ploughed US\$2.318 billion into Cayman Islands-registered investments. The funds, which arose from a convoluted deal with PetroSaudi International (PSI) – its first and most scutinised deal – was managed by Hong Kong-based fund manager Bridge Partners, a little-known firm, deemed too modestly sized to manage funds of a state-backed entity.
- Following a BT report last year that the funds were managed by Bridge Partners – 1MDB had not disclosed the identity of the fund managers prior to that although it was urged to do so by critics – the fund manager removed details of its key executives from the website and it remains so till today.
- HK is also the base of Jynwel Capital, a private equity firm helmed by Mr Low.



Arul Kanda

THAILAND
The X-avier factor

- The plot thickened when Thai police in June arrested a former PSI executive Xavier Justo in his posh home in Koh Samui for allegedly blackmailing his former employer PSI on information related to the 1MDB-PSI deal. He has also confessed to leaking the information to some media outlets and politicians from UMNO and the opposition. Following Mr Justo's arrest, PSI said it has been a victim of "a regrettable crime that has unfortunately been politicised in Malaysia".
- The Malaysian police is seeking permission from Thai authorities to interrogate the 49-year-old Swiss national on matters related to 1MDB.
- Justo has not been formally charged but according to Thai police, has admitted to committing blackmail. According to a report by *The Straits Times*, Mr Justo has given a "full confession" and has identified 10 individuals who bought the documents from him which were used to attack Mr Najib.



Xavier Justo

MIDDLE EAST
In the middle of the storm

- At the heart of the scrutiny is 1MDB's pact in 2009 with PSI which is owned by Saudi businessman Tarek Obaid and Prince Turki Abdullah Al Saud, the seventh son of Saudi Arabia's King Abdullah who died earlier this year. This pact was inked under Shahrol Halmi, 1MDB's first chief executive who left the firm in 2013.
- 1MDB's investments with Abu Dhabi's Aabar Investments whose parent is International Petroleum Investment Co (IPIC) has also raised eyebrows.
- Last month, IPIC provided 1MDB with US\$1 billion cash to help repay a US\$975 million loan and also agreed to assume a portion of its debt, in exchange for assets that have not been disclosed.



Shahrol Halmi

SWITZERLAND
Where the monied elite keep their stash

- The 1MDB money trail reportedly involves several accounts in Zurich-based banks which has prompted Swiss authorities to share information with authorities in the 1MDB probe.
- The Wall Street Journal* reported that US\$681 million was moved from a bank account in Aabar-owned Swiss bank Falcon's Singapore branch into accounts in a KL bank allegedly held by Mr Najib in 2013, damning allegations that the leader has rebuffed as lies.
- WSJ also reported that US\$529 million was deposited into a business account in Singapore allegedly held by Mr Low between 2011 and 2013 from a Swiss bank account.



Tarek Obaid

US
The stuff of Hollywood movies

- US bank Goldman Sachs has suffered a reputational hit in Malaysia's corporate scene after it arranged a US\$3 billion bond issue for 1MDB in 2013 and pocketed profits of US\$300 million, an amount deemed unusually large and has raised the ire of 1MDB's critics. With the fallout involving 1MDB, many Malaysian corporates have shunned the bank.
- Of 1MDB's many ambitious projects, its solar power aspirations are relatively less widely known. BT reported in June last year that it tied up with Washington-based private equity firm DuSable Capital Management. Dusable was co-founded by Frank White, Jr, a top individual fundraiser for Mr Obama, and another of the president's backers, Shomik Dutta. The tie-up fell through for reasons not known.
- The New York Times* reported in February that wheeler-dealer Jho Low bought prime real estate in the US that he later sold to pal and Hollywood producer Riza Aziz who funded *The Wolf of Wall Street*, for healthy profits. Mr Riza is Mr Najib's stepson.



Riza Aziz

UK
Of botched deals & police reports

- In 2010/2011, 1MDB was invited by Aabar to bid for three hotel properties in London. The bid fell through but it piqued interest as Mr Low, who has consistently denied having any involvement with 1MDB, was also a co-investor in the bid.
- One of the main offices of PSI which, according to its website is an oil exploration and production firm, is in the UK.
- In March, PSI reportedly lodged a report with London's Police Action Fraud Unit at the National Fraud and Cyber Crime Reporting Centre over an article in *Sarawak Report* which alleged that the firm was used as a front to siphon money from 1MDB.



Tarek Obaid