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U.S. SEEKS TO RECOVER APPROXIMATELY \$540 MILLION OBTAINED FROM CORRUPTION INVOLVING MALAYSIAN SOVEREIGN WEALTH FUND

The Justice Department announced today the filing of civil forfeiture complaints seeking the forfeiture and recovery of approximately \$540 million in assets associated with an international conspiracy to launder funds misappropriated from a Malaysian sovereign wealth fund. Combined with civil forfeiture complaints filed in July 2016, seeking more than \$1 billion, and civil forfeiture complaints filed last week seeking approximately \$100 million in assets, this case represents the largest action brought under the Kleptocracy Asset Recovery Initiative. Assets now subject to forfeiture in this case total almost \$1.7 billion.

Acting Assistant Attorney General Kenneth A. Blanco, Acting U.S. Attorney Sandra R. Brown of the Central District of California, Assistant Director Stephen E. Richardson of the FBI's Criminal Investigative Division, and Deputy Chief Don Fort of the IRS-Criminal Investigation (IRS-CI) made the announcement.

According to the complaints, from 2009 through 2015, more than \$4.5 billion in funds belonging to 1Malaysia Development Berhad (1MDB) was allegedly misappropriated by high-level officials of 1MDB and their associates. 1MDB was created by the government of Malaysia to promote economic development in Malaysia through global partnerships and foreign direct investment, and its funds were intended to be used for improving the well-being of the Malaysian people.

“The Criminal Division is steadfast in our efforts to protect the security, safety, and integrity of the American financial system from all manner of abuse, including by kleptocrats seeking to hide their ill-gotten or stolen wealth,” said Acting Assistant Attorney General Blanco. “Today’s complaints reveal another chapter of this multi-year, multi-billion-dollar fraud scheme, bringing the total identified stolen proceeds to \$4.5 billion. This money financed the lavish lifestyles of the alleged co-conspirators at the expense and detriment of the Malaysian people. We are unwavering in our commitment to ensure the United States is not a safe haven for corrupt individuals and kleptocrats to hide their ill-gotten wealth or money, and that recovered assets be returned to the victims from which they were taken.”

“These cases involve billions of dollars that should have been used to help the people of Malaysia, but instead was used by a small number of individuals to fuel their astonishing greed,” said Acting U.S. Attorney Brown. “The misappropriation of 1MDB funds was accomplished with an extravagant web of lies and bogus transactions that were brought to light by the dedicated attorneys and law enforcement agents who continue to work on this matter. We simply will not allow the United States to be a place where corrupt individuals can expect to hide assets and lavishly spend money that should be used for the benefit of citizens of other nations.”

“Today’s filing serves as a reminder of the important role that the FBI plays in rooting out international corruption. When corrupt foreign officials launder funds through the United States in furtherance of their criminal activity, the FBI works tirelessly to help hold those officials accountable, and recover the misappropriated funds,” said Assistant Director Richardson. “I applaud all my colleagues and our international partners who have worked to help recover an immense amount of funds taken from the Malaysian people, who are the victims of this abhorrent case of kleptocracy.”

“Today’s announcement is the result of untangling a global labyrinth of multi-layered financial transactions allegedly used to divert billions of dollars from the people of Malaysia and fund the co-conspirators’ lavish lifestyles,” said Deputy Chief Fort. “The IRS is proud to partner with other law enforcement agencies and share its world-renowned financial investigative expertise in this complex financial investigation. It’s important for the world to see, that when people use the American financial system for corruption, the IRS will take notice.”

As alleged in the complaints, the members of the conspiracy – which included officials at 1MDB, their relatives and other associates – diverted more than \$4.5 billion in 1MDB funds. Using fraudulent documents and representations, the co-conspirators allegedly laundered the funds through a series of complex transactions and shell companies with bank accounts located in the U.S. and abroad. These transactions allegedly served to conceal the origin, source and ownership of the funds, and ultimately passed through U.S. financial institutions to then be used to acquire and invest in assets located in the U.S. and overseas.

The complaints filed today allege that in 2014, the co-conspirators misappropriated approximately \$850 million in 1MDB funds under the guise of repurchasing certain options that had been given in connection with a guarantee of 2012 bonds. As the complaints allege, 1MDB had borrowed a total of \$1.225 billion from a syndicate of banks to fund the buy-back of the options. The complaints allege that approximately \$850 million was instead diverted to several offshore shell entities. From there, the complaints allege, the funds stolen in 2014, in addition to money stolen in prior years, were used, among other things, to purchase a 300 foot luxury yacht valued at over \$260 million, certain movie rights, high-end properties, tens of millions of dollars of jewelry, and artwork. A portion of the diverted loan proceeds were also allegedly used in an elaborate, Ponzi-like

scheme to create the false appearance that an earlier 1MDB investment had been profitable.

As alleged in the earlier complaints, in 2009, 1MDB officials and their associates embezzled approximately \$1 billion that was supposed to be invested to exploit energy concessions purportedly owned by a foreign partner. Instead, the funds were transferred through shell companies and were used to acquire a number of assets, as set forth in the complaints. The complaints also allege that the co-conspirators misappropriated close to \$1.4 billion in funds raised through the bond offerings in 2012, and more than \$1.2 billion following another bond offering in 2013.

The FBI's International Corruption Squads in New York City and Los Angeles, and the IRS-CI are investigating the case. Deputy Chief Woo S. Lee and Trial Attorneys Kyle R. Freeny and Jonathan Baum of the Criminal Division's Money Laundering and Asset Recovery Section and Assistant U.S. Attorneys John Kucera and Christen Sproule of the Central District of California are prosecuting the case. The Criminal Division's Office of International Affairs is providing substantial assistance.

The Kleptocracy Asset Recovery Initiative is led by a team of dedicated prosecutors in the Criminal Division's Money Laundering and Asset Recovery Section, in partnership with federal law enforcement agencies, and often with U.S. Attorney's Offices, to forfeit the proceeds of foreign official corruption and, where appropriate, to use those recovered asset to benefit the people harmed by these acts of corruption and abuse of office. In 2015, the FBI formed International Corruption Squads across the country to address national and international implications of foreign corruption. Individuals with information about possible proceeds of foreign corruption located in or laundered through the U.S. should contact federal law enforcement or send an email to kleptocracy@usdoj.gov (link sends e-mail) (link sends e-mail) or <https://tips.fbi.gov/>.

A civil forfeiture complaint is merely an allegation that money or property was involved in or represents the proceeds of a crime. These allegations are not proven until a court awards judgment in favor of the U.S.