THE MAN WHO FOOLED WALL STREET, HOLLYWOOD, *and the* WORLD

BILLION DOLLAR WHALE

TOM WRIGHT & BRADLEY HOPE

"Jho Low is Gatsby with twice the bank account and ten times the ambition."
—BEN MEZRICH

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TOM WRIGHT &
BRADLEY HOPE

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OVERNIGHT BILLIONAIRE

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EMPIRE

To Mum, Nina, Julia, and Laurence—TW

To Farah, Joumana, and Sufiyan—BH

Steal a little and they throw you in jail
Steal a lot and they make you king.

—Bob Dylan, "Sweetheart Like You"

You get so deep into things sometimes that the abnormal seems normal and normal seems like a distant memory.

—Jordan Belfort

Authors’ Note

In 2015, we began reporting on a Malaysian sovereign wealth fund after rumors started swirling about its towering debts and shadowy dealings. It was an intriguing story. Goldman Sachs had made unfathomably large profits helping the fund raise money, and the ensuing scandal over the fate of the cash threatened to topple Malaysia’s prime minister. But this was no run-of-the-mill corruption case in yet another developing country. Media reports—and sources we began speaking to—suggested that Jho Low, a little-known, twenty-seven-year-old associate of the prime minister, had himself taken the money, possibly hundreds of millions, if not billions, of dollars, and used it to build a Hollywood production company, commission one of the world’s grandest yachts, and throw wildly decadent parties around the globe. If true, the Low affair would represent one of the greatest financial heists in history.

Who was Jho Low? And how did he emerge from obscurity to become the alleged mastermind of a multi-billion-dollar scam—one seemingly pulled off under the noses of the financial world? We set out to uncover Low’s true identity, and what we found was astonishing. Behind the plain outward appearance and mild manners of Low was a serial fabulist who figured out how the world really works. He was everyone’s friend, but few truly knew him beyond his reputation as one of the greatest spenders of money the jet-setting class had seen in a generation. It was not just a wild story involving Wall Street bankers, celebrities, and a silver-tongued con man. Low’s very success, at its core, was rooted in the failures of the twenty-first-century global economy. His ability to take so much, fooling Wall Street banks, auditors, and regulators; his success in using untold wealth to buy his way into friendships with the world’s most famous actors and models; and the ease with which he made everyone believe he belonged. In all of this, Low was the product of a society preoccupied with wealth and glamor.

We realized the amazing life of Jho Low was too incredible to fit neatly into the pages of the *Wall Street Journal*. By writing a book, we hoped to show in detail how Low did it, but also what drove him, and how he got away with it for so long. That larger portrait, about capitalism and inequality, told through the life of Low, would be of enduring value, we agreed.

The material in these pages is the result of three years of research. We interviewed more than one hundred individuals in more than a dozen countries, from the tiny city of Willemstad on the island of Curaçao to Shanghai in China. The majority of people named in the book agreed to talk to us either directly or through legal representation, although a small number declined. Many of our sources insisted on anonymity for fear of physical or legal harm. Every anecdote is based on the recollection of multiple sources and in some cases backed up by photographs, videos, and other documentation. We have reviewed tens of thousands of documents, including public court records and confidential investigative documents and financial records, as well as hundreds of thousands of emails provided to authorities, during the course of investigating the case. We also relied on the official allegations contained in the Justice Department's civil asset-forfeiture cases, as well as court proceedings in Singapore and official reports by Swiss authorities.

As of this writing in July 2018, no public charges of criminal wrongdoing have been filed against Jho Low or most of the major characters in the book, with the exception of former Malaysian Prime Minister Najib Razak. Only a handful of bankers in Singapore have served jail time. As we conclude work on the book, the Justice Department is in the throes of a massive criminal investigation into Jho Low and others at the center of the case. Authorities in Malaysia, Switzerland, and Singapore continue to investigate.

All the principal characters in this book have denied committing crimes and maintained the transactions were legal, but they have declined to provide any thorough explanation for their dealings. Jho Low, in particular, emphasizes that he has never been charged with any criminal activity in any jurisdiction and that there have been no findings of fact by any court regarding any criminal wrongdoing. Other figures readers will get to know, including Patrick Mahony and Tarek Obaid of a Swiss oil company called

PetroSaudi International, and Malaysian Prime Minister Najib Razak, have maintained, via lawyers, that they did nothing wrong. Any errors are our own.

Cast of Characters

The Low Family

Low Taek Jho, “Jho Low”
Low Taek Szen, “Szen Low,” his older brother
Low May-Lin, his older sister
Goh Gaik Ewe, his mother
Low Hock Peng, “Larry Low,” his father
Jesselynn Chuan Teik Ying, Jho Low’s girlfriend

Low’s Associates

Jasmine Loo Ai Swan, legal counsel at 1Malaysia Development, or 1MDB, a Malaysian state investment fund
Casey Tang Keng Chee, 1MDB’s executive director
Seet Li Lin, Wharton friend and vice president of Jynwel Capital, Low’s Hong Kong firm
Eric Tan, “Fat Eric,” party boy and Low associate
Nik Faisal Ariff Kamil, 1MDB’s investment director
Hamad Al Wazzan, Kuwaiti friend

Malaysia

Najib Razak, Malaysia’s prime minister
Rosmah Mansor, Najib’s wife
Riza Aziz, Rosmah’s son by an earlier marriage; cofounder of Red Granite Pictures
Mahathir Mohamad, former prime minister and Najib nemesis
Anwar Ibrahim, opposition leader

Goldman Sachs

Timothy Leissner, chairman, Southeast Asia
Andrea Vella, head of Goldman’s structured finance business in Asia; later cohead of investment banking, Asia

Lloyd Blankfein, chief executive
Gary Cohn, president

PetroSaudi International
Prince Turki Bin Abdullah Al Saud, cofounder
Tarek Obaid, cofounder and chief executive officer
Nawaf Obaid, Tarek's brother
Patrick Mahony, chief investment officer
Xavier Justo, head of London office

Abu Dhabi
Khadem Al Qubaisi, managing director, IPIC
Yousef Al Otaiba, UAE ambassador to the United States
Mohamed Badawy Al Husseiny, chief executive, Aabar Investments
Sheikh Mohammed Bin Zayed Al Nahyan, crown prince of Abu Dhabi
Sheikh Mansour Bin Zayed Al Nahyan, brother of Sheikh Mohammed and chairman of IPIC
Khaldoon Khalifa Al Mubarak, chief executive of Mubadala Development

BSI
Hanspeter Brunner, chief executive, Asia
Yak Yew Chee, chief relationship banker for Jho Low and 1MDB
Yeo Jiawei, a wealth management banker who leaves to work for Jho Low
Kevin Swampillai, head of wealth management

AmBank
Cheah Tek Kuang, chief executive
Joanna Yu, banker handling Prime Minister Najib Razak's accounts

Falcon Bank
Eduardo Leemann, chief executive

Hollywood/Entertainment
Joey McFarland, friend of Low's; cofounder of Red Granite Pictures
Paris Hilton, socialite
Leonardo DiCaprio, actor
Jamie Foxx, actor, musician

Kasseem Dean, “Swizz Beatz,” husband of Alicia Keys, music producer
Busta Rhymes, musician
Noah Tepperberg and Jason Strauss, owners of the Strategic Hospitality Group nightclub empire
Miranda Kerr, model
Prakazrel Samuel Michél, “Pras,” musician
Kate Upton, model
Martin Scorsese, director
Elva Hsiao, Taiwanese musician and sometime Low girlfriend
Nicole Scherzinger, musician

Journalists
Clare Rewcastle-Brown, founder of *Sarawak Report*
Tong Kooi Ong, owner of the *Edge*
Ho Kay Tat, publisher of the *Edge*

Federal Bureau of Investigation
William “Bill” McMurry, head of international corruption squad, New York
Robert Heuchling, lead FBI agent on the 1MDB case
Justin McNair, FBI agent and forensic accountant on the case

Prologue

Las Vegas, November 3–4, 2012

Around 6 p.m. on a warm, cloudless November night, Pras Michél, a former member of the nineties hip-hop trio the Fugees, approached one of the Chairman Suites on the fifth floor of the Palazzo hotel. Pras knocked and the door opened, revealing a rotund man, dressed in a black tuxedo, who flashed a warm smile. The man, glowing slightly with perspiration, was known to his friends as Jho Low, and he spoke in the soft-voiced lilt common to Malaysians. “Here’s my boy,” Low said, embracing the rapper.

The Chairman Suites, at $25,000 per night, were the most opulent the Palazzo had to offer, with a pool terrace overlooking the Strip, and a modern white interior, including a karaoke room with wraparound sofas and padded walls. But the host didn’t plan to spend much time in the room tonight; Low had a much grander celebration in store for his thirty-first birthday. This was just the preparty for his inner circle, who had jetted in from across the globe. Guzzling champagne, the guests, an eclectic mix of celebrities and hangers-on, buzzed around Low, as more people arrived. Swizz Beatz, the hip-hop producer and husband of Alicia Keys, conversed animatedly with Low. At one point, Leonardo DiCaprio arrived alongside Benicio Del Toro to talk to Low about some film ideas.

What did the guests make of their host? To many at the gathering, Low cut a mysterious figure. Hailing from Malaysia, a small Southeast Asian country that many Westerners would struggle to pinpoint on a map, Low’s round face was still boyish, with glasses, red cheeks, and barely a hint of facial hair. His unremarkable appearance was matched by an awkwardness and lack of ease in conversation, which the beautiful women around Low took to be shyness. Polite and courteous, he never seemed fully in the moment, often cutting short a conversation to take a call on one of his half a dozen cell phones.

But despite Low's unassuming appearance, word was that he was loaded—maybe a billionaire. Guests murmured to each other that just months earlier, Low's company had acquired a stake in EMI Music Publishing, and there was speculation that he was the money behind DiCaprio's latest movie, *The Wolf of Wall Street*, which was still filming. Low's bashful manners belied a hard core of ambition the like of which the world rarely sees. Look more closely, and Low was not so much timid as quietly calculating, as if computing every human interaction, sizing up what he could provide for someone and what they, in turn, could do for him. Despite his age, Low had a weird gravitas, allowing him to hold his own in a room of grizzled Wall Street bankers or pampered Hollywood types. For years, he'd methodically cultivated the wealthiest and most powerful people on the planet. The bold strategy had placed him in their orbit and landed him a seat here in the Palazzo. Now, he was the one doling out favors.

The night at the Palazzo marked the apex of Low's ascendancy. The guest list for his birthday included Hollywood stars, top bankers from Goldman Sachs, and powerful figures from the Middle East. In the aftermath of the U.S. financial crisis, they all wanted a piece of Low. Pras Michél had lost his place in the limelight since the Fugees disbanded, but was hoping to reinvent himself as a private-equity investor, and Low held out the promise of funding. Some celebrities had received hundreds of thousands of dollars in appearance fees from Low just to turn up at his events, and they were keen to keep him happy.

Swizz Beatz called for quiet in the hotel suite, before presenting expensive DJ equipment, emblazoned with images of a panda, to Low as a gift. The group burst into laughter. That was what Low's closest friends called him—"Panda"—a nod to his plump frame and cuddly demeanor. He'd loved *Kung Fu Panda*, and when gambling with his close friends from back home they'd each pretend to be a character from the film. But even those stars like Pras and Swizz Beatz, who had received multiple millions of dollars in appearance fees and other business deals from Low, could not really claim to know his story. If you entered "Jho Low" into Google, very little came up. Some people said he was an Asian arms dealer. Others claimed he was close to the prime minister of Malaysia. Or maybe he inherited billions from his Chinese grandfather. Casino operators and nightclubs refer to their highest rollers as "whales," and one thing was certain about Low: He was the most extravagant whale that Vegas, New York, and St. Tropez had seen in a long time—maybe ever.

A few hours later, just after 9 p.m., Low's guests began the journey to the evening's main event. To avoid the paparazzi, they strode through staff-only areas, including a kitchen, before emerging into a concrete tunnel leading to the hotel's parking garage. A fleet of black limousines stood ready, engines purring. This was a special arrangement the Palazzo permitted for only its most lucrative guests.

Every move felt seamlessly scripted, doors opening at the right moment and young, smiling women gesturing the way. As the limousines drove up the Strip, it was clear they weren't heading to the desert, as some guests thought, instead pulling up at what looked like a giant aircraft hangar, specially constructed on a vacant parcel of land. Even the VIPs were in the dark. The cars sailed through security checkpoints before stopping at a red carpet entrance, manned by burly security personnel in black suits and the first of scores of young models wearing red dresses, some of whom handed out drinks and food, while others—in the crude language of nightclubs—acted as "ambient" decorations.

This was how the super-VIPs arrived, but most of the three hundred or so guests, some clutching bright red invitations with "Everyday Birthday" stylishly rendered in gold lettering, checked in earlier at LAVO nightclub in the Palazzo or at a security post. There, they signed nondisclosure agreements, binding them to secrecy, and handed in their phones, before getting into minibuses for the short distance to the venue. Among them was Robin Leach, who for decades, as host of the TV show *Lifestyles of the Rich and Famous*, had chronicled the spending of rappers, Hollywood stars, and old-money dynasties. But that was the 1980s and 1990s, and nothing had prepared him for the intemperance of the night. A gossip columnist for the *Las Vegas Sun*, Leach was among the few guests who had gleaned some details of what was coming. "Wicked whispers EXCLUSIVE: Britney Spears flying into Vegas tomorrow for secret concert, biggest big bucks private party ever thrown," he tweeted.

One puzzling requirement of Leach's invitation was that he could write about the party, but not name the host. He'd made his career from the desire of rich people to brag about their affluence; what made this guy want to spend so much cash in secret? he wondered. A nightlife veteran, Leach was stunned by the audacity of the construction on the site. As he surveyed the arch of the party venue, which was ample enough to house a Ferris wheel, carousel, circus trampoline, cigar lounge, and plush white couches scattered throughout, he did some calculations. One side was circus themed, with the other half transformed into an ultrachic nightclub. With the lighting, and devices that sent explosions of fire into the air periodically, it felt like a major concert, not a private event.

It must have cost *millions*, Leach estimated. Here were new lovers Kanye West and Kim Kardashian canoodling under a canopy; Paris Hilton and heartthrob River Viiperi whispering by a bar; actors Bradley Cooper and Zach Galifianakis, on a break from filming *The Hangover Part III*, laughed as they took in the scene. It was rare to get so many top actors and musicians together at a single event outside of a big awards show. “We’re used to extravagant parties in Las Vegas, but this was the *ultimate* party,” Leach said. “I’ve never been to one like it.”

As the guests chatted, Cirque du Soleil–type entertainers walked among them on stilts, while acrobats in lingerie swung on hoops overhead. There were several monster trucks parked on the fringes and a troupe of about twenty little people dressed as Oompa-Loompas beating a path through the revelers. In a cordoned-off VIP area, Low held court with DiCaprio and Martin Scorsese, who was directing *The Wolf of Wall Street*. As the night wore on, other guests came by, including Robert De Niro, Tobey Maguire, and Olympic gold medalist Michael Phelps.

Not every guest that night was a celebrity. Low was careful not to overlook his less well-known friends and key business contacts. Among them were Tim Leissner, a German-born banker who was a star dealmaker for Goldman Sachs in Asia, and Mohamed Al Husseiny, the CEO of one of Abu Dhabi’s richest investment funds. There were whispers among Wall Street bankers about the huge profits Goldman had been making in Malaysia, hundreds of millions of dollars arranging bonds for a state investment fund, but they hadn’t reached insular Hollywood. Low’s usual entourage was on hand as well, including “Fat Eric,” whom the Malaysian had gotten to know from the nightclub world in Malaysia, his cousin Howie, and older brother Szen.

Waitresses handed out mini-bottles of champagne with straws. Bartenders, standing behind the twenty-four-foot ice bar, doled out top-shelf liquor and flutes of Cristal. The crowd was already lively when Jamie Foxx started off the show with a video projected on huge screens. It appeared as if friends from around the world had volunteered to help make a surprise birthday video for their good friend Low, each dancing a bit of the hit song "Gangnam Style." Investment bankers from Low's Hong Kong–based investment company performed in a conference room. Al Husseiny danced on a jet ski off Abu Dhabi. In truth, the video was partly Low's idea, and like every aspect of the evening, from the color of the flowers to the drinks at the bar, it had been carefully orchestrated at his direction. Although the clips came as little surprise to him, Low was beaming.

As the video ended, Psy, the South Korean singer who had shot to stardom that year for "Gangnam Style," played the song live as the crowd erupted. Over the following hour and a half, there were performances from Redfoo and the Party Rock Crew, Busta Rhymes, Q-Tip, Pharrell, and Swizz Beatz, with Ludacris and Chris Brown, who debuted the song "Everyday Birthday." During Q-Tip's session, a drunk DiCaprio got on stage and rapped alongside him. Then, a giant faux wedding cake was wheeled on stage. After a few moments, Britney Spears, wearing a skimpy, gold-colored outfit, burst out and, joined by dancers, serenaded Low with "Happy Birthday," as a troupe of women began doling out slices of real chocolate cake. Each of the performers earned a fat check, with Spears reportedly taking a six-figure sum for her brief cameo.

Then the gifts. The nightlife impresarios who helped set up the party, Noah Tepperberg and Jason Strauss, stopped the music and took a microphone. Low had spent tens of millions of dollars in their clubs Marquee, TAO, and LAVO over the past few years, just as the financial crisis hit and Wall Street high rollers were feeling the pinch. He was their number one client, and they did everything to ensure other nightclub owners didn't steal him away. As Tepperberg and Strauss motioned to staff, a bright red Lamborghini was driven out into the middle of the marquee. Someone gave not one but three high-end Ducati motorcycles. Finally, a ribbon-wrapped $2.5 million Bugatti Veyron was presented by Szen Low to his brother.

Even the low-end presents were elaborate. A former talent booker whom Low had helped transform into a big movie producer, Joey McFarland, presented Low with a custom wine box with an image of Kung Fu Panda from the animated film, and the words “Vintage 1981” and “Product of Malaysia” engraved in wood. It came with a $1,000 bottle of 1981 Petrus wine, made the year of Low’s birth. Just after 12:20 a.m., the sky lit up with fireworks. Partying went into the early hours, with performances by Usher, DJ Chuckie, and Kanye West. Surrounded by celebrities and friends, Low piled into a limousine and brought the party back to the Palazzo, where he gambled well into the bright light of Sunday afternoon.

This was the world built by Jho Low.

“While you were sleeping, one Chinese billionaire was having the party of the year,” began an article on the website of local radio station KROQ two days later, mistaking Low’s nationality. It referred to him as “Jay Low.” It wasn’t the first time Low’s name seeped into the tabloids or was associated with extravagance—and it wasn’t the last—but the Vegas birthday party was a peak moment in his strange and eventful life.

Many of those who came across Low wrote him off as a big-talking scion of a rich Asian family, a spoiled princeling from the booming region and economy of “Crazy Rich Asians.” Few people asked questions about him, and those who bothered to do so discovered only fragments of the real person. But Low wasn’t the child of wealth, at least not the kind that would finance a celebrity-studded party. His money came from a series of events that are so unlikely, they appear made up. Even today, the scale of what he achieved—the global heists he pulled off, allowing him to pay for that night’s party and much, much more—is hard to fathom.

Low might have hailed from Malaysia, but his was a twenty-first-century global scheme. His conspirators came from the world’s wealthiest 0.1 percent, the richest of the rich, or people who aspired to enter its ranks: young Americans, Europeans, and Asians who studied for MBAs together, took jobs in finance, and partied in New York, Las Vegas, London, Cannes, and Hong Kong. The backdrop was the global financial crisis, which had sent the U.S. economy plummeting into recession, adding to the allure of a spendthrift Asian billionaire like Low.

Armed with more liquid cash than possibly any individual in history, Low infiltrated the very heart of U.S. power. He was enabled by his obscure origins and the fact that people had only a vague notion of Malaysia. If he claimed to be a Malaysian prince, then it was true. The heir to a billion-dollar fortune? Sure, it might be right, but nobody seemed to care. Not Leonardo DiCaprio and Martin Scorsese, who were promised tens of millions of dollars to make films. Not Paris Hilton, Jamie Foxx, and other stars who were paid handsomely to appear at events. Not Jason Strauss and Noah Tepperberg, whose nightclub empire was thriving. Not the supermodels on whom Low lavished multi-million-dollar jewelry. Not the Wall Street bankers who made tens of millions of dollars in bonuses. And certainly not Low's protector, Malaysian Prime Minister Najib Razak.

Low's scheme involved the purchase of storied companies, friendships with the world's most celebrated people, trysts with extraordinarily beautiful women, and even a visit to the White House—most of all, it involved an extraordinary and complex manipulation of global finance. As of this writing, the FBI is still attempting to unravel exactly what occurred. Billions of dollars in Malaysian government money, raised with the help of Goldman Sachs, has disappeared into a byzantine labyrinth of bank accounts, offshore companies, and other complex financial structures. As the scheme began to crash down around them, Malaysia's prime minister turned his back on democracy in an attempt to cling on to power. Wanted for questioning by the FBI, Low disappeared into thin air.

Jho Low's story epitomizes the shocking power of those who learn how to master the levers of international finance in the twenty-first century. How he thrived, and what it says about the failure of global capitalism, is the subject of this book.

The story begins on the palm-fringed island of Penang.

PART I

THE INVENTION OF JHO LOW

Chapter 1

Fake Photos

Penang, Malaysia, Summer 1999

As he moved around the *Lady Orient*, a 160-foot yacht docked at a government marina on Penang island, Jho Low periodically checked he wasn't being observed. Stashed in his pocket were a handful of photographs of his family: his father, Larry Low, a businessman who had made millions of dollars through his stake in a local garment manufacturer; his mother, Goh Gaik Ewe, a proud housewife who doted on her children; and his two elder siblings. Locating photos of the boat's owner, a Penang-based billionaire, he eased the snapshots one by one from their frames, replacing them with those of his own family. Later, he did the same at a British colonial-era holiday home on Penang Hill, which he also had borrowed from the billionaire, a friend of Low's family.

From Penang Hill, covered in rainforest, Low could see down to George Town, the British colonial capital named for George III, a warren of whitewashed mansions and crumbling Chinese shophouses. Beyond, the narrow straits that separated Penang island from continental Asia came into view. Situated at the mouth of the Strait of Malacca, an important sea lane linking Europe and the Middle East to China, Penang had attracted its share of adventurers, from British colonial officers to Chinese traders and other assorted carpetbaggers. The streets bustled with Penangites, mainly Chinese-Malaysians, who loved eating out at the many street-side stalls or walking along the seaside promenade.

Low's grandfather washed up in Penang in the 1960s from China, by way of Thailand, and the family had built a small fortune. They were a wealthy clan by any standard, but Low recently had begun attending Harrow, the elite boarding school in England, where some of his classmates counted their families' wealth in billions, not mere millions.

Larry's shares in the garment company, which he recently had sold, were worth around $15 million—a huge sum in the Southeast Asian nation, where many people lived on $1,000 per month. But Low had begun to mix with members of the royal families of Brunei and Kuwait at Harrow, where he had arrived in 1998 for the last two years of high school. The Low home, a palm-tree-fringed modernist mansion on the north coast of Penang, was impressive and had its own central cooling system, but it was no royal palace.

In a few days, some of Low's new school pals would be arriving. He had convinced them to spend part of their summer vacation in Malaysia, and he was eager to impress. Just as his father had raised the family's station in Penang, earning enough to send his son to one of the world's most expensive boarding schools, so Low harbored ambitions. He was somewhat embarrassed by the backwater of Penang, and he used the boat and holiday home to compensate. His Harrow friends were none the wiser. With his pudgy frame and glasses, Low never found it easy to attract women, so he clamored to be respected in other ways. He told his Harrow friends he was a "prince of Malaysia," an attempt to keep up with the blue bloods around him.

In reality, the ethnic Chinese of the nation, like the Lows, were not the aristocrats, but traders who came later to the country in big waves during the nineteenth and twentieth centuries. The majority of Malaysia's 30 million people were Muslim Malays, who typically treated the Chinese as newcomers, even if their families had lived in Malaysia for generations. Some of the older Chinese of Penang began to wonder about this strange kid. After Low's Harrow friends had come and gone, the story of the photos began to circulate around the island, as did Low's claims to an aristocratic lineage. People laughed over the sheer chutzpah. *Who did this kid think he was?*

In the 1960s, Penang island was a ramshackle place. The British granted independence in 1957 to its colony of Malaya—a tropical Southeast Asian territory rich in tin and palm oil—after fighting an inconclusive and sapping war against a Communist insurgency. From their jungle redoubts near the Thai border, Communist rebels bided their time, and soon would start a years-long guerilla war against the untested forces of the newly established nation of Malaysia. This lawless frontier region was an area that Meng Tak, Low's grandfather, knew well. He'd left his native Guangdong province in China in the 1940s—a time of great upheaval due to the Second World War, Japanese occupation, and a civil war that led millions to flee the country—and settled in southern Thailand, near Malaya. He made some money as a minor investor in an iron ore mine, and married a local woman of Chinese ancestry, before moving on again to Penang in the 1960s.

The Low family lived in a modest bungalow in George Town, the capital of Penang, just a few blocks back from the peeling British-era colonnaded villas and warehouses on the palm-fringed shoreline. Many Chinese had emigrated here during colonial times to trade in commodities like tin and opium, a narcotic whose sale the British had monopolized but which now was illegal. There were dark rumors in George Town's close-knit community about the origin of Meng Tak's money. Some old-timers remembered him running a cookware shop in the city. But perhaps the story about iron-ore mining in Thailand was only part of the truth. Others whispered that he'd made money smuggling opium over the border.

For each version of the Low family's history, there was an alternate recounting. Decades later, Low started telling his own story about Meng Tak, one he fabricated to explain how he was in possession of enormous wealth. The money, he told anyone who would listen, came from his grandfather's investments in mining, liquor trading, and property. There was only one problem. Few in Malaysia—neither top bankers nor business leaders—had ever heard of this fabulously rich family. With Low's father, Larry, the family story comes into sharper focus.

Born in Thailand in 1952, Larry Low moved as a young child to Penang and went on to study at the London School of Economics and the University of California, Los Angeles, for an MBA. On returning to Malaysia, he took over Meng Tak's business. Despite his elite school, Larry made a disastrous investment in the 1980s in cocoa plantations that almost wiped out the family wealth. After commodity prices dropped, he used what was left to buy a minority stake in a company that produced clothes for export to the United States and Europe. This time Larry hit the jackpot.

The 1990s were anything-goes years for Malaysia’s nascent stock market. “Asian Tiger” economies like South Korea and Taiwan had taken off from the 1960s, and now it was the turn of other Asian nations. Malaysia’s economy was growing at over 5 percent annually, powered by the export of commodities like palm oil, as well as garments, computer chips, and electronic devices. Attracted by the hot growth, foreign investors poured money into Malaysian stocks and bonds. But there was no oversight. Insiders regularly broke securities laws, as if taking their cues from the excesses of 1980s figures such as Michael Milken, the U.S. junk bond king, and insider trader Ivan Boesky. Malaysians who knew how to play the system became incredibly rich, while minority shareholders lost out.

People who worked with Larry considered him charming and a wheeler-dealer, albeit with a lazy streak, preferring drinking late in nightclubs to work, but he benefited nevertheless from a run-up in the garment company’s stock. In the early 1990s, he was involved in an acquisition by MWE, the garment company in which he owned a minority stake, of a Canadian technology firm. The deal overvalued the target firm, and Larry arranged for some of the excess cash to go into an offshore bank account he controlled.

Using such accounts, often owned by anonymous shell companies set up in places like the British Virgin Islands, was common for Malaysian companies at the time. The younger Lows learned from their father about this world of secret finance, and May-Lin, Low’s sister, became a lawyer with an expertise in offshore vehicles.

When he uncovered that Larry had funneled off the money, the owner of MWE was furious and, not long after, Larry sold his stake in the company. But there was a silver lining: The increase in MWE’s stock price in the 1990s had made the Low family millionaires many times over.

Flush with cash, Larry, now in his forties, indulged his desire to party. For one celebration on a yacht, he arranged for Swedish models to fly into Penang, the kind of arrangement for which his son later would be known. The family was a big fish in a small pond—and acting the part. Larry drove around town in a Lexus, and was a member of the Penang Club, an exclusive sports club founded by the British in 1868 and whose members included well-known business families and politicians from the island. The younger Low was a keen swimmer, often doing laps on Sundays in the pool by the ocean before eating a Chinese dinner with his family.

But Larry saw all this as parochial, and he had ambitions to raise his family's social standing. So, in 1994, when Low was thirteen, his father moved him out of the local education system to Uplands, an international school that rich Penangites chose to prepare their children for boarding school in Britain. Many elite Malaysians had gotten their education in the former colonial power, and it was still the country of choice for overseas schooling.

Larry Low opted to put down roots in England. Around this time, developers of a new gated community in London's posh South Kensington neighborhood began to advertise in Malaysia. Some of the most powerful Malaysian politicians owned homes in the Kensington Green development, and Larry sensed it could only be beneficial for an ambitious family like the Lows to develop friendships with these people. He bought an apartment in the complex, and the family began to vacation there, which gave Low the opportunity to meet the children of Malaysia's elite.

Larry's alertness to status seemed to rub off on his sons, who began to forge a friendship with Riza Aziz, a college student whose family also had a place in Kensington Green. Riza's stepfather was Defense Minister Najib Razak, who was tipped as a future prime minister. A few years older, Riza would be the key to Low's entry into the upper echelons of Malaysia's power structure.

Back home, in Penang, Larry ordered a beautiful cream-colored mansion built on a hill outside George Town, which with its sleek steel-and-glass look could have been plucked from the streets of Miami. The modern edifice was a step up from the somewhat modest family house that Meng Tak had constructed.

As Larry acquired the trappings of an upper-class life, the teenage Jho Low was busying himself exploring the nascent online world. Low took to spending hours at his computer, hiding behind the anonymity of the web. He began to fib in an offhand way, offering himself on an online chat site for modeling "in any part of the world." On the forum, Low described himself as "muscular, well proportioned" but received no modeling offers.

A class photo from 1994 shows Low as a slight middle-school student dressed in a white short-sleeved shirt and blue shorts, with a neat but unstylish haircut. His online activities suggested a longing to be cool. He asked people on chat rooms what hard-core techno music they suggested or which haircuts were popular in different countries.

Although he vacationed in England, Low appeared more pulled toward American culture, as was typical among younger Malaysians. One of his favorite shows was *The X-Files*, and he traded photos of Mulder and Scully with other fans online. Since selling out of MWE, Larry had begun to dabble in property investment and stock trading, and Low showed an interest in this world. He devoured Hollywood films like *Wall Street*, with its tale of insider trading and corporate raiding, and at Uplands he pooled resources with fellow students to invest in the stock market, even though he was only fifteen years old. Many adults remember Low as smooth and deferential, but adept at using this charm to get what he wanted. On occasion, he would borrow small sums of money from Larry's friends, many of them wealthy businessmen, and then not pay them back.

Larry was plotting the next phase of the family's rise. He had the apartment in London and the swish mansion in Penang. Low's elder brother, Szen, had studied at Sevenoaks, a prestigious school in England. Now, he was about to send his youngest son to one of the world's premier boarding schools. It was a decision that would catapult Low into the exclusive club of the world's richest people.

For decades, Harrow, situated on a bucolic hill to the northwest of London, had churned out British prime ministers such as Sir Winston Churchill, but by the late 1990s it was attracting new money from Asia and the Middle East. For wealthy Malaysians, Harrow in the late 1990s had a reputation as easier to get into than Eton, another of Britain's top boarding schools, but still an effective way to grease entry into Oxford or Cambridge and to make contacts. To reduce costs, Malaysians often would attend only the final two years of high school—to prepare for A-level exams—and that was exactly what Larry chose for his son.

In 1998, sixteen-year-old Jho Low arrived at Harrow, some of whose buildings date to the 1600s. In Penang, the Uplands uniforms consisted of short-sleeved shirts and slacks. At Harrow, pupils were required to don navy blazers and ties, topped with a cream-colored boater hat. The fees were high, more than $20,000 each year, but for the Lows it was an investment worth making.

At Harrow, Low thrived as a member of Newlands, one of the school's twelve houses of seventy or so pupils. Newlands pupils, which had included members of the Rothschild family, the Anglo-French banking dynasty, lived in a four-story redbrick detached building from the 1800s, much like the town house of a well-to-do Victorian-era businessman. Although Low was relatively wealthy himself, he quickly fell in with a new group of friends from Middle Eastern and Asian royal families, and was struck by the cash at their disposal. These were people, including the son of the sultan of Brunei, a small oil-rich country abutting Malaysia, who were picked up by drivers in Rolls-Royce cars at the end of term.

Surrounded by his elite new friends, Low began to display a more risk-taking side to his personality. He sneaked into Harrow's library with a group of students who had a mini roulette wheel and played for small amounts of money. On another occasion, he procured the letterhead of the Brunei Embassy from his friend and forged a letter to Chinawhite, the famous nightclub near Piccadilly Circus that in the 1990s was one of the city's hottest spots. In the letter, supposedly from staff at the embassy, Low asked for tables to be reserved at Chinawhite for members of Brunei's royal family. The gambit worked, and Low and his underage friends went partying alongside Premier League soccer players and models.

It was a lesson that power and prestige—or at least the appearance of it—opened all kinds of doors. Low positioned himself in the group as someone who could get things done. He'd make the bookings and collect money when it came time for the bill, making it appear like he was the one paying. He became the fixer, trading off his proximity to the truly powerful, and it had the effect of making him a focus of attention.

On vacations, Low headed to the Kensington Green apartment, where he spent more time with Riza Aziz. He knew that Malaysian politicians like Riza's stepfather, paid only moderate official government salaries, could never afford to live in multi-million-pound homes in London's toniest district. Everyone was aware that Malaysia's ruling party, the United Malays National Organization, demanded kickbacks from businesses for granting everything from gambling licenses to infrastructure contracts. Many of those businesses were controlled by Chinese Malaysians, like the Lows. The situation stirred in him a moral relativism. If everyone was taking a cut, then what was the problem?

After Harrow, Low opted to attend college in the United States. He had business ambitions, and America was his choice over stuffy Oxford and Cambridge. There, on the campus of an Ivy League school, he would enter the next stage of his metamorphosis.

Chapter 2

Asian Great Gatsby

Philadelphia, November 2001

Low stood in the nightclub he'd rented for his twentieth birthday—Shampoo, one of Philadelphia's most popular—and surveyed his domain. He'd agreed to pay around $40,000 for a full bar and canapés, and to keep out regular guests, giving the club an air of exclusivity. Only in his sophomore year, Low had spent weeks flicking through the student directory at the University of Pennsylvania. He had cold-called the social chairs of sororities to ensure the club was crammed with sought-after women. This wasn't a normal student night of beer-pong, and everyone turned up, from the jocks to the artsy crowd and the foreign students. The bar was stocked with champagne in sufficient supply to keep everyone's glass brimming all night.

Tipsy and swaying self-consciously to the pounding music under a gigantic disco ball, Low made awkward small talk with the women, asking them if they were enjoying the party. He seemed extremely anxious to please. At one point during the evening, a model wearing only a bikini made of lettuce leaves walked across the dance floor and reclined on a bar top. The waiting staff covered her near-naked body in sushi for the guests to eat with chopsticks. Low looked on at the spectacle, smiling as the crowd roared with laughter.

Among themselves, some partygoers that night referred to Low as the "Asian Great Gatsby," a reflection of how their host seemed to observe his own parties, rather than partake in them. Like Jay Gatsby's, Low's origins were shrouded in mystery. The guests felt the need to talk to their benefactor, but conversations were stilted and trailed off. He was friendly enough but really didn't have anything interesting to say, instead preferring to repeatedly ensure his guests were sated. *Do you like the champagne? How's the sushi?* He wasn't hitting on women in the way other male students did when they hosted parties. In fact, he wasn't even flirting.

Low chose the univerity's business-focused Wharton School, whose alumni included Warren Buffett and Donald Trump, for its reputation as a production line for top financiers. For $25,000 a year, students in the economics department, where Low was studying, learned the mechanics of capitalism. Many of his classmates, wealthy students from across the globe, envisioned a career on Wall Street. Low majored in finance rather than dry macroeconomics, but he wasn't planning on a regular banking career. The Malaysian worked hard in his first year—he was a quick study with a prodigious memory—but he began to see Wharton foremost as a place to socialize and build his contacts.

That night in Shampoo—like the many others he would organize over the ensuing fifteen years in nightclubs and casinos across the world—was pure performance, orchestrated by Low to impress. For sure, he enjoyed partying, and he liked having pretty women around, but more than anything this was an investment, one that made him appear successful and indispensable. That was why, ahead of the night in Shampoo, he had made an ostentatious request: The fliers for the party should have JHO LOW emblazoned in big letters next to those of the sororities. Low handed out two types of invites, standard and VIP, promising a complimentary "premium open bar," and with details of shuttle buses from campus to the club. He intuitively understood that people desire to feel important, part of an exclusive club, and he played on it. "Fashionable attire is a must. No jeans or sneakers," the invites read.

Sure, Low was rich, with a family wealth in the millions. While at Wharton, he would receive regular wire transfers of tens of thousands of dollars from Larry Low to finance gambling trips to Atlantic City and to pay for partying. The money was a gift from a wealthy, doting father, ensuring Low made a name for himself with the children of influential families who attended Wharton. But even with his father's backing, Low was stretched to afford the cost of the night at Shampoo. Unknown to his guests, he had put down only a portion of the costs up front and later stalled on paying the balance to the club's owners, haggling for months before finally settling on a steep discount.

Low began to invite sorority members and his Asian and Middle Eastern friends to gamble, hiring stretch limos for the one-hour drive to Atlantic City. The group often gambled at the Trump Plaza Hotel and Casino, wagering a few hundred dollars a hand. Low even wrote Ivanka Trump, then a student at Wharton, inviting her to attend. Low told his friends she declined the offer on the grounds she would never set foot in one of her father's "skeevy" casinos. The group returned to Atlantic City several times, and Low at one point was up some $200,000, but he lost all of the gains during one heady night of gambling in 2002. Those around him were shocked at the cavalier attitude he exhibited while betting the equivalent of a year's tuition. This guy, they thought, must have money to burn.

The Malaysian worked in other ways to build his brand. He wrote articles on stocks for the *Wharton Journal*, the business school's student newspaper. One of Low's pieces, in the November 6, 2000, issue, argued Enron was no longer a conservative gas pipeline firm but a profitable financial company that had made new markets in commodities. It was only a year before Enron collapsed amid an accounting scandal, sending its top executives to jail. But it wasn't just that the analysis was faulty; many bankers had fallen for Enron's lies. Low had plagiarized entire sections of his piece, word for word, from a Salomon Smith Barney report. He wrote many more such pieces, copying most of them from analyst reports on Wall Street. Somehow this got past editors at the paper, and Low began to develop a reputation as a stock picker, despite being only a freshman with zero experience analyzing companies.

He began to foster an aura of a rich prodigy. On campus, he drove around in a maroon-red SC-430 Lexus convertible, which he had leased but passed off as his own. He deliberately didn't correct rumors that he was a "prince of Malaysia," a claim that made the other Malaysian students laugh when they heard it. Low was playing a part—and it was not just to overcome any insecurity about his provincial background, but was aimed at getting him into the right social circle. He identified the wealthiest students and pursued friendships with them. He got to know Hamad Al Wazzan, the son of a Kuwaiti construction and energy magnate, and he befriended students from the rich Gulf states of the Middle East.

Alongside this social striver, there was another Low, one whose friends were from humbler origins, and with whom he'd spend time in the dorm room eating buckets of KFC fried chicken and watching pirated DVD movies from Malaysia. This group included Seet Li Lin, a whip-smart Singaporean who was on a government scholarship at Wharton. With Seet and their group, Low would drop the act. They watched boxing on cable, Low lounging around in a baggy tracksuit, and would spend the odd evening at a Philly strip club called Delilah's or at one of the jock bars on campus. At one point, Low dated an exotic dancer from the club, whom he lavished with gifts. He fantasized about blonde stars like Paris Hilton and Britney Spears, and watched Hilton's debut film, *House of Wax*, half a dozen times, spurring eye rolls from roommates.

With his soft way of talking, almost inaudible at times, it was easy to forget you were doing what Low desired. In 2003, he persuaded his Arab friends to help him set up a tour around the Middle East, introducing him to the richest families and most influential firms. Taking a semester off, Low went to Kuwait, where Al Wazzan arranged meetings with businesspeople and minor royals.

Then, in Abu Dhabi, in one of these meetings—enabled by his years of cash-fueled networking—Low made a connection that would change the course of his life.

Chapter 3

Win Tons of Money

Abu Dhabi, United Arab Emirates, Fall 2003

In a seafood restaurant overlooking the sparkling Persian Gulf, a twenty-two-year-old Low sat down for lunch with Yousef Al Otaiba, a fresh-faced foreign policy adviser to the country's sheikhs. The Malaysian had begged a mutual friend to set up the meeting, and, as they ate, Low peppered Otaiba with questions. During the lunch, Otaiba noted that Low was no mere student on a world tour. Instead, the young Malaysian was eager for specific information about power structures in the United Arab Emirates: which sheikhs held the ear of the crown prince and who controlled the biggest pots of money. Low sensed that Otaiba, an inner-circle figure, could help guide him through the hallways of power in an up-and-coming nation.

Situated on an island in the Persian Gulf, just off the Arabian Peninsula, Abu Dhabi wasn't yet an impressive sight to behold, with its 1970s-era buildings and generic glass office towers. But the emirate was in the midst of big changes. Oil prices were on an upward trajectory that would fill the coffers of Middle East governments, and Abu Dhabi's royal family was overhauling the city, the capital of the UAE. Not far from the seafood restaurant, the Emirates Palace, a $3 billion edifice slated to become one of the world's ritziest hotels, was under construction.

With intelligent, piercing brown eyes and a closely shaved head that accentuated his angular features, Otaiba already had tasted more success by thirty than many men do in a lifetime. Yet his ambition, for power and money, was anything but sated. One of at least twelve children, from different wives, of Abu Dhabi's former oil minister, Otaiba had a privileged upbringing, attending the Cairo American College in Egypt—his mother's country—before studying at Georgetown (where he attended four years but did not graduate), and later, at Washington's National Defense University. Eloquent and charming, he positioned himself back home as an interpreter of the West for the emirate's royal family. At age twenty-six, he became an adviser to Abu Dhabi's crown prince, Mohammed Bin Zayed Al Nahyan, and he assumed the role of national security liaison with foreign governments.

Otaiba was always dressed impeccably in a Western business suit, and he had a perfect American accent, so officials in Washington often forgot he was a foreigner, and the young emirati became a trusted ally during the George W. Bush era. Over dinners, he expounded to journalists, diplomats, and White House officials about the need for the United States to take a hard line on Iran and Islamist militants, both of which he saw as an existential threat to Abu Dhabi's authoritarian government. By galvanizing support among Arab nations for the escalation of Bush's war in Iraq, Otaiba cemented his influence in Washington.

A regular on nightly cable news programs, he exhibited poise and charm, which masked a stony self-belief and a tendency to curtness with those who reported to him. In an email exchange with Mohamed El-Erian, then-CEO of PIMCO, the giant U.S. investment firm, and one of the world's most recognizable Arab businessmen, Otaiba warned him: "As you get to know me, you will find out that I'm brutally honest and blunt."

Otaiba was not as wealthy as many emiratis. His father, also a businessman with interests in finance and real estate, had accrued a fortune. But as one among so many children, Otaiba did not have the wealth to keep up with the royals, with their mansions, yachts, and other luxuries. The emirati led a second life that was costly to maintain, and he needed cash to compete with the princes of the Gulf. In conservative Abu Dhabi, Otaiba dressed in billowing robes and a *gutrah*, the traditional emirati headdress. But in the United States, like many senior Arab figures once they escape the strictures of life at home, he lived a decidedly more rakish lifestyle.

Not yet married, he supplied a Florida modeling agency with lists of his preferred women, mainly brunettes. Professionally successful, he still had an interest in self-enrichment. While well versed in Arab politics, Otaiba was a novice at business. To make money, he became involved with a construction company set up by a partner. The pair co-invested in projects in the Middle East, but Otaiba remained in the shadows: His main contribution to the business was to provide *wasta*, or “connections” in Arabic.

Here was just the kind of contact Low was seeking out: an influential figure, yet a striver, one who was still on the rise, knew nothing about business, and was amenable to a meeting with an unknown Malaysian. Over the lunch, Low held out the prospect of deals between the Middle East and Southeast Asia, especially Malaysia, which he talked up to Otaiba as a growing economy. It was mainly bluster—outside of throwing college parties, Low had no experience of brokering deals and, apart from his previous knack for borrowing money from family friends, no real special access in Malaysia. But Low did not let those facts stop him. As he listened to the persuasive Malaysian, Otaiba was intrigued by his talk of potential business relationships, and he began to open doors for Low in Abu Dhabi.

Soon after their first meeting, Otaiba introduced the young Malaysian to Khaldoon Khalifa Al Mubarak, another young, ambitious emirati who ran an investment fund called Mubadala Development. With prominent, arching eyebrows and sleek, frameless glasses, Al Mubarak was a charming figure who spoke calmly and easily broke into a smile. The son of an emirati ambassador murdered on the streets of Paris by a Palestinian terrorist group in 1984, Al Mubarak was—like Otaiba—a trusted aide to Abu Dhabi’s most powerful sheikh, Crown Prince Mohammed Bin Zayed Al Nahyan.

At Wharton, Low could be indolent, scraping through with the bare minimum of effort. Yet here in Abu Dhabi he was getting a genuine education in how the world worked. Abu Dhabi had formed Mubadala a year earlier, in 2002, to diversify its oil-dependent economy. The idea was to raise capital from international markets, plowing the money into industries like real estate and semiconductors. Low could see how Al Mubarak, only in his late twenties and a smooth talker, was in a position of considerable power, with control over big chunks of Abu Dhabi’s economy.

Mubadala was part of a trend in which rich states were playing a greater role in the global economy. Sovereign wealth funds had been around since the 1950s, when Saudi Arabia and Kuwait set up entities to find ways to invest their oil wealth with a long-term outlook. Other examples followed, from Norway’s Government Pension Fund to the Abu Dhabi Investment

Authority, the emirate's main wealth fund. By Low's visit, sovereign wealth funds controlled $3.5 trillion in assets, larger than the annual GDP of most Western nations.

But Mubadala was novel: Rather than simply invest oil profits, securing them for future generations, the fund was borrowing from global markets and actively trying to move the economy in new directions.

What Low saw in Abu Dhabi planted a seed in his mind. Malaysia had a sovereign wealth fund, Khazanah Nasional, but nothing like Mubadala. It would take six years for Low to establish himself as an Al Mubarak–like figure controlling his own fund in Malaysia. In the near term, he had a more achievable goal: to turn his newfound Arab contacts into business opportunities. Whatever Al Mubarak made of this cocksure young Malaysian, it would not be long before they found common ground on which to operate.

Back at Wharton for his final semester, Low set up his first company, the British Virgin Islands–based Wynton Group. The name stood for "win tons" of money, he told friends, who were unsure if it was a joke. Ivy League schools draw students from across the globe, whose families pay the huge fees in return for the networking opportunities and the brand name. In their senior years, the best students compete for jobs at Goldman Sachs or McKinsey & Company. Low's brother, Szen Low, who studied at Cambridge University in England, joined Goldman out of college.

But Low had no time for the well-trodden path, figuring he could make more money without the constrictions of an office job, and he set about pitching Wynton as a vehicle for Middle Eastern investors to get involved in projects in Malaysia. It started small, with some seed capital from the families of friends from Kuwait and other countries, and bought some stocks, but it wouldn't do any major deals until Low left Wharton for good.

As his senior year ended, in 2005, Low had a plan in mind: to return to Malaysia and look for ways to do business with his Wharton and Harrow contacts. A young financier with his own company, Low was ambitious. But he needed to find an influential backer at home.

Fortunately, from his father's real estate investment in London, he had one: the powerful family of Najib Razak.

Chapter 4

We’re Going to Need a Bigger Van

Hong Kong, China, December 2007

In the lobby of Hong Kong’s opulent Shangri-La Hotel, perched on a steep hill with views over the city’s skyscrapers and the narrow harbor below, there was a commotion. The throng of handlers, security personnel, and assorted sycophants who clung around Malaysian Deputy Prime Minister Najib Razak and his wife, Rosmah Mansor, were trying to load the car taking them to the airport, but there was a problem. And Rosmah, her hair in a bouffant, the product of hours at the salon, and bedecked in expensive jewelry, was losing patience.

Najib had spent the past couple of days meeting fund managers with Credit Suisse, the investment bank, aimed at drumming up foreign investment. Malaysia’s commodities-heavy economy was beginning to attract the attention of Wall Street banks. While Najib sat in conference rooms, Rosmah had indulged in Hong Kong’s plethora of luxury boutiques. Now there was a problem. Rosmah’s towering pile of boxes and shopping bags would not fit into the car taking them to the Malaysian government jet that was on standby in the VIP hangar at Chek Lap Kok airport. Scrambling, Rosmah’s staff eventually found a van to haul the excess baggage. It took so long to make the arrangements and load the cargo hold, the jet did not take off for Malaysia until after midnight.

As the heir to a Malaysian political dynasty—his father and uncle had both been prime ministers—Najib and his wife were accustomed to a retinue of handlers who looked after their every need. In his midfifties with thick red lips and a salt-and-pepper mustache, his face often wearing a look of happy befuddlement, Najib was the epitome of an entitled politician. His father, Abdul Razak, tried to instill an old-fashioned morality into Najib and his four younger brothers. When the boys asked for a swimming pool at the prime minister's official residence, their father rejected the proposal, lecturing his children on how a public servant should not use state funds for personal pleasure. But Abdul Razak died young, when Najib was only twenty-two, and with him any restraining influence also vanished. From then on, the boys, and especially Najib, were enveloped in the privileged bubble of the ruling United Malays National Organization, or UMNO.

Educated at Malvern College, an illustrious British boarding school, and the University of Nottingham, Najib preferred English to Malay. Like an English gentleman, he had a penchant for expensive cigars and watched English TV shows like *Yes Minister*, a sitcom about a bumbling government minister. On the back of his revered father's name, he held a string of plum government positions. A deputy minister by his midtwenties, Najib didn't bother himself much with the mundane details of governance, preferring to attend events and make speeches. From the outset, he was surrounded by yes men.

UMNO had ruled Malaysia since its independence from Britain in 1957. Malaysia held regular elections, but the system was deeply flawed and corrupt. In the 1970s, Najib's father ushered in policies whose effect was to help Malays, the majority ethnic group. The government reserved university places for Malays, gave special financial handouts to Malays, and even favored Malay-owned companies for state contracts. By 2007, these policies had spawned a thick web of graft in which businesses, many controlled by Chinese and Indian Malaysians, had to pay kickbacks to the likes of Najib and Rosmah in order to operate.

Rosmah's origins were somewhat more humble. Her parents were middle-class school teachers, but she had partly grown up on the grounds of the palace of a Malaysian sultan, who had adopted the family as his own. The experience had exposed Rosmah to wealth from a young age but also instilled in her a sense of insecurity, of not truly belonging to the aristocratic world she inhabited, according to people who know her. Fascinated by royalty, Rosmah reportedly eyed members of Brunei's royal family for marriage before she met Najib in the 1980s. She was working for a property company and he was a chief minister. They married soon after, a second union for them both.

When Rosmah first boarded a government private jet, she was enthralled by her new surroundings. To compensate for her common origins, she began to dress in fine silks and precious jewels. She could be humorous, but she also exhibited a draconian streak, yelling at aides and cutting off contact with a daughter from her first marriage because she disliked her choice of husband. Relationships for her appeared to be transactional. Foreign businessmen seeking government support for a new venture would often meet her first, and she'd set up a follow-up encounter with Najib.

Grandees from the ruling UMNO party grew concerned about the deputy prime minister and his wife. Most politicians had made money through kickbacks for government contracts and property deals, and Najib was no exception. But by the mid-2000s Rosmah's spending had reached new extremes, even for Malaysia. One story that made the rounds involved her breezing into a Hermès store and informing the clerks of the few items she did not want to buy, before ordering one of everything else.

To finance her penchant for luxury items, Rosmah was pilfering the state coffers. One Malaysian businessman detailed how it worked: He would buy properties from state-owned companies before selling them at a markup to other state firms, sharing the profit with Rosmah. She was already an unpopular figure in Malaysia, having developed a reputation as a social climber and modern-day Imelda Marcos, whose penchant for high-end accessories, like Birkin handbags by Hermès, which cost tens of thousands of dollars apiece, seemed beyond the reach of Najib's official salary.

In late 2006, a Mongolian model, a girlfriend of a Najib aide, was shot dead, and her corpse was then blown up with C4 explosives. At the time she was killed, the dead woman's boyfriend, an aide in Najib's Defense Ministry, was facing accusations of accepting bribes worth more than $100 million from a French submarine company. A Malaysian court later convicted two police officers for the murder. At the time, the officers were part of Najib's personal security detail. Najib denied any knowledge of the killing, but the sordid affair stuck to him like a rotting smell.

By 2007, with Najib harboring ambitions for the nation's top office, one once held by his father, the ambitious couple needed some good news. It arrived in the form of a friend of Rosmah's son, a young man called Jho Low whom they had met in London.

On his return to Malaysia, after graduating from Wharton in the spring of 2005, Low set up offices on the seventieth floor of the Petronas Towers in Kuala Lumpur for his company, Wynton. The pair of futuristic skyscrapers, the tallest buildings in the world in the late 1990s and early 2000s, were the premier address in Malaysia's capital—a symbol of the country's emergence from agrarian poverty within a generation. Encased in shiny chrome steel cladding, with a sky bridge linking the forty-first floors, the towers featured in the 1999 film *Entrapment* with Sean Connery and Catherine Zeta-Jones. In the lobby, iron bars inserted into the black marble floor traced a swirling Islamic-inspired geometric pattern.

Only the best-known Malaysian firms could afford an office in the towers. Chief among them was Petronas, the state oil company, whose profits had fueled Malaysia's economic transformation. Jho Low, his college graduation barely behind him, couldn't really afford such a prestigious address, but managed to arrange a loan from a local bank. Using the bank's money, he decorated the office, sparing no expense. The space featured an "island" boardroom in the center of the floor, with glass that frosted over at the touch of a button. A whiteboard inside printed out whatever was written on it. In the restrooms, the toilet seats adjusted automatically to the height of the occupant. There was even a wading pool for tired feet. For Malaysia at the time, this was more than cutting-edge technology: It was the most luxurious office space in the country.

Low splashed money on staff, even though he had few investment deals in the pipeline. One of his first hires was Seet Li Lin, the Singaporean whom he had befriended at Wharton. Seet had a sound understanding of finance, having gone to work for Singapore's central bank after college, before Low convinced him to join Wynton. Extremely young looking, with a cheerful smile, Seet acted as Low's details guy. Often, Low would begin a negotiation before asking Seet to take care of the details. Like his boss, Seet was impatient to get ahead. The key to his success at Wharton, he once boasted, was turning in essays that were big on buzzwords and short on substance.

Eric Tan—a Malaysian whom Low referred to as "Fat Eric"—also became a key member of Low's entourage. A Malaysian who spoke heavily accented English, Tan would become Low's de facto body man, a partner so trusting of Low that he would sign any document without question. Low had met Tan in the nightclub world in Malaysia, and they would travel everywhere together, for work and vacations.

Now all Low needed was business. While at Wharton, he'd made contacts in the Middle East. Now, he wanted to bring rich Arabs to invest in Malaysia, perhaps making a fee for brokering a deal. To build allegiances, Low sent chocolates and flowers to prospective partners, and offered personal favors, securing appointments with sought-after doctors. But as a Chinese Malaysian, Low knew he needed a Malay protector if he were to really succeed in business. He had one in mind: the family of Najib Razak, whose stepson, Riza Aziz, he had gotten to know in London. The deputy prime minister himself was still out of reach, but a mutual friend introduced him to Nizam Razak, one of the politician's four brothers, and Low offered him space for free in Wynton's office. Low enticed Nizam to co-invest in a high-end condominium project near the Petronas Towers that some contacts from Penang were developing.

The problem with the co-investment was that Low didn't have any money—in fact, he had sizable debts from his bank loans. When it came time for the down payment, a businessman fixer of the Najib family came in to arrange financing and bail Low and Nizam out of the situation. Low was at a low ebb. After failing to pay the rent on the Petronas Towers office for several months, he had to give it up. Rather than getting him close to Najib's family, his efforts appeared to be in vain.

"They had disdain for him," one close aide of Najib said of Low.

But Low was tenacious and resourceful, using every failure as an opportunity. He had gotten to know executives from the Kuwait Finance House, an Islamic bank, which had come in on the condominium property deal. In 2007, he tried to broker a deal for the Kuwait Finance House to take over a Malaysian bank. He failed again, but had added to his contact book. Low was becoming adept at obtaining meetings with powerful figures, putting himself in the room even though he had no track record.

Later that year, he heard Khazanah, Malaysia's powerful sovereign wealth fund, was looking for partners to develop a gigantic construction project in the southern state of Johor, near the border with Singapore, to be known as the Iskandar Development Region. The project was an ambitious effort to create a financial and lifestyle center to rival wealthier Singapore, Southeast Asia's financial and commercial hub.

Here was Low's chance. In Abu Dhabi, Low had observed firsthand the huge amounts of money that sovereign wealth funds control, and he saw an opportunity to broker a deal. Since Low's Middle East tour, Khaldoon Al Mubarak, the chief executive of Mubadala, had grown in prestige. Buoyed by sky-high oil prices, Mubadala had taken sizable minority stakes in firms like Ferrari and Advanced Micro Devices, and Al Mubarak controlled a multi-billion-dollar empire.

Low's main contact in Abu Dhabi remained Yousef Al Otaiba, the political adviser to the emirate's crown prince. On June 17, 2007, Low wrote an email to Otaiba with details of the plans for the Iskandar development, and suggested Mubadala could invest. He then arranged for Khazanah executives to fly to Abu Dhabi, where he set up meetings with Otaiba and others.

"Otaiba's name card is the only one you need in Abu Dhabi," Low joked as he introduced the emirati to Khazanah executives.

Low was punctilious, stage-managing meetings and phone calls between Mubadala and Khazanah, and sending around emails ahead of time with subject lines like "sequence of events." He also acted as if the deal would go off the table if both sides didn't pounce now. Situating himself at the nexus of the dealmaking, Low's behavior served to deepen the impression that he could deliver powerful Middle Eastern contacts.

Low's ability to bring Mubadala to the table marked a revival after the mess of the failed condominium deal. He latched onto the opportunity it presented to build his political contacts in Malaysia. He already knew Deputy Prime Minister Najib's brother and his stepson, and he set about getting close to Najib and Rosmah themselves. In 2007, Low formed an offshore company for Rosmah and Najib to help pay for their daughter's expenses while studying at Georgetown.

The Iskandar land project, with a big investment from the Middle East, offered Low a chance to show his worth. The young Malaysian told the politician about the deal, and offered for Najib to take credit for it—all without having to do the legwork. The Iskandar project, right on Singapore's doorstep, would burnish Najib's credentials as a doer, a politician who could attract investment and finally propel Malaysia into the ranks of developed nations.

As Rosmah Mansor took the microphone, she beamed at the crowd. Clad in colorful traditional Malay silks, the wife of the deputy prime minister was enjoying playing host. The guests, soft drinks in hand, milled around the huge stateroom of Rosmah and Najib's official residence, an impersonal, cavernous building, with a pointed red-tiled roof and floor-to-ceiling windows that offered a sweeping view of gardens bordered by a man-made lake. Outside a tropical downpour threatened to break out. At the back of the room, scurrying around, making sure everyone was having a good time and meeting the right people, was Jho Low.

That night, in late August 2007, marked a new turn for Najib and Rosmah—and they had the young Malaysian to thank for it. The guests had assembled at Najib's residence in the new city of Putrajaya, just outside Kuala Lumpur. Malaysia had moved the government there in the 1990s, hoping to develop a global technology hub. An impressive sight of modern skyscrapers and Islamic-inspired domed edifices set around a huge lake, Putrajaya had never attracted sufficient capital or companies and felt somewhat forlorn, its multilane highways largely empty.

Inside the residence, however, the mood was celebratory. The party was to mark the deal for Mubadala and the Kuwait Finance House to take a stake in the Iskandar land project. "I'd like to thank Jho Low for bringing Middle Eastern investment to Malaysia," Rosmah told the room. Then, accompanied by a live band, she began to sing a number of ballads, as the bemused delegation from Abu Dhabi looked on.

Afterwards, guests waited in line as Najib introduced Mubadala's chief executive around the room. Wearing a headdress, and with a confident yet polite demeanor, Al Mubarak had added another investment to his growing empire, all thanks to Low. The next morning, Mubadala signed a contract to invest half a billion dollars in the Johor project of five-star hotels, residences, and a "golf village."

For Low, the deal was a seminal moment. His ability to source Middle Eastern money put him in good stead with Najib and Rosmah, reinforcing his claims to hold sway in the Arab world. The couple was fascinated by the Gulf, where rulers enjoyed lives of exceptional luxury. In parallel, Low was making other efforts to ensure he became enmeshed with the family. A few weeks earlier he had flown to London for the high school graduation party of Nooryana Najib, Najib and Rosmah's daughter, who was leaving the exclusive Sevenoaks School to study at Georgetown in the United States.

But there was a problem. Low had expected to make serious money for himself from the deal, and he was incensed when Khazanah turned down his request to be paid a broker fee. Run by professionals, the fund was too clean for Low's purposes. Going forward, he really needed to control his own pot of investment money. To do so, Low prepared to dive deeply into the world of offshore finance.

Chapter 5

A Nice Toy

Washington, DC, August 2008

In the fall of 2008, Otaiba's business partner, a Jordanian named Shaher Awartani, wrote him an email containing some very welcome news. The pair was about to make around $10 million through a deal that Low had set up in Malaysia. Perhaps worried about too many direct interactions with this Malaysian broker, Otaiba relied on Awartani to communicate with Low. Yet the Malaysian was starting to prove a very lucrative connection.

"Great news. It's nice to see our efforts finally paying off," Otaiba wrote back.

Soon after, Awartani suggested buying a Ferrari after what Otaiba described as a "transfer from Jho."

"I think we each deserve to buy a nice toy in celebration, what do you think? The 458 ITALIA maybe?" Awartani wrote in an email to Otaiba. The ambassador responded that such ostentatious consumption in Abu Dhabi "will just attract unnecessary attention."

Otaiba had reason to keep his dealings with Low under wraps. A few months earlier, he had become the UAE's ambassador to the United States, fast establishing himself as one of Washington's most prominent diplomats. His dinner parties, at the ambassador's palatial residence on the Virginia bank of the Potomac River, catered by celebrity chefs such as Wolfgang Puck, attracted White House staffers, members of Congress, and top cable-news hosts. Sometimes, the ambassador invited guests down to his man cave—a basement area with a huge flat-screen television—to watch basketball. Accompanied by his glamorous wife, Abeer, an Egyptian-born civil engineer, Otaiba seemed to attend every social event in the capital. With his Western ways, and Abu Dhabi's support of the fight against militant Islam, the ambassador was a popular figure, whether at cocktail parties or propounding his views on *Morning Joe*.

But Otaiba, only in his midthirties, had a hidden side, a business life, one which he kept away from the limelight. The ambassador had been right to bet on Jho Low. His association with the Malaysian looked like it would make him exceptionally rich.

Denied a broker fee in the Iskandar land deal, Low had cast around for another way to profit. He had started out trying to be a classic deal maker, angling to earn a fee for bringing Mubadala into the investment. But he had been blocked. To get the payoff he believed he deserved, and to repay Ambassador Otaiba, Low would do whatever it took.

He came up with a convoluted yet brilliant scheme. Malaysia was abuzz over Mubadala's plans for the giant Iskandar project. With blueprints calling for new roads, homes, malls, and industrial developments, builders would be jockeying to win lucrative contracts. At this time, Low heard about two Malaysian construction companies that were for sale. Perhaps he could buy them cheaply, and win contracts on the Iskandar development? To finance the multi-million-dollar purchase price, Low needed more loans. But he was still a nobody in the eyes of banks, a low-level businessman with a poor track record. To burnish his image and get his hands on the banks' money, he once again turned to powerful friends.

As a vehicle to make the purchase, Low set up a British Virgin Islands entity called the Abu Dhabi-Kuwait-Malaysia Investment Company and gave free shares to Ambassador Otaiba and minor aristocrats from Kuwait and Malaysia. He was creating the impression that prominent individuals were behind the company. With such illustrious backing now in place, Low had no trouble persuading Malaysian banks to lend tens of millions of dollars. He used some of the debt to fund the investment group's acquisition of the construction companies. At the same time, a subsidiary of Wynton, Low's company, took out further loans to finance the purchase of a minority stake in the Iskandar land project alongside Mubadala. Instead of receiving a broker fee, Low became a co-investor.

He then set about creating a fiction that major Middle Eastern sovereign wealth funds also were involved in the purchase of the construction companies. If Low could make it appear as if his personal ventures were backed by powerful Middle Eastern funds, he could attract even more money. To create the illusion, he turned to the opaque world of offshore finance. Low knew about offshore financial centers from his father, Larry, who had a myriad of overseas accounts. It was normal for rich Asians, fearing instability at home, or just to evade taxes, to set up offshore accounts in secretive jurisdictions like the British Virgin Islands and the Cayman Islands.

The "offshore" designation typically refers to jurisdictions whose financial systems are much larger than their domestic economies; in other words, the banking system exists purely for nonresidents to stash cash, unlike international financial centers in London and New York that also service local citizens and companies. In recent years, offshore centers have come under pressure to share information on their clients. But many of these centers, reliant on annual fees from the thousands of companies seeking a cloak of secrecy, remain safe harbors for money launderers and other criminals to wash cash and avoid taxes. One recent estimate puts the money stashed in offshore financial centers since 1970 at $32 trillion—a figure equal to the combined economies of the United States and China—with hundreds of billions lost in tax revenues.

The now twenty-six-year-old Low was already mastering this hidden realm of the global economy. He would have known that the Cayman Islands, home to branches of U.S. banks and hedge funds, had improved its information sharing with Washington. The British Virgin Islands in the Caribbean, however, had a no-questions-asked approach to company incorporation, and was where he had set up Wynton. (In 2007, his sister Low May-Lin became a solicitor of the Supreme Court of the British Virgin Islands.) And tiny Seychelles, in the Indian Ocean, had the advantage of not seeming to care who owned its shell companies.

Most importantly, Low had experienced the ease of setting up an offshore account—almost anyone could do it. For only a few thousand dollars, a corporate-services firm like U.S.-headquartered Trident Trust or Mossack Fonseca of Panama would open an account or form a company, and deal with all the paperwork. (The Panama Papers, a leak in 2016 of hundreds of thousands of Mossack Fonseca client records going back to the 1970s, showed the extent of the use of offshore accounts by the global elite, from the family of Chinese president Xi Jinping to actress Emma Watson.)

Without this secrecy, the scam that was about to unfold would have been impossible. For the next step of his scheme, Low set up two shell companies in the Seychelles. The firms—ADIA Investment Corporation and KIA Investment Corporation—appeared, given their names, to be related to the Abu Dhabi Investment Authority, or ADIA, and Kuwait Investment Authority, or KIA, two of the most famous, multi-billion-dollar sovereign wealth funds in the world. But the look-alike companies were purely Low's creation, with no links to Abu Dhabi or Kuwait.

In setting up ADIA Investment Corporation, Low experimented with another financial trick that he would add to his repertoire. The company issued just one unregistered share, valued at $1, and it was controlled by whoever physically held the stock certificate. These "bearer shares" were banned in many jurisdictions, including Great Britain and the United States—Nevada and Wyoming in 2007 became the last states to abolish their use—because they allowed owners of companies to hide behind layers of secrecy and made it nearly impossible for regulators to determine the owner of an asset at a given point in time. Seeking to find tax cheats in the early 2000s, the United States started to pressure offshore centers to hand over details of the beneficial owners of companies and accounts. Even the British Virgin Islands had recently outlawed the practice of bearer shares. But in the Seychelles, Low learned, they were still permitted.

Next, Low had these look-alike offshore companies take minority stakes in the Malaysian construction firms. It now would appear to any prospective business partner doing due diligence that royals from Kuwait and Malaysia, as well as Ambassador Otaiba, and two major sovereign wealth funds, were Low's partners in plans to develop the Iskandar project.

With this elaborate structure in place, Low went fishing. He needed a mark, a rich but financially naive businessman who would buy the companies and land from his supposedly illustrious investment group for a high price. He found one in Taib Mahmud, the seventy-one-year-old chief minister of Sarawak, a remote, jungle-covered Malaysian state on Borneo Island, separated from the rest of the country by hundreds of miles of sea. Short and elfish, with silver-gray hair, Taib was one of Malaysia's richest individuals—the product of decades in businesses such as logging and palm-oil plantations that had led to the deforestation of his state. A wily and long-serving politician, Taib dressed in white suits, drove a white Rolls-Royce, and owned a white grand piano, which had once belonged to Liberace. He was not, however, a skilled financier.

The chief minister had come to hear of Low, who was touting Mubadala's ambitions to invest more widely in Malaysia after the Iskandar deal. Taib was keen for investment to build palm-oil refineries and other energy projects in Sarawak. Low held out the possibility of huge Middle Eastern outlays. But in the meantime, Low persuaded Taib to buy the construction companies and the Iskandar land.

A few months later, Wynton, Low's company, completed the sale of its stake in the Iskandar land to UBG, a holding company controlled by Chief Minister Taib, in return for cash and shares. The deal made Low the largest shareholder of UBG. He crowed to friends that the sale had netted a $110 million profit for Wynton by selling to Taib at a significant markup. The Malaysian had made his first killing, and he traded in his E-series Mercedes for a black-colored Ferrari, taking his new toy for nightime joy rides around Kuala Lumpur.

But there were problems on the horizon. Low's haul was staggering, and Taib, who still held a stake in UBG, would be furious when he found out the premium he had paid. Otaiba, too, started to hear talk of these huge profits that Low had reaped and worried that he was only being fed scraps. It was Otaiba, after all, who had lent his name to this deal, embellishing the fiction that Abu Dhabi officially was involved.

"Our friend Jho may be shafting us on the Iskandar Development region issue," Awartani wrote to Otaiba. "My opinion is we may be getting just a bone to keep us happy and [quiet]."

On U.S. nightly cable news, Otaiba had a charming demeanor as he explained Middle East affairs to American audiences, but, used to wielding power, he could be stony in private, and Low's perceived double-dealing infuriated him. He viewed Low as a useful contact, one who offered access to potentially lucrative deals in Malaysia, but it was the Malaysian who ultimately needed him—and his high-level contacts in Abu Dhabi—far more than he relied on Low.

"He needs to understand VERY clearly that he can't do much without us knowing," Otaiba replied to Awartani, urging him to confront Low. "Personally, I prefer the direct approach cuz it will scare him a bit."

Even his partners were starting to distrust Low. But at that moment, he had finally hit a gusher of cash, all without holding down a regular job. He was twenty-seven years old—only three years out of college. While most of his Wharton classmates were grappling with the turmoil engulfing Wall Street and the world financial system in late 2008, Low was already sitting on a fortune that most of his finance industry classmates from Wharton could only dream of. Without producing anything, Low had shown an unusual ability to navigate the chambers of power and persuade investors by holding out the promise of large returns. He had made money for Otaiba and his other influential sponsors, strengthening his web of contacts. Not all the cash was really his—he'd have to figure out a way to get some money back to Taib—but Low was starting to develop a deal-making reputation.

He was no longer a nobody, but an investor with a track record who was now a fixture at events—business meetings but also society gatherings—held by Kuala Lumpur's elite. It was this precocious renown that landed him on the radar screen of an ambitious banker at Wall Street's most powerful financial institution.

Chapter 6

Doctor Leissner, I Presume

The Great Wall of China, June 2006

Waiters bustled around Chinese banquet tables, which had been set up under a tent at the Great Wall near Beijing for a celebration with a very special guest of honor. Moments later, Lloyd Blankfein, the aggressive former trader who recently had been named chief executive of Goldman Sachs Group, arrived with an entourage of senior American and Chinese bankers. Blankfein was the new king of Wall Street, and Goldman was holding a symbolic global board meeting on the Great Wall, a sign of the importance of China—and Asia more broadly—for the powerful bank.

Hank Paulson, who had just left the chief executive role, had steered Goldman deep into China, where it made money advising the Communist government on how to privatize companies and became one of the first foreign banks to set up a local securities joint venture. Paulson had quit weeks earlier to become President George W. Bush's Treasury secretary, and Blankfein was keen to keep the focus turned on Asia. The region remained somewhat of a backwater. Wall Street banks still earned well over half of their profit in the United States, raising capital for clients, advising on mergers and acquisitions, and selling profitable derivative products, not to mention making hefty bets with their own money, including on the teetering housing market. Ahead of the financial crisis, Asia accounted for only around a tenth of Wall Street's profits, of which China was a major driver.

By 2006, however, the winds were shifting. The board meeting on the Great Wall was largely a symbolic affair, but as the attendees looked out from their perch down over the plains toward Beijing, the talk was tinged with optimism about the future of Asia. There was growing interest in the region, as China's economy, churning out toys, clothes, machine parts, and other manufactured goods for the United States and Europe, grew at double-digit rates. Southeast Asian neighbors like Malaysia, which supplied China with raw materials, were registering their own solid economic expansions of more than 5 percent annually. Goldman's honchos began telling staff they had better chances of promotion if they moved to Asia, a sweetener to get employees to uproot their families from New York and London and relocate to Hong Kong or Singapore.

In early 2009, Tim Leissner, a rising star at Goldman in Asia, stepped out of a car at the Istana Negara in Kuala Lumpur. With mustard-colored domes, the imposing hillside official residence of Malaysia's king evoked an Indian maharaja's palace. It was an incongruous location for Leissner, a thirty-nine-year-old German, to be holding a meeting. Six foot three tall and dashing, Leissner, head of investment banking in Southeast Asia, had spent a decade generating new business for Goldman throughout the region.

Today's meeting was different. After flying in from his base in Hong Kong, Leissner went to purchase a *songkok*, a traditional Malay hat, a piece of headgear that was de rigueur when meeting Malaysia's king. He was there to talk with the sultan of Terengganu, Mizan Zainal Abidin, one of the country's nine hereditary princes, who at the time was also king of Malaysia under a system that rotates the crown among the sultans. Mizan often received guests in ceremonial Malay attire—a headdress made from folded embroidered silk, a short golden-threaded sarong over black pants, with a kris dagger tucked into a waistband—but for this meeting he was dressed in a Western business suit.

Typically Leissner would scout for deals in Malaysia by maintaining close ties with chief executives and politicians. The country's economy was a minnow compared to China, where Goldman was focusing most of its attention in Asia, but Leissner had spent almost a decade building connections in Malaysia, and Goldman had started to make respectable money advising on deals. Sometimes he would rely on middlemen, politically connected Malaysian brokers, who took a fee for making introductions, a normal practice in Asia. This meeting had been organized by Jho Low, who was only twenty-seven years old but seemed extremely well connected.

Leissner had met Low through Roger Ng, a well-connected local banker at Goldman, and the young Malaysian registered an unfavorable first impression. Low seemed like a striver, someone who tried to set up deals and take a cut without doing the legwork or risking any money of his own. Leissner told friends that he considered Low a “dodgy” character. Still, Low had investment ideas, and the Goldman banker was ambitious and hungry for the next big thing. Low had told Leissner about the sultan’s plans to set up an investment fund to manage his state’s oil and gas wealth. The sultan, Low had said, wanted to hire Goldman.

A good talker, Leissner knew how to charm Asian dignitaries, and he hit it off with the sultan. By the end of the meeting, Goldman had clinched a contract to advise on the formation of the new fund, which was to be known as the Terengganu Investment Authority. Goldman’s fee for setting up the authority was a paltry $300,000—a sum barely worth getting out of bed for, by Wall Street’s standards. But Leissner knew how to play the long game. The Terengganu deal was the beginning of a line of business that in short order would earn hundreds of millions of dollars for Goldman. Suddenly, the one-time backwater of Malaysia would become one of Goldman’s biggest profit centers anywhere in the world.

Growing up in the northern German town of Wolfsburg, close to Hanover, Leissner led a privileged childhood as the middle of three brothers. His father was a senior executive with Volkswagen, which is based in the town, and he attended a local high school, playing tennis most afternoons at a private club from the age of ten. In the summers, the family would send him to exclusive training camps in Europe and the United States, where he hit with star players such as Steffi Graf.

When he was seventeen, Leissner spent a year as an exchange student at the private Millbrook School in upstate New York. His host family considered him reserved, a trait they took to be typically German, but he quickly dove into his new American life. He played basketball and wide receiver for the football team. The local newspaper described his “slew of life’s gifts” that included “confidence, intelligence, looks, affluence and athletic talent.” The sports coach praised him as the most coachable student he had ever taught and a “great role player.” He attracted women easily, almost without trying, and had a tennis-playing American girlfriend.

The trip gave Leissner a taste for life abroad. After college in Germany he headed to the States—to the University of Hartford in Connecticut for an MBA. The class was filled with international students, and he met a French woman of Iranian descent. They moved to London and married, and Leissner joined J.P. Morgan as an associate, the lowest level of banker. He was hungry for success, and despite his gifts there were signs of a willingness to cut corners.

In 1993, while employed at J.P. Morgan, Leissner acquired a doctorate in business administration from the University of Somerset. The college, which closed down a few years later, was known for selling degrees for a few thousand dollars, especially to Americans looking to burnish their credentials with a certificate from a serious-sounding British institution. Leissner began using the title “Dr.” at speaking engagements and soon after he secured a promotion to vice president at J.P. Morgan.

While in London, he was involved in a deal to finance a power plant in Indonesia, and the work got him interested in Asia. His marriage was falling apart, and by 1997 he moved to Hong Kong, where he had secured a job with Lehman Brothers.

In the 1990s Hong Kong was a city in flux. The territory of 7 million, situated on mountainous islands and part of the Chinese mainland, had become a playground for expatriate financiers. Asian economies like Thailand and South Korea had been through a decade of heady growth, and bankers worked long hours, partied in the bars and fleshpots of Wanchai, the city’s entertainment district, and took jaunts to Hong Kong’s outer islands in private yachts on the weekends.

By 1997, however, the party atmosphere was souring. After 156 years of colonial rule, Britain was handing Hong Kong back to China. The Asian financial crisis was in full swing, the result of years of reckless borrowing to finance investments in property and other risky sectors. It was a typical financial bubble, and when speculators like George Soros attacked the region’s overvalued currencies, angering Malaysia’s then prime minister, Mahathir Mohamad, foreign banks were forced to book losses on loans that went bad.

For a financier like Leissner, there was an upside to all that volatility. Among foreign bankers, Asia had developed a reputation as a place to turbocharge a Wall Street career. Competition out in Hong Kong and Singapore was less fierce, and bankers were given more latitude to make big financial trades. In 1995 a rogue trader at Britain's Barings Bank named Nick Leeson made unauthorized bets on Japanese stocks that led to the bank's collapse. But as Leissner was arriving, activity in capital markets—the raising of money through selling stocks and bonds—was drying up thanks to the crisis. Lehman wasn't too exposed, though, and it began to advise the region's cash-strapped governments on a wave of privatizations to raise money.

Hong Kong–based bankers often kept a blistering pace, traveling nonstop around the region, and Leissner was no exception. On one deal, he worked alongside Goldman bankers to help a state-owned Thai petroleum company sell a chunk of shares. The bankers worked eighteen-hour days, finishing at 2 a.m. and partying in Bangkok's notorious bars for a couple more hours before starting over. The crisis forged close links between the Wall Street bankers who had chosen the less crowded field of Asia to further their careers. Leissner's work ethic impressed Goldman, considered top of the pile of global banks, and he was offered a job. He accepted.

Shortly after Leissner joined, Goldman moved its Asian headquarters into gleaming new offices in Hong Kong's Cheung Kong Center, a seventy-floor skyscraper with breathtaking views of the Peak, a mountain that towers over the central financial district, and Victoria Harbor, a busy sea channel separating Hong Kong island from the mainland. One floor had meeting rooms adorned with multi-million-dollar Chinese art, including ancient calligraphy and ink drawings of mist-shrouded mountains. An antique terra-cotta horse donated by Li Ka-shing, the Hong Kong billionaire who owned the building, stood inside the reception area.

At Goldman, Leissner met and fell in love with Judy Chan, a junior analyst at the bank, and they married after the German banker's divorce from his first wife. Chan was from an Indonesian-Chinese family that had made a fortune in coal mining—and the first of many connected women that Leissner would court. The wedding ceremony at a luxury Hong Kong hotel featured suckling pigs with flashing lights in their eye sockets. The couple had two daughters together, but he was rarely at home. As an executive director in the mergers and acquisitions division, Leissner practically lived on planes, incessantly looking for deals on which Goldman could advise or offer financing.

After a few lean years, as Asia picked itself up from the crisis, Leissner began to strike gold. In 2002, Goldman sold shares for a Malaysian cell phone company owned by Ananda Krishnan, a billionaire whom Leissner had gotten to know. The $800 million IPO was the largest offering in Asia that year, and Leissner was promoted to managing director. The following year, he helped bring in another Krishnan-related deal, this time selling IPO shares for a satellite-television company called Astro. Then, in May 2006, Leissner beat out other banks to snag a role advising on Malaysia's largest-ever corporate takeover, a $2 billion deal for a local power company. Goldman's fee on the deal, $9 million, was respectable, even by U.S. norms, and much fatter than run-of-the-mill Malaysian payouts.

Goldman colleagues noticed how Leissner had an uncanny ability to make clients feel like they had a deep, personal connection with him. He was a relationship banker, skilled at reeling in important executives through a kind of personal magnetism, rather than a "structuring guy," one of the mathematical whizzes who priced and sold complex derivative products.

Since coming to Asia, Leissner had deepened his connections, especially in Malaysia. He was funny and animated, speaking in German-accented English, and a consummate networker who told people what they wanted to hear. He would sit next to clients in the boardroom rather than across the table. At one society wedding in Kuala Lumpur, he spent the entire dinner out of his seat, making the rounds of the hotel ballroom.

"He loved clients and he loved deals," said Joe Stevens, a senior banker who worked with him at Goldman.

As Goldman Sachs ramped up its Asia business under Hank Paulson and now Lloyd Blankfein, Tim Leissner was a beneficiary. In October 2006, he made partner, one of 115 staff that year to be invited into Goldman's inner sanctum. The bank kept the partner pool to only a few hundred people, or no more than 2 percent of its thirty thousand full-time employees, and those anointed were personally called by Blankfein. The honor came with a pay bump, to a base salary of almost $1 million, and access to larger bonuses and proprietary investments—deals that Goldman's top bankers reserved for themselves. Leissner had begun to make real money for Goldman in Malaysia, and he was reaping the benefits of the bank's Asia focus. Of those who made partner in 2006, more than a fifth were from the region, out of whack with the fees generated there. It was a signal from Blankfein that Goldman saw a bright future.

But there were whispers about Leissner. Some Goldman bankers greeted him with, "Dr. Leissner, I presume," an ironic allusion to his questionable academic credentials. And there was his string of affairs, which struck some colleagues as unprofessional. He didn't so much engage in one-night stands as fall in love easily, floating from one serious relationship to another. He had begun a romantic liaison with the chief financial officer of Astro during negotiations for the IPO. The relationship, which was not hidden, led rival bankers to complain to Astro's chief executive that it gave Goldman an unfair advantage. After an internal complaint, Goldman launched an investigation. But Leissner denied any involvement with the woman, and Goldman dropped the matter.

He also was prone to go off the reservation. As a junior banker, he would overstep his authority. "He never operated within boundaries. He would offer clients, and get permission later. It was tolerated because he brought in deals," said one Goldman banker who worked with him. In one deal that caused concern, Leissner gave a written assurance to the chief executive of Maybank, a large Malaysian commercial bank, that Goldman would underwrite a $1 billion rights issue, meaning it would pledge its own capital to buy up the shares and later sell them into the market. But he didn't inform his bosses in Hong Kong, despite the huge risks involved. Another time, Goldman cut Leissner's pay for passing information outside the company without authorization. It was a warning sign, but Leissner was making money for Goldman and the bank took no further action.

Leissner took little notice of the admonishments—this was Asia, the Wild West of capitalism, after all—and, seemingly as long as the profit kepts rolling in, Goldman bosses in the region allowed him a very long leash. In 2009 that led Leissner to an upstart Malaysian businessman named Jho Low.

In early 2009, after the triumph of his Iskandar land deal, Low was looking for the next big thing. He'd built a quick reputation in Malaysia as a deal maker, but, as always, Low was keenly aware of how his success stacked up on a global stage. Low had observed the power and status of Khaldoon Al Mubarak of Mubadala, who ran the emirati soverign wealth fund. A fund like that had billions of dollars in investments, not mere millions. Why, Jho Low wondered, couldn't he put together a sovereign wealth fund of his own —one based in Malaysia? But where could he find the initial funds?

Traditional sovereign wealth funds invest oil profits, and so Low honed in on the Malaysian state of Terengganu, which was rich in offshore oil and gas fields.

Malaysia's nine hereditary Malay royal families, each ruling a different state, coexisted with the nation's elected officials. These sultans had wide-ranging political powers, in some cases including control of local state revenues, creating ample opportunity for corruption. How Low settled upon Mizan Zainal Abidin, the sultan of Terengganu, was typical of his ability to spot opportunities, moving from one deal to the next.

The sultan, who had been educated in the United Kingdom, was from a conservative Islamic family. While some royals in Malaysia are entitled and lazy, he was considered to be smart. Low had met Mizan's sister, who sat on the board of the construction companies, and had used that connection to offer the sultan free shares in the Abu-Dhabi-Kuwait-Malaysia Investment Company. This was the entity which had generated massive profits by flipping the construction firms.

After this initial success, Low now suggested a more ambitious investment plan to Mizan. Why didn't the sultan set up a sovereign wealth fund, based on Abu Dhabi's Mubadala, which borrowed money against the state's oil wealth? Low said he knew bankers at Goldman who could advise and tap global investors, creating a huge war chest for the state to fund development.

To buy legitimacy, Low also needed the involvement of Goldman, and Leissner, despite his initial concerns about the young Malaysian, was eager for the business. Low soon arranged for Leissner and Roger Ng, the local Goldman banker, to meet Mizan and accompanied them to the palace in Kuala Lumpur.

Within months of the meeting with the sultan, after which Goldman became an adviser, Low was sending bankers emails that referred to them informally as “Bro” and discussing ways to portray the fund in Malaysia’s media. Low’s official role at the fund, which began operations in February 2009, was as adviser, but in reality he controlled the show, and he hired a handful of people he knew as staff. Emails between Low and Leissner referred to the endeavor as Project Tiara.

Low talked Mizan into allowing the fund to issue $1.4 billion in Islamic bonds—structured to avoid violating Islamic rules against charging interest—backed by the state’s future oil receipts. But as the fund was preparing to raise the money, in May 2009, the sultan got cold feet. Low was rushing to get the deal through, but without a clear investment plan. Mizan saw no reason for such alacrity, especially as the fund didn’t even have a full management team in place. His representative on the board ordered a delay in the fund-raising, but Low took no notice, and pushed for the bonds to go through.

But now Mizan, fearful of gambling away the state’s oil wealth, threatened to shut down the whole thing. Mizan’s reticence was further fueled by rumors in banking circles that Low had siphoned away some of the bond money, and the sultan scotched Low’s plans before they even got off the ground.

Low was on the cusp of transforming into a powerful figure, the kind of young fund manager he had watched up close in the Middle East, deploying billions of dollars in investments. But now he was seemingly back to square one, with Mizan ordering the fund be shuttered. He quickly had to figure out what to do. At that moment, he got the luckiest break of his career so far.

For years, Najib Razak had been groomed for the nation’s highest office. With his recognizable family name, and years of government service, many Malaysians assumed one day he would become prime minister. The ruling UMNO party was in crisis. In the 2008 elections, its coalition had barely held onto power. Ethnic Indian and Chinese Malaysians, sick of living as second-class citizens, voted in droves for the opposition. To revive its flagging fortunes, the party turned to the heir of the Razak political dynasty. In April 2009, Najib became Malaysia’s sixth prime minister, as if laying claim to a birthright.

Suddenly, Low’s cultivation of Najib and his wife was paying dividends.

Overnight, the ambitious Malaysian had the ear of the most powerful man in the country. And Najib needed a pot of money to help restore his party's popularity. Low moved fast to cash in and save his stillborn investment fund.

Chapter 7

Saudi "Royalty" (The First Heist)

Aboard the Alfa Nero, *French Riviera, August 2009*

As he took in the opulence of the *Alfa Nero*, cruising off the coast of Monaco in the French Riviera, Prime Minister Najib Razak was under the impression the yacht belonged to a son of Saudi Arabia's king, Abdullah Abdulaziz Al Saud. With a movie theater and a huge swimming pool that transformed into a helipad, the 269-foot boat, estimated to be worth $190 million, was an impressive sight.

In the stateroom, with comfy sofas and a view out to the Mediterranean, Najib was greeted by the purported owner, His Royal Highness, Prince Turki Bin Abdullah. Wearing a white baseball cap and matching blue linen pants and shirt, Prince Turki, a broadly built thirty-seven-year-old with a mustache and stubble, gave off a relaxed air. A former Saudi Air Force pilot, who had begun to dabble in business, he jovially clasped Najib by the hand.

Casually dressed in a short-sleeved white shirt, the prime minister laughed as he handed Prince Turki a gift in a green box. Najib's wife, Rosmah, in a black-and-white leopard-print shirt, who had joined the trip accompanied by their two children, smiled and joked with their host. Rosmah looked thrilled to be in the presence of Saudi royalty, especially in such an intimate setting. Respecting Islamic tradition, the guests drank fresh juices. A photographer snapped pictures of the meeting. Najib and Prince Turki then sat, each perched on the end of a sofa, to discuss ways in which Malaysia and Saudi Arabia could foster deeper economic ties.

On the periphery of the group, also dressed casually in a green polo shirt, stood Jho Low. Only he knew what this meeting was really about.

In the few months since Najib became prime minister, he and Low had spoken frequently. Low had convinced Malaysia's new leader to focus on the Middle East. He'd already delivered Abu Dhabi financing for the Iskandar land project, and now Low held out the prospect of access to Saudi's inordinate wealth. Aged only twenty-seven, the young Malaysian had managed to persuade Najib and, just as important, Rosmah, that he held the key to future Middle East investment.

In the first few weeks of the new administration, Low acted as an unofficial aide to Najib, helping the prime minister organize a visit to the Middle East. Najib had grand ambitions to turn Malaysia into a developed nation within a few years, and for that he would need a major source of capital. Low persuaded him it would come from Arab nations. Najib and Rosmah, accompanied by Low, toured the Middle East, meeting King Abdullah in Saudi Arabia and Crown Prince Sheikh Mohammed Bin Zayed Al Nahyan of Abu Dhabi. To many onlookers, Low seemed to be an official emissary for Najib, such was his proximity to the prime minister, and some businesspeople who met Low on the trip mistook him for a minister of investment.

In Abu Dhabi, after a dinner with the crown prince at the sumptuous Emirates Palace hotel, Najib announced the formation of a new Malaysian sovereign wealth fund to be called 1Malaysia Development Berhad, or 1MDB. The 1MDB fund was simply the Terengganu Investment Authority, which had recently raised $1.4 billion in Islamic bonds, transformed into a federal entity. The 1MDB fund would be responsible for repaying the bonds.

Once Najib came to power, Low convinced him to take over the fund, broaden its remit, and look for Middle East backing. From here on, the sultan washed his hands of the whole affair.

Low had pulled on his connections with Ambassador Otaiba to help fast-track Najib's meeting with the crown prince and to obtain a pledge from Abu Dhabi, however vague, to invest in Malaysian projects alongside the fund.

The 1MDB fund was supposed to invest in green energy and tourism to create high-quality jobs for all Malaysians, whether of Malay, Indian, or Chinese heritage, hence the slogan "1Malaysia." The fund, Low promised the prime minister, would suck in money from the Middle East and borrow more from global markets. But he had another selling point, one which Najib, who was ambitious, found extremely attractive: *Why not also use the fund as a political-financing vehicle?* Profits from 1MDB would fill a war chest that Najib could use to pay off political supporters and voters, restoring UMNO's popularity, Low promised.

On the surface, such spending by 1MDB would be packaged as "corporate social responsibility," to borrow a phrase from the corporate world. The fund's charitable arm would award scholarships and build affordable housing in areas where UMNO needed votes. On top of that, Low told Najib that Middle Eastern nations, through their investments in the fund, would come to see Malaysia as a coveted ally in Asia, and also back Najib's administration with a flow of political donations.

Was this young businessman, barely out of school and with a pretty short track record, really able to deliver Arab investment? He seemed well connected, but would these powerful Middle Eastern kingdoms pour billions of dollars into the 1MDB fund just because Low wanted it to be so? Why did they need him as a broker? Low was doing his all to give the impression that he was indispensable, and the meeting with Prince Turki on the *Alfa Nero* in August was meant to deepen that feeling.

Unbeknownst to Najib and Rosmah, it was a setup, a facade of officialdom, aimed at making the prime minister and his wife feel they were getting close to Saudi Arabia's royal family. Luckily for Low, Najib wasn't one to scratch the surface too deeply. After a lifetime of enjoying the perks afforded to a leading Malaysian politician—the VIP limousines, hotel suites, and yachts—he didn't ask many questions at all.

In truth, Prince Turki was a new contact of Low's rather than an official emissary of Saudi Arabia. Many people think of Saudi princes as having almost unlimited funds, but Prince Turki faced a precarious future. His father, King Abdullah, was around ninety and had twenty children, and it was uncertain Prince Turki would remain close to power once his father died. After his military career, he'd tried his hand at business but had achieved little success. In the early 2000s, Prince Turki set up PetroSaudi International, an oil exploration firm, in an attempt to leverage his royal connections. The idea was that PetroSaudi, nominally based in Al Khobar, a

Saudi city, would win oil-exploration rights in foreign countries that were keen to get close to Saudi Arabia.

Like many minor aristocrats, Prince Turki was trading off his name, and PetroSaudi was little more than a shell, with negligible business to speak of. The company's success was constrained by the laid-back approach of Turki and his partner, Tarek Obaid, a thirty-three-year-old Saudi financier. The son of a Saudi banker who moved his family to Geneva, Obaid had a round face, bushy eyebrows, and a stubbly beard. His father had made and lost a fortune wheeling and dealing alongside prominent Saudi families, including the ruling Al Sauds.

Obaid attended international school in Geneva before Georgetown in Washington, and spoke fluent French and English, as well as Arabic. After studying, he had worked in finance, including for a small Swiss private bank, where he was considered lazy by some coworkers. As chief executive of PetroSaudi, whose operations were run out of a nondescript Geneva office building, Obaid played at being a Saudi royal, allowing his bankers in Geneva to refer to him as "Sheikh"—a designation for royals or religious clerics—though he was of common stock. The young Saudi liked to drink heavily and party in Geneva's nightclubs, and it had aged him prematurely. He also was a hypochondriac, perpetually complaining of phantom illnesses.

Prince Turki was just the kind of figure Jho Low was seeking out: a bona fide Saudi royal to dazzle the newly installed Prime Minister Najib, but one whose need for cash made him malleable. Low recently had befriended the prince and Obaid through a thirty-nine-year-old Eritrean-American called Sahle Ghebreyesus. In a former life, Ghebreyesus owned Lamu, a high-end African restaurant in Manhattan that attracted minor celebrities and bankers. The business had shuttered and, to build himself back up, he began doing favors for some of his former customers—arranging private jets, getting reservations at sought-after restaurants, and fulfilling other whims of the superrich.

Before long, he found a new calling: concierge for millionaire Middle Easterners who traveled to the West to enjoy the company of models, alcohol, and other vices not easily available at home. He would arrange boats and hotels, and make reservations.

This line of work brought Ghebreyesus into contact with Prince Turki.

He also came to know Low, whose parties had grown in size since Wharton, fueled by the money he made on the Iskandar deal.

Low wanted to shore up his budding relationship with Najib, and he relied on Ghebreyesus to see to the details. In August 2009, he asked Ghebreyesus to arrange a sumptuous vacation for Najib and Rosmah and their children off the coast of France aboard the RM *Elegant*, a superyacht which came with fifteen staterooms and an Art Deco–style dining room.

At the same time, Prince Turki and his entourage chartered the *Alfa Nero* at more than $500,000 a week. Low's plan was to bring Najib and his family together with the prince, again making it appear like he could order up Saudi royalty on a whim. As planned, Najib and his family boarded the *Alfa Nero* and met Turki.

On the boat, Prince Turki and Najib began discussing the possibility of PetroSaudi partnering with the new 1MDB fund. After the meeting, Low and Tarek Obaid seized on the interest Najib had shown, quickly hammering out a rough outline of how a partnership might work. Only a matter of days after the meeting on the *Alfa Nero*, Prince Turki wrote Najib on official Saudi government letterhead, proposing "a potential business combination." With his missive, dated August 28, he included a proposal from Chief Executive Obaid outlining a business venture. The plan, according to Obaid, was for PetroSaudi to put its oil assets—supposedly rights to develop fields in Turkmenistan and Argentina worth $2.5 billion—into a joint venture.

1MDB, meanwhile, would contribute $1 billion in *cash*—tapping some of the money it had sitting in its bank account in Malaysia.

Chapter 8

Hitting a Gold Mine

New York, September 2009

From the thirty-fifth-floor lobby of the Mandarin Oriental on Columbus Circle, Patrick Mahony took in panoramic views across the green canopy of Central Park. Located in one of the two towers of the Time Warner Center, the hotel's sleek lounge, with floor-to-ceiling windows and a cream-and-marble-themed interior, was the kind of place Mahony was used to inhabiting. The Mandarin was a favorite of Jho Low, who liked to be close to a good Asian meal, and he'd arranged to meet Mahony in the lounge.

The British banker worked for Ashmore, a British investment fund, but he also had taken on a role at PetroSaudi as director of investments. After his meeting with Prince Turki on the yacht, Prime Minister Najib had agreed to the outline of the deal presented by Obaid, Turki's business partner at PetroSaudi, and Mahony and Low were at the Mandarin to get the ball rolling.

Handsome, with hair swept back to just above his shirt collar, Mahony had a reputation for being smart but cold, often taking a peremptory tone in business dealings, first as a banker at Goldman Sachs and later at Ashmore. Older bankers who came across Mahony, dressed in tailor-cut suits and full of bluster, found the thirty-two-year-old talented and ambitious, if a bit pretentious. He liked to email banker friends about expensive watches. When his niece cheated at cards, Mahony joked that she shared his genes. A product of the rootless global elite, he communicated with Obaid in a mixture of English and French. In English, he spoke with a transatlantic accent common among deracinated Anglophones.

Born in 1977, Mahony met Tarek Obaid at the international school they attended in Geneva. In 2009, Obaid persuaded his ambitious friend to join PetroSaudi, and Mahony jumped at the chance of a position of power in a smaller firm. Mahony's role at PetroSaudi was to work on a plan to ramp up PetroSaudi's business. Quickly he became the driving force behind the company, enticing Richard Haythornthwaite, a well-known former BP executive who was chairman of MasterCard International, to come on board to run the oil-and-gas business. In 2008, PetroSaudi had bought the rights to fields in Argentina and reached an agreement with a Canadian company to develop a potentially huge offshore field in Turkmenistan. Now, this Malaysian businessman called Jho Low was promising to bring $1 billion in sovereign money into a deal.

Mahony knew little about Low before their meeting at the Mandarin, occurring less than two weeks after Obaid had written to Najib suggesting the joint venture, but—with the prospect of a giant deal in the making—he made it a priority. In the hotel lounge the pair sketched the contours of a plan. PetroSaudi would put in its oil assets, with the 1MDB fund contributing $1 billion in funds. On the surface, the idea was to use the money to explore for oil. But Low sensed there was an opportunity to make a financial killing, and he left the meeting in the Mandarin Oriental ecstatic. Soon after, he emailed his father, mother, brother, and sister, with whom he often shared details of his deal making.

"Just closed the deal with petrosaudi—looks like we have hit a goldmin[e]," Low wrote.

With a billion-dollar deal in the works, it was time for 1MDB to staff up. Prime Minister Najib himself held the highest position as chairman of the board of advisers, with power to appoint board members and veto decisions. The fund appointed Shahrol Halmi, a former consultant at Accenture in Malaysia, as chief executive. Other hires included Casey Tang, a finance director at a Malaysian retailer, who became an executive director, and Jasmine Loo, a smart Malaysian lawyer, as legal counsel.

One name was missing from the list of positions, however: Jho Low. Low decided to take no official role, but in truth, he was behind every decision. Najib had given Low a free hand to run the fund, and Low had stuffed it with his associates. Tang and Loo were among the Malaysians Low had gotten to know while doing deals after returning from Wharton. Plucked from relative obscurity, Shahrol would soon show he could be relied on to blindly follow orders. With staff in place, things began to move quickly.

Just days after the Mandarin Oriental meeting between Mahony and Low, a larger group assembled in Geneva. Obaid, Low, Mahony, and Seet Li Lin, Low's Wharton school friend who worked for Wynton, met for breakfast in Geneva near the lake at the center of the city. The small city for years had been accepting fugitives, at one time Protestants escaping persecution from the Catholic Inquisition—and, more recently, financiers from the world over, looking to stash their wealth in property and private bank accounts.

Before the Geneva meeting Low had sent an email to his inner circle, ordering them to "move fast" to get the joint venture off the ground. After breakfast, Low took out his BlackBerry and connected Obaid with Shahrol Halmi by email. Although the two heads of the organizations had never met, Low informed them both the joint venture was on track, making it clear who was boss, while insisting he remain in the background.

"I trust all of you can now officially communicate and don't need to cc me for proper governance purposes," wrote Low, who also began to ask his inner circle to destroy emails after reading them. Without a formal position at 1MDB, Low didn't want compliance issues with banks or lawyers.

Shahrol replied to Low's email asking for more information about PetroSaudi, and Mahony appeared to try and cover for the paucity of business.

"PSI is very press shy and usually never announces our investments (one of the main reasons governments like to work with us)," he wrote.

He attached a presentation, which he said "should give you a sense of what we are about," but it included no detailed information about the size of the firm's assets.

After the group left the breakfast in Geneva, the participants wasted no time in setting up the joint venture. Mahony emailed PetroSaudi's bank, BSI, a small Swiss private bank, to start the process of arranging a business account for the new entity. Low went to meet BSI staff in Geneva, and Mahony explained to the bankers how the new venture would soon be receiving $1 billion from a Malaysian fund, and Low would be taking a cut as a fee for helping put the deal together—just as he had attempted to do, but without success, during the Mubadala investment in Malaysia.

Yet again, however, Low was thwarted. BSI balked at such a strange arrangement, and turned down the account request. “I don’t like the transaction at all! In particular the role and involvement of Mr. Low Taek Jho ‘looks and feels’ very [suspicious] to me,” one BSI banker wrote in an email to colleagues.

Even at this early stage, any competent bank official could sense something was off. Bankers are supposed to catch wrongdoing and report it to authorities. But this self-policing system doesn’t work. Turned down by one institution, financiers can simply shop around until they find someone willing to assist them. After facing problems with BSI, Mahony turned to his private bank, J.P. Morgan (Suisse). J.P. Morgan agreed to open an account, seemingly asking few questions about why a sovereign wealth fund needed a relationship with a Swiss private bank.

If the Swiss bankers had asked Low and Mahony more about their intentions—and the pair had told the truth—what would they have said? Perhaps in the beginning Low and the PetroSaudi principals meant only to take broker fees for setting up 1MDB with PetroSaudi—a questionable practice which nevertheless is common in emerging markets. Or maybe they planned to invest what they saw as government money—not anyone’s personal piggy bank—making returns and putting the cash back. What’s for sure is that Low was improvising, searching out ways to make money at each twist and turn, and the scope of his endeavors would soon broaden considerably.

As Low’s group forged ahead, they worked hard to ensure the pillars of capitalism—lawyers, investment bankers, auditors, and valuation experts—were involved at every turn. The effect was to give the deal between PetroSaudi and 1MDB a patina of respectability. For a fee, most were happy to oblige. Just over a week after the Geneva meeting, Mahony reached out to Edward Morse, a former senior U.S. State Department official and energy analyst at Lehman Brothers, to conduct an independent valuation of PetroSaudi’s assets, which 1MDB’s board had requested before the fund sent its $1 billion investment. One of the world’s foremost experts on global oil, Morse had worked with Obaid’s elder brother, Nawaf Obaid, who had written a book-length study on Saudi energy markets. Mahony told Morse he was seeking a valuation of $2.5 billion.

“Ok. Got it!” Morse replied.

Only two days later, Morse was done with his report, a technical analysis of reserves and prices based on numbers that PetroSaudi had provided.

“I think you won’t be displeased with our conclusions either on Turkmenistan or Argentina,” Morse wrote Mahony.

His valuation range went up to $3.6 billion, more than Mahony had requested, and a high number given the Turkmenistan fields were in waters of the Caspian Sea that were disputed with Azerbaijan. In the report, Morse made it clear his analysis was purely an economic valuation of the oil contained in the fields. He was paid $100,000 for the work.

Others involved were happy to facilitate the deal, even when aspects of it made no sense at all. Timothy Buckland, a New Zealand national who worked for the London office of U.S. law firm White & Case, counsel for PetroSaudi, was eager to please his client. On September 22, Mahony, in an email to Buckland, copying other White & Case lawyers, asked the law firm to prepare a document to send $2 million to an unnamed “broker” for helping put the joint venture deal together. Buckland simply replied, “Will do.” It’s unclear whether the broker fee was ever paid.

White & Case also helped PetroSaudi prepare a presentation of the proposed deal. The slides, replete with professional-looking diagrams of money flows, showed how PetroSaudi would inject its assets and 1MDB would put in $1 billion for a minority stake in the joint venture, based in the British Virgin Islands—all as agreed. But the presentation also indicated a strange payment of $700 million that the joint venture would make back to PetroSaudi. The payment supposedly was to repay a loan that PetroSaudi had extended to the joint venture. In fact, the loan could not have existed; the joint venture hadn’t even been set up and didn’t have a bank account.

On September 26, 1MDB’s newly constituted board met in Kuala Lumpur to approve the initial $1 billion transfer from the fund to the Swiss account set up for the joint venture with PetroSaudi. Before the meeting, Low telephoned Najib to apprise him of what was about to transpire. Then Low attended the meeting, one of the few times he was physically present at a 1MDB official gathering. At the meeting, Low explained the plan. He did not mention the $700 million payment. The board agreed to fund the joint venture.

In the space of a month, since Prince Turki had written Najib with his proposal in late August, a multi-billion-dollar joint-venture agreement had been completed. Such a time frame—to complete due diligence, asset valuations, and other legal checks—was virtually without parallel. Such deals normally take months, if not a year, to wrap up. A 1MDB employee later compared the process to attempting to read the entire works of Shakespeare in an hour.

Chapter 9

“I Feel the Earth Move”

Kuala Lumpur, September 2009

Shortly after lunch on September 30, Jacqueline Ho, an employee with Deutsche Bank in Malaysia, was in a quandary. She was the relationship manager for a new client, 1MDB, and Casey Tang, the fund’s executive director, was on the phone pressuring her to push ahead with a series of substantial payments out of the country.

Earlier that day Deutsche had received a letter from Tang, oddly delivered by hand, which asked for the bank to complete the transfers. But Deutsche’s compliance department had some queries. *Why wasn’t $1 billion flowing to the joint venture with PetroSaudi, as agreed by the 1MDB board? And how come Tang was asking for $700 million to be put into an unnamed account with RBS Coutts in Zurich?*

Tang replied that the account, identified in the wire request only by a number, was owned by PetroSaudi, and the transfer was to repay a loan.

“If they’re going to overkill on the compliance thing, uh, they have to be responsible you know,” Tang told Ho, according to a transcript. He seemed agitated, warning the banker that the joint venture might fail if Deutsche Bank didn’t hurry up and transfer the funds.

“Yes that’s, that’s fine. But just one question as to why this is going to [PetroSaudi] itself? Is there any particular reason,” Ho asked.

“For us, we don’t care. Because $700 million I mean it’s an advance [that’s] owed to them,” he replied. “This is where they want to send. They want to send to Timbuktu also, we don’t care.”

“Yeah that’s fine. Alright. We just wanted to understand the background."

Ho's supervisor called Bank Negara Malaysia, the central bank, to check if it was okay to proceed with the enormous transaction. The bank gave the green light, as long as the money was going to the joint venture. Despite the confusion, Deutsche sent two wires around 3 p.m., one of $300 million to the joint venture's new account at J.P. Morgan (Suisse) and another of $700 million to the mysterious account at Coutts in Zurich. As it was a dollar transaction, the money needed to pass through a U.S. bank. Under American anti-money-laundering laws, these correspondent banks are obliged to check the source and use of funds. But with trillions of dollars flowing daily through the global foreign-exchange markets, such checks are little more than perfunctory, and in this case, J.P. Morgan let the money through.

Two days later, an employee from Coutts's regulatory risk department in Zurich sent an urgent email to 1MDB. The employee was confused by Deutsche Bank's omission of the full name of the beneficiary of the $700 million transfer, which is required on bank-transfer requests. When pushed, Shahrol Halmi, the fund's chief executive, acknowledged the account was owned by a Seychelles company called Good Star Ltd.

"Good Star is owned 100% by PetroSaudi International Ltd," he wrote.

Shahrol was parroting what Low told him. In truth, Good Star was another bearer-share company, the kind made illegal in many jurisdictions, and its single share was held by Jho Low, who also was signatory to its accounts. Only months before, he had set up the shell company, using the services of a trust company. It was a simulacrum of a bona fide business, a front the perpetrators hoped would shield them from detection.

Still, Coutts bankers were not satisfied, and Low and Casey Tang flew to the bank's headquarters in Zurich to smooth things over. Here they told a different story from the one Tang had spun to Deutsche Bank about the PetroSaudi loan: Good Star was an investment management company, and 1MDB had decided to put in $700 million of its money. Why would a Malaysian state fund put so much cash into an unknown Seychelles fund management company? Whatever the Coutts bankers' concerns, however, the bank pushed the transfer through.

The 1MDB money began to move across the world. Low had carried off a move so brazen, it was hard to fathom how no one had stopped him.

Several years before, in Abu Dhabi, he'd learned how sovereign wealth funds like Mubadala were pots of gold, and he yearned to control one. Drawing on the Abu Dhabi model, Low had convinced Prime Minister Najib that Malaysia needed its own powerful fund to tap global markets, and that he, a twenty-eight-year-old, should be permitted to run its affairs.

Low had tried to earn a commission for putting 1MDB and PetroSaudi together, but he'd been stymied by BSI. At some point, Low's scheme had evolved. Maybe PetroSaudi had been planning to invest the money in oil-field development with the hopes of earning a fat share of profits using Malaysian government money.

But Najib was giving Low so much room to maneuver, he dared to think on a grander scale. His people were running 1MDB, with cover from the prime minister. The involvement of Prince Turki, the co-owner of PetroSaudi, and a Malaysian state fund offered a sheen of officialdom. (Indeed, PetroSaudi would later argue that it was an arms-length transaction between sophisticated and well-represented sovereign parties.) An idea had taken shape in Low's mind. Perhaps, he wondered, it was possible to take hundreds of millions of dollars in broad daylight, fooling Western banks and regulators.

For Saudi royalty, the boundaries between state and personal wealth were blurred, and so it was becoming for Low. What if someone caught on? Did Low have a deeply thought-out plan about what to do when someone noticed the financial hole? The events of the past month had happened at a rapid pace, and he was ad-libbing. It was an opportunistic move, and Low had pulled it off. Like he had always done, Low would rely on his ability to think on the fly.

In this age of social sharing, the conspirators could not even hide their glee. Seet Li Lin, Low's Wharton friend, took to Facebook on the day Deutsche Bank sent the $700 million to Good Star.

"i feel the earth move…," he wrote in a public message on his wall.

From Good Star's account at Coutts, Low distributed money among the group. In early October, he transferred $85 million to Tarek Obaid's J.P. Morgan account in Switzerland, under the pretense the amount was a private-equity investment. Coutts permitted the transfers, and three months later the bank similarly let through another payment of $68 million from Good Star to Obaid.

Weeks after, Obaid paid $33 million to Patrick Mahony, and over 2009 and 2010, sent $77 million from his account to Prince Turki. Months later, Buckland, the White & Case lawyer, left the firm to take a new position as in-house counsel at PetroSaudi UK.

Low had pulled off his first major heist, and even after paying off his partners, enjoyed virtually sole control over hundreds of millions of dollars. Armed with inordinate wealth, he set off to see what was for sale in the United States. The answer was almost anything he wanted.

PART II

OVERNIGHT BILLIONAIRE

Chapter 10

An Evening with the Playmates

Las Vegas, October 2009

The Playmates were nervous as they made their way across the casino floor of the Palazzo. The young women, about twenty of them, a mix of blonde and dark-haired models, had worked in Las Vegas on multiple occasions. But the instructions for this job were especially secretive: Check into your room, put on a black cocktail dress, and pack a bikini. The women had no idea who had hired them.

It was October 22, 2009, only three weeks since Low took $700 million from 1MDB. Hours earlier, the Playmates had flown in—first class—from across the United States. One of the newest hotels on the Strip, the Palazzo was an impressive sight, with stately stone staircases that brought visitors up to a lobby with an indoor waterfall. Beyond that was the casino floor, one of the largest in the country.

Clouds that afternoon had dispersed, and it was a beautifully clear late-fall evening. At around 8 p.m., the Playmates arrived at the door of a VIP room and entered. Inside, around a long card table, were a handful of Asian men playing poker, accompanied by Leonardo DiCaprio. Some of the models had met the actor before, but his presence in this gathering struck some of them as peculiar. The party, the women quickly learned, was an early celebration for the birthday of a portly Asian man who introduced himself as Jho Low. What, some of them wondered, was the actor doing in the company of these anonymous and rather dull men?

After about twenty minutes of watching the group play, Low began to pass $1,000 chips down the table, one for each woman, and made a signal for the party to move to a suite in the hotel. With a huge security entourage, the group made its way across the gaming floor, as tourists looked on. No one appeared to recognize DiCaprio, who was wearing his trademark battered baseball cap, pulled down tightly to assure anonymity.

At the doors of the Chairman Suites on the fifth floor, the most opulent at the Palazzo, security guards waited. The burly men in dark suits and earpieces required the Playmates to hand over their bags, phones, and driver's licenses, and then sign a nondisclosure agreement before finally entering the suite. The women were used to attending openings and nightclub events, but this high-security atmosphere was strange. Nonetheless, the $3,000 fee they had been promised to hang out for just a few hours overcame any qualms they might have had.

In the suite's living room, with a wood fire, plush couches, and doors that opened out to a pool terrace overlooking the Strip, the atmosphere was somber. The lights were off, and hotel staff had constructed a makeshift dance floor of white tiles, with a disco ball hanging overhead. The Palazzo also had set up a card table in the suite, and Low, DiCaprio, and the few other Asian men went off to play baccarat, which they taught to some of the Playmates who didn't know the game. With the ice broken, the gambling took off. Baccarat was Low's favorite. It involves little skill, revolving around whether the player or the "bank" gets the highest hand in a complicated scoring system, but rewards—or punishes—those willing to wager big.

Stephanie Larimore, a dark-haired model, wearing a black dress with silver material around the bust, tried to make conversation with Low. He was polite, but shy and almost unable to think of what to say. Boxes of German chocolates were stacked round the room, and Low offered her one, saying the gold-wrapped squares were his favorite. *He's intimidated by women. Why have they hired us to be here?* Larimore thought.

The men, smoking cigars, began to gamble large amounts of money, putting down chips of $5,000, and after an early winning streak against the house, some of the Asian men began to throw chips around the room. Some of the Playmates, who were mingling on the sofas and around the table, chased after them, down on their hands and knees. After a couple of hours, a birthday cake came out, and the women crowded around Low.

Later, DiCaprio and Low sat on a sofa in the dark, smoking cigars and talking, as they watched three or four women dancing in the living room under disco lighting. Low then asked for some of the girls to change into bikinis and swim in a small pool on a balcony outside.

"I think he was selecting people," said Starz Ramirez, a makeup artist who was present that evening, referring to Low. "It was weird we were there. He didn't socialize with us."

Around the pool were trays filled with barbecued food and ice cream, but no one ate much. Everything had been selected in advance by Low, who quietly orchestrated the night's activities with a few words to staff standing by to cater to his every whim.

Someone took off DiCaprio's baseball cap and wore it. But there wasn't really a party atmosphere. The actor was in the process of filming *Inception*, a science fiction film, and, to some of the models, he still seemed to be in character, focused and distant. DiCaprio drank some bourbon, but there wasn't much alcohol flowing.

"They weren't crazy party guys," Larimore said.

Then Low asked Larimore whether she'd like to spend a few days longer with him in Vegas. He would pay $10,000 and take her shopping on the Strip. Some of the women stayed the night in the suite, but Larimore declined the offer and left to her own room around midnight.

"It was like he was bribing you to stay."

At that moment, in late 2009, Low had access to more liquid cash than almost anyone on earth—and he wasn't shy about spending it. Even before his big haul, Low had made a splash in New York and Las Vegas, dropping exorbitant sums of cash, profits from the Iskandar deal. But in the fall of 2009, armed with almost endless amounts of money, Low embarked on a period of incessant partying—and networking. Even after the payments to Obaid and others, hundreds of millions of dollars were just sitting in the Good Star account he controlled in Switzerland, for Low to deploy in any way he saw fit. There were no shareholders, no co-investors.

His wasn't a Ponzi scheme like Bernie Madoff's, which used new money to pay "profits" to earlier investors. Madoff's fraud led to losses of at least $18 billion, but his take was a fraction of that, as the "profits" were shared among other investors. By the time the scheme imploded in late

2008, Madoff had amassed a paper fortune of $800 million, but most of this was the value of his market-making business; the amount he personally stole was a fraction of the amount lost. Low’s mark—the little-known 1MDB, a Malaysian government fund—wasn’t asking for any money back and it wouldn’t so long as he controlled it through his proxies.

Low also wasn’t like junk-bond king Michael Milken, who had amassed a personal fortune in the 1980s before going to prison for violating securities laws. The Malaysian had simply taken hundreds of millions of dollars. The excesses of Madoff or the 1980s would seem prosaic compared to the multiyear spending spree on which Low was about to embark.

His was a scheme for the twenty-first century, a truly global endeavor that produced nothing—a shift of cash from a poorly controlled state fund in the developing world, diverting it into the opaque corners of an underpoliced financial system that’s all but broken.

Did he really think he could get away with it? Perhaps Low believed he could make investments that would more than cover for what he had taken. With the protection of a prime minister, who would stop him? To pull it off, Low relied on skills he’d honed for years. He knew that transactions between governments attracted less scrutiny from auditors and banks, and so he had set about building high-level connections in Malaysia, the UAE, and Saudi Arabia. He understood that once money was sent into an anonymous offshore account, it was difficult to trace, and he’d learned how to layer transactions—sending cash around in a whirl between shell companies. And to keep everything flowing, he constantly misrepresented money as investments or loans, giving his scheme a veneer of formality.

But it was one thing to take money from a Malaysian fund and funnel it to Swiss bank accounts under the guise of a sovereign investment, using friends in official positions to address any concerns of compliance executives at banks. Now, Low wanted to get the money into the United States so he could spend it on luxuries and begin building his empire. That was risky, because the United States had started clamping down on corrupt foreign officials buying assets in Western nations. To do so, Low turned to Shearman & Sterling. Founded in 1873, with its headquarters at 599 Lexington Avenue in Midtown Manhattan, Shearman was as white-shoe a law firm as they came, an organization more suited to handling major mergers and acquisitions than dealing with the likes of Low.

Low claimed to have a relationship with a large Malaysian sovereign fund, and he appeared to also be close to Mubadala, the Abu Dhabi fund, so Shearman’s partners apparently felt comforted about his reputation. The fact that Low held money with Coutts, banker to the Queen, was another level of assurance, as if the funds had accrued their own integrity simply by passing through storied institutions.

Low informed his new legal team that he would be making a sequence of major investments, but he was very concerned about privacy. He opted to use the firm’s Interest On Lawyer Trust Accounts, or IOLTAs, to help distribute the money. These trust accounts are typically formed by U.S. law firms to pool clients’ money, say, when they are holding short-term funds for business deals or property purchases. This arcane corner of the financial world came into existence three decades ago as a way for law firms to earn short-term interest on client money to finance legal aid for the poor, but over time the accounts developed a reputation for shielding the identity of clients in transactions and helping to hide the origin of funds. Some states mandate that law firms set them up. IOLTAs are at once good for society and a powerful tool for crime.

Lawyers, unlike bankers, don’t have to conduct due diligence on a client. Details of transfers through IOLTAs, meanwhile, are protected by lawyer-client privilege. While it is illegal for lawyers to abet money laundering, they are not required to report suspicious activity to regulators. The Financial Action Task Force, a Paris-based intergovernmental group that sets standards for stopping fraudulent use of the global finance system, has highlighted the United States’s poor oversight of lawyers as a weak spot in its defenses against money launderers.

In just a few years since graduating from Wharton, Low was becoming skilled in working out ways to use relatively unobserved parts of the financial system to avoid detection, darkened corners where regulators don’t have full visibility and others had no reason or duty to be suspicious. These lawyer accounts fit the bill perfectly, especially because wire transfers leaving an IOLTA account generally denote only the name of a law firm, not that of the client, making it hard for correspondent banks to detect suspicious activity.

On October 21, 2009, Low wired $148 million from the Good Star account in Switzerland to an IOLTA account at Shearman in New York, part of a staggering total of $369 million that would enter such accounts at the law firm over the next twelve months. The reasons Low gave for the transfers, noted on wire documents, ranged from property purchases to deals to buy companies. But at first, he simply used this money to fund endless rounds of partying.

Between October 2009 and June 2010—a period of only eight months—Low and his entourage spent $85 million on alcohol, gambling in Vegas, private jets, renting superyachts, and to pay Playmates and Hollywood celebrities to hang out with them. Low set himself up at the Park Imperial on 230 West Fifty-Sixth Street in New York, a granite apartment building with geometric angles that resemble bookends and sweeping views of Central Park and the Hudson River. The move put Low in the company of boldfaced names of entertainment. James Bond actor Daniel Craig was staying in a $38,000-a-month apartment there while starring in a Broadway play, and Sean "Diddy" Combs had a place in the building.

Low rented a suite of rooms that cost $100,000 per month. The flashy new resident showed up at the building in a convoy of black Cadillac Escalades with a retinue of security, and he paid for a number of other apartments in the building for his entourage, which included Hamad Al Wazzan, his wealthy Kuwaiti friend from Wharton. Long-term residents complained about the bodyguards and the ostentation, but that was exactly Low's aim: to show he had arrived.

He began to spend eye-popping amounts, running up a $160,000 bar bill at Avenue, a new club in New York's Chelsea district, on a single night during fall Fashion Week in 2009. On another occasion, Low sent twenty-three bottles of Cristal to actress Lindsay Lohan's table when he spotted her during a night out in Manhattan. These enormous outlays landed Low in the *New York Post*, which called the "big-spending Malaysian… the mystery man of [the] city club scene."

Low wasn't a total newcomer to the party world. Since at least the mid-2000s, his behavior had raised eyebrows. He would appear at clubs and outspend even the biggest Wall Street bon vivants—ordering $900 bottles of Cristal for no seeming purpose on a midweek night. Tracy Hanna, a cocktail waitress who served him in the Hamptons, remembers Low around 2005 spending some $30,000, a sum nearly equivalent to the median U.S. annual income, in only one evening. In this era of inequality, however, Low's behavior wasn't so notable.

"We just thought he was some kind of royalty," Hanna recalled. "There were a lot of princes at the time, especially from Saudi. We thought they can't drink or party where they're from, so they go crazy in America."

On another occasion he flew waitresses from New York to Malaysia for a party.

When Nawaf Obaid, the brother of Tarek Obaid, the PetroSaudi cofounder, came across coverage of Low in the *New York Post*, he was livid. A security expert, Nawaf Obaid had spent decades at Washington think-tanks and advising Saudi ambassadors to the United States.

"Wow this is very dangerous, he needs to be curtailed cause at any moment he can lose his mind and blow the whole thing!" he wrote in an email to his brother.

Patrick Mahony and Tarek Obaid would have surely been happy to remain anonymous and enjoy their riches. For Low, such behavior would have rendered the scheme pointless. He desired to exist—and be seen—at the center of a powerful world. The very point, it seemed, was for him to get close to the rich and famous, and to publicize it, just as he had wanted his name on the sorority posters back at Wharton. In the days after his heist, Low was driven by the need to live among celebrities, as if this would validate his worth. In the future, he would see Hollywood as an investment opportunity. But right now, flush from the success of his scheme, Low just wanted to enjoy the thrill of buying his way into celebrity friendships. To do so, he had to figure out a way to cozy up to truly A-list Hollywood names. The key would be a pair of nightclub entrepreneurs named Noah Tepperberg and Jason Strauss.

The men were co-owners of Strategic Hospitality Group, a nightclub empire that included Avenue, as well as New York's popular Marquee club and a part share in Las Vegas–based LAVO and TAO. Tepperberg and Strauss were among the country's top nightlife entrepreneurs—*Harvard Business Review* had even conducted a case study of their operations. Now in their midthirties, the pair were native New Yorkers who had known each other since working as club promoters while still in high school. Strauss, who is tall and lean with a permanent tan, and Tepperburg, who is heavyset with a shaved head, made an odd couple, but they were nearly inseparable. After college, they began opening clubs in the Hamptons and New York. They realized clubs lived or died on who attended, and built databases of celebrities and big spenders.

The pair opened Marquee in 2003, and it quickly became the hottest place in town. On a Friday or Saturday night, to secure a spot at Marquee, with its huge video screens, modern lighting, and disco ball enclosed in a spherical frame, guests had to sign contracts to order a minimum of two bottles of champagne or liquor, costing hundreds or even thousands of dollars each. Hollywood celebrities like Leonardo DiCaprio and Tobey Maguire were regulars, and counted Tepperberg and Strauss as friends. But the financial crisis of 2007 and 2008 had dented business, as Wall Street bankers shied away from dropping huge amounts in New York clubs. Low's advent on the scene couldn't have been better timed.

Tepperberg and Strauss had seen high rollers spend thousands, even tens of thousands of dollars at a time, but Low was on another level. He was willing to part with *millions* of dollars in a night. The duo, who also owned a successful events and marketing business, made themselves available to cater to Low's every whim. Word of the big-spending Asian also began to spread around the Hollywood types who knew Tepperberg and Strauss.

It's a little-discussed secret that even the biggest movie stars take payment to attend events, and Low began to seek out the managers of top actors, or pull on the Strategic Group's network of club promoters, to get celebrities to his parties. The rumor that Low was a billionaire with unlimited funds made him an attractive person to know. Even for DiCaprio, one of the world's top-paid actors, with a sizable fortune of his own, the scope of Low's purported wealth was alluring. The night at the Palazzo in October 2009 was just the start of many parties the actor would enjoy with Low.

Low met DiCaprio through Danny Abeckaser, a club promoter for Strategic Group who was trying to carve out his own career as an actor. Top promoters like Abeckaser were powerful figures in the nightlife world, bringing in big-spending customers in return for a fee. While still at Wharton, Low had gained Abeckaser's attention by laying out $3,000 in a night. Those sums had ramped up to $20,000, then $50,000. Now, Low thought nothing of putting down $1 million. No one had ever encountered such profligacy. The spending fed rumors among this nightclub set that Low was a new Asian billionaire looking to invest in Hollywood.

By early November 2009, fueled by the 1MDB money, Low was ready to take his socializing to the next level. It was his twenty-eighth birthday, and he wanted to mark his arrival on the Hollywood scene with a splash. The festivities ran over several days, including a party at the pool area of Caesars Palace in Vegas that featured caged tigers and lions, as well as bikini-clad models frolicking in the pool. Guests played carnival games set up at booths around the property. This was Low's magic—to throw the craziest party, stunning even models and actors who were used to the most sumptuous events. Some of Low's earliest Hollywood friends were there, including DiCaprio, the musician Usher, and Jamie Foxx, the actor and comedian.

On nights when he went clubbing, Low acted as much as a master of ceremonies as a reveler. Often, he would hold a microphone and order waiting staff to deliver Cristal champagne or Patrón tequila to the whole establishment, while only sipping on a Corona himself. A poor small-talker, he nonetheless developed a sense of showmanship, often shouting "Malaysia in the house" into his microphone. He had the Strategic Group staff draw up elaborate plans for events, including the smallest features of the decor, the flowers on display, and the alcohol behind the bar. He ensured the best-looking models were on hand to mingle with the guests.

Was there a justification for all this conspicuous consumption? To Low, it was part of a larger design. If the parties were successful, Low figured, he would grow in stature, enticing more powerful figures into his world. Even an up-and-coming rap star like O.T. Genasis, himself not short of cash and women, was in awe after witnessing Low one night buy multiple bottles of champagne costing $50,000 each.

"I'm like, 'What?' Never! This is not for real," he said.

Surrounded by women who looked like they came straight from a Victoria's Secret shoot, Genasis, who had accompanied Busta Rhymes to the party, was overwhelmed.

"I've never been in nothing like that."

Low was partly a calculating showman, but he struggled to be present in the moment. He was afflicted by a deep-seated compulsion that drove him to spend more, acquire more, and move incessantly. Once, he went to a mall to get juice and returned home with eight identical pairs of black shoes. He bought Hermès Birkin bags, which start at $12,000 and go up to six figures, for friends, friends of friends, and even people he had just met.

“He was the biggest spender I’ve ever met in my life,” said one jet-setter along for the ride. “You could be having lunch in a restaurant in London and he’ll say who wants to have dinner in New York. Then he’d charter a jet and before you know it, you’re having dinner with the best wine of your life in Manhattan. Nothing was out of reach.”

In addition to his binge spending, people noticed another trait of Low’s: a seemingly photographic memory. Some friends noticed he had an ability to remember very specific details of what money was moving where, down to a decimal point. “He was always a bit extreme,” said one person who knew him.

In the autumn of 2009, the Malaysian was achieving something remarkable. In just a few short months, he had infiltrated the world’s most elite circles and was becoming friends with celebrities. Some of it came down to money—he was paying for stars to attend his parties. Partly, he knew how to throw an amazing event, and with the help of Strategic Group was building a reputation as a socialite. But he was also figuring out what motivated stars like DiCaprio, and how his money could assist them to do more than just party.

There was one star for whom partying and business were one and the same, a model and actor over whom he’d fantasized since his college days. It took Low no time to befriend her.

Chapter 11

Raining Cristal

Whistler, British Columbia, Canada, November 2009

Paris Hilton was getting increasingly agitated. Low had sent a leased private jet to LA to whisk her to Vancouver, the nearest international airport to Whistler, the Canadian ski resort, but it had sat for six hours on the tarmac while Canadian immigration decided whether to let her into the country. The holdup was due to Hilton's legal history—a DUI conviction in the United States, which had garnered worldwide press attention. Eventually she was waved through, and Low's staff ferried her to the Four Seasons. It was early ski season, and Low was treating Hilton.

Low had contacted Hilton's manager a few months earlier and arranged for her to come along to his parties, for which she told friends that Low paid around $100,000 per event. But there was more to Low than simply cash, and Hilton, herself from money and with a blossoming television career, would grow close to him over the months ahead. Many people who got to know Low described him as kind and good-hearted, and his desire to please, to ensure everyone was having a good time, compared favorably with the arrogance that often accompanies extreme wealth.

Hilton brought along a friend called Joey McFarland, a native of Louisville, Kentucky, who had moved to LA a few years before and began helping his friends out in a business that hired stars for parties and events. Tall with short-cropped blond hair and an approachable, open manner that reflected his Southern upbringing, McFarland got to know Hilton through the talent-booking business. Only a few years earlier, he had been a small-time investor in a building in Cincinnati that housed a gyros restaurant, and his change in station made him eager to please, obsequious even. McFarland became close to Hilton, allowing her at one point to tweet from his account that she was a "celebrity princess." He would run around taking photos of her at events. She gifted McFarland a Louis Vuitton toiletries bag.

At the hotel, Low was surrounded mainly by his family and Middle Eastern friends, including Al Wazzan, the Kuwaiti Wharton classmate, who bragged over drinks about a recent arms deal he claimed to have done, unsettling some of Hilton's entourage. This was the first of what would become annual end-of-year ski vacations, paid for by Low to treat his closest friends and celebrities. Most of the group was just learning to ski—Low was taking snowboarding lessons—so Hilton, a practiced skier, spent most of the days on the slopes with other friends.

Riza Aziz, the stepson of Prime Minister Najib, also was present. He was short, balding, and rarely said much, but his calmness was alluring to women. He was a talented tennis player and posted pictures on Facebook of himself with stars like Rafael Nadal. Relatively smart, he had entered banking after the London School of Economics, and had recently quit his job in the mergers-and-acquisitions department of London-based HSBC.

Rosmah's child from an earlier marriage, Riza was a few years older than Low, and even though the pair had known each other for years, their relationship was polite and formal. Since coming into Najib's orbit, Low was always careful to remain subservient to the prime minister, calling him "my PM," and this extended to Rosmah and her son.

Now, Riza was living in Los Angeles, ready to help Low invest some of the money at his disposal, and that evening in Whistler led to an idea. A film buff, Joey McFarland had helped produce some low-budget movies since relocating to Los Angeles and for months had been telling friends about his desire to start a full-fledged production company. McFarland and Riza shared an interest in cinema, and immediately hit it off on the ski trip, bonding over movies. Riza was a fan of Italian postwar neorealistic cinema, while McFarland preferred contemporary films with Hollwood A-listers like Brad Pitt and Leonardo DiCaprio. Nonetheless, a connection had been made, and over the coming weeks Low, Riza, and McFarland got talking about an idea. *Why not leverage Low's money to get into the film business?*

The rise of McFarland and Riza in the filmmaking world would be unexpected and meteoric. As he reinvented himself, McFarland soon would be disavowing his talent-booking past, even to those closest to him. And like others, amid the excitement of money and recognition, he would ask very few questions about the origin of Low's funds.

On February 20, 2010, a Saturday night, a few months after the Whistler getaway, Paris Hilton laughed while putting down bets on the baccarat table at a private room on the floor of the Palazzo in Vegas. In a matching white dress and heels, with Chanel earrings and her hair parted tightly to one side, she was celebrating her twenty-ninth birthday, carrying herself with the assurance of wealth. But even such a monied heritage—her family had founded the Hilton hotel chain—had not prepared her to sit in front of a quarter-million dollars in gambling chips.

Earlier in the evening, Hilton had partied at TAO nightclub in the complex, cutting a tiered birthday cake that advertised her new line in shoes. It was a typical public-private performance for the heiress, part family celebration and part promotion in front of the cameras. The after-party downstairs was more intimate, the portion that wasn't curated for the paparazzi. There, in a private gambling room, Low surprised her with a very generous birthday present: a Cartier watch. As if that was insufficient, he then handed her the $250,000 in gambling chips and asked her to join him at the baccarat table.

Jho Low's party crew had begun to assemble. Apart from the celebrities, there were models. Some of these women had fallen in with the group at Las Vegas or New York clubs; some knew the nightclub owners Tepperberg and Strauss, while others were recruited through their managers and agents. Some were only teenagers. Joey McFarland was on hand, of course, and so were Low's rich Middle Eastern and Asian buddies from college, like Al Wazzan and Seet Li Lin.

"in vegas, bring a jacket cos its raining cristal haha!" Seet wrote on Facebook, posting a picture of himself with a jeroboam of the champagne.

As the gambling at Hilton's birthday heated up, the partygoers—Low's Asian clique, minor celebrities from shows like *The Hills*, models, and other rich kids—leaned into the table. These were wealthy folk, many of whom had grown up privileged in Orange County or Santa Monica and formed the core of LA's rich set, but they had never seen anyone quite like

Low. He was putting down bigger and bigger bets, hundreds of thousands of dollars on single hands.

Then, in a cascade of bad luck, taking all of ten minutes, he lost $2 million. The stunned entourage couldn't compute the way he parted with money—seemingly without breaking a sweat—and some began to whisper about this guy, and how he acted like the cash wasn't his own.

Rumors swirled. *He's an arms dealer. He's connected to a foreign leader. He's some kind of overseas royalty.* As the next magnum of Cristal arrived, or someone handed out thousands of dollars in chips, questions about Low's provenance flickered momentarily and then faded away.

For all his carefree spending, Low knew that the money wasn't all his to fritter away. In these early stages, he began to focus on how to reward his allies—foremost among them Abu Dhabi executives and the family of Prime Minister Najib Razak—and start building a business that would generate profits. He needed to find a way to sustain his new life.

Chapter 12

How to Spend a Billion

Los Angeles, December 2009

Low was looking for edge. His company, Wynton, was making a $45 million all-cash bid for the L'Ermitage hotel—a $500-a-night, 117-room luxury establishment just off the Sunset Strip in Beverly Hills. But he faced a rival offer from Ian Schrager, the U.S. hotel investor, and Low was looking for a way to swing the deal in his favor. He turned to Mubadala, the Abu Dhabi fund.

Low wrote the executive director of Mubadala's real estate division, asking if anyone at the fund could put in a good word for him with the seller, Tom Barrack Jr., the U.S. real estate billionaire. Khaldoon Al Mubarak, the chief executive of Mubadala, promised to get Ambassador Otaiba to help.

In an email to Barrack Jr., Otaiba put the official weight of Abu Dhabi behind Low's offer, although he did not mention the Malaysian.

"I'm contacting you today to endorse this bid both as the UAE ambassador but also as someone who understands that the full weight of a major investment entity is behind this project," he wrote.

Barrack Jr. replied cordially, noting he had met Otaiba's father thirty years earlier, while a young lawyer. "Mubadala and Al Mubarak are first class investors and we are honored at their interest," he wrote, promising to see what he could do. The bid went Low's way.

The success of Low was by now important to Abu Dhabi on multiple fronts. Mubadala had recently acquired Viceroy Hotel Group, a hotel-management company, and Low had offered to buy the L'Ermitage and then rebrand it as a Viceroy Hotel. Ambassador Otaiba had made money from his dealings with Low on the Iskandar land project in Malaysia, and he hoped to get in on more deals.

Low knew the scheme would falter unless the money he'd taken was put to work, and he set out to construct a business empire. Years ago, the power of Al Mubarak at Mubadala had inspired Low, and pushed him to create his own sovereign wealth fund. Now the Malaysian, armed with hundreds of millions of dollars, was able to do deals with Mubadala on an equal footing. Al Mubarak did not seem to care where Low was getting his money.

To pay for the L'Ermitage, Low set up a trust account at Shearman & Sterling in the name of Wynton Group, and the law firm represented the company in the purchase. He then sent money into the trust from his Good Star account, the one which had received $700 million in 1MDB cash. Low noted on bank documents that the money was for "STAKE V. H." He was using his tie-up with Viceroy Hotels to give legitimacy to the huge movement of funds. He had made his first major investment, an initial step to build a reputation as a businessman.

As he partied and bought assets, Low needed to pay back the people who had made all this possible: the family of Malaysian Prime Minister Najib Razak. Just as he had misrepresented Prince Turki as an official Saudi envoy, Low was careful to keep the full scope of his actions from Najib. But in return for the long leash Najib had given him, Low needed to make his patron happy.

From the early days of his scheme, Low made sure not to leave the first couple out of the profits. From the IOLTA accounts at Shearman & Sterling, he sent $3 million to Rose Trading, a Hong Kong–based jewelry trading firm that supplied Rosmah. It was only the start of tens of millions of dollars of jewelry that Low would procure for Rosmah, and soon Najib also would begin receiving spoils in the form of political funding.

Beginning in 2010, Low also acquired multi-million-dollar luxury homes in London, Los Angeles, and New York, making them available to Najib and his family. A Low-controlled shell firm acquired a condominium in New York's Park Laurel building, just off Central Park West, for $36 million. But it was Riza Aziz, Rosmah's son, who made the 7,700-square-foot duplex, with floor-to-ceiling windows, his home in New York.

The seller's agent was Raphael De Niro, the son of Robert De Niro (who himself would soon get to know Low and Prime Minister Najib Razak). The younger De Niro worked for high-end property firm Douglas Elliman Real Estate, which, like all U.S. brokers handling hundreds of millions of dollars in property transactions each year—as well as lawyers involved in real estate deals—was not required under American laws to conduct due diligence of clients' finances. In fact, De Niro didn't even need to know the ultimate buyer of a property, and Low purported to be representing Malaysia's prime minister or other rich buyers as he toured apartments and mansions.

By 2010, faceless shell companies, many of them based offshore, accounted for more than half of the hundreds of billions of dollars in high-end U.S. property sales each year—an arrangement that was wholly legal under U.S. law—and Low was becoming adept at hiding his involvement. The agreement to buy the Park Laurel apartment, for instance, was signed by one Low-controlled firm, although it then assigned its rights to another British Virgin Islands–based shell company, which later changed its name.

A Seychelles-incorporated shell company controlled by Low purchased a $17.5-million mansion at 912 North Hillcrest in Beverly Hills in May 2010 as a place for Riza to stay on the West Coast. Known as Pyramid House, for a gold leaf–covered pyramid surrounded by a water feature in the entrance hall, the 11,573-square-foot residence had the feeling of a tropical villa, with a lap pool and semi-open rooms with sweeping views over Los Angeles. While the home underwent a major renovation, Riza often stayed in the L'Ermitage while in Los Angeles. Low, through another entity he controlled, bought an imposing redbrick townhouse for 17 million pounds in the upmarket Belgravia district of London. It was not far from Harrods, one of Rosmah's favorite shops, and the Najib family would stay there on regular trips to the city.

Low was acting as a front for the Najib clan, and eventually Riza would become the owner of all three properties—in London, Los Angeles, and New York—purchasing them from Low with more money stolen from 1MDB. The Malaysian was well on his way to repaying his debt to Najib for allowing him to run the fund. The prime minister did not pry about the origins of the money for these luxurious homes. The involvement of Low, who on paper was behind the purchases, allowed Najib to deny any knowledge of the funds' provenance. He was a figure who permitted the prime minister to keep his hands clean.

Despite purchasing this string of homes, Low began to travel obsessively around the globe, a schedule that fit his inability to focus on the present moment. In a typical three-week period, Low would spend a few days in Kuala Lumpur to meet Prime Minister Najib, and return home for a visit in Penang, before moving on to Singapore and Hong Kong. From there, he'd fly to Shanghai, where he had connections through his grandfather's Chinese clan, before boarding a plane to Abu Dhabi. After a quick trip to London and Paris, perhaps with an excursion to Zurich to explain a weird transfer to Swiss bankers, he'd move on to New York, before finally landing in Los Angeles, and making a gambling trip to Vegas. The tour finished, Low would fly across the Pacific to start all over again. It was a frenetic schedule that most people could not endure.

Tired of leasing planes, Low plunked down $35 million to purchase a Bombardier Global 5000 private aircraft, drawing on the funds at Shearman & Sterling. He lived on the jet more than the many homes he was in the process of acquiring. Outfitted with a bed and mini-office, complete with fax machine and Wi-Fi, he did much of his work from the Bombardier, or tapping away at all hours on his phones while in hotels and restaurants, rather than putting in regular office hours. During busy periods, Low worked until dawn to close a deal, but then missed meetings the next day.

It was an extraordinary life, but Low's demure bearing gave a different impression to those people who met him only fleetingly.

"He seemed like a pretty ordinary fellow," said Joseph Cayre, the billionaire real estate investor who sold him the Bombardier.

Low's scheme was succeeding in fooling many in the United States. Back home, though, the stewards of 1MDB wanted to know what was going on.

Chapter 13

Where’s Our Money?

Kuala Lumpur, Malaysia, October 2009

On October 3, 2009, the atmosphere was fraught at a specially convened meeting of 1MDB’s board, just as Low and his entourage were drawing attention to themselves in Vegas. The fund had been set up in such a hurry that it did not yet have its own permanent offices. So for this meeting, on a cloudy, humid Saturday, the board gathered in the Royale Bintang Hotel, a four-star hotel in the Mutiara Damansara neighborhood near Kuala Lumpur. Sitting around a table in the executive center, the members of the group supposed to be overseeing the operations of the fund were not happy.

Most disconcerted among them was Mohammed Bakke Salleh, a respected businessman whom Prime Minister Najib Razak had chosen as chairman of the board. Bakke was the epitome of a buttoned-up chartered accountant; he had gotten his training after a degree at the London School of Economics. He dressed in dark suits, often with the same red tie, and wore wire-rimmed spectacles, his bald head framed by graying hair at the side and a neatly trimmed beard, also gray. But his appearance belied a tenacious side, and he had fought his way up the ranks to head Malaysia’s largest state-owned agribusiness company. In a land of deep corruption, Bakke had a reputation for doing things by the book, and in the board meeting he was furious.

Why in the hell, he wanted to know, had 1MDB sent $700 million to another company and not the joint venture with PetroSaudi, as the board had agreed? Shahrol Halmi, the fund’s chief executive, tried to reassure Bakke that the money had gone to repay a loan to PetroSaudi. Shahrol was a down-to-earth leader, a geek who enjoyed tech gadgets and cars and was liked by colleagues. Unlike many top executives at 1MDB, Shahrol wasn't a Low associate, but he quickly became addicted to the jet-setting lifestyle. There is no indication he received any payoff, but his life changed in an instant as he went from toiling on IT projects at Accenture to running a multi-billion-dollar fund. Thankful for such a change of station and believing he was carrying out Najib's wishes, he hewed closely to the stories told to him by Low and others, in this case that PetroSaudi was owed the money.

Bakke wasn't so easily duped. Why hadn't the board been informed of this debt in the first place? he demanded. There was no answer. The chairman ordered PetroSaudi to return the money, so it could be invested in the joint venture as agreed.

"The substantial investment of US$1 billion should have merited a more thorough thought and due diligence process," the board recorded blandly in the official minutes from the meeting.

Unbeknownst to the group, the money in question was, as they spoke, being poured into nightclubs, gambling, mansions, and more; it just couldn't be returned like that.

Weeks later, Bakke demanded an independent audit of the oil assets that PetroSaudi was supposed to have put into the joint venture. Keen not to open a can of worms, Low persuaded Najib, as head of the board of advisers, to rule there would be no second valuation of the assets. Disgusted by how he had become entangled in such a mess, Bakke resigned without fanfare from the board a few days later. Another director also wanted to step down, but Najib urged him to hold off for a few weeks, lest it appear the board was suffering an exodus, and he finally left in January.

Low, who hadn't expected such a pushback, scrambled to stop further dissension. After the board had raised concerns, 1MDB's management wrote Patrick Mahony, PetroSaudi's head of investment, to ask for more details. Mahony must have been nervous, because PetroSaudi had conducted scant business before 1MDB came along, and he emailed Low to ask if he should send details.

"No I wouldn't even bother sending it. Keep it simple. I want to give the board as little information as possible until PM clears the air," Low responded.

The prime minister knew 1MDB was secretly fueling his political machinations and was not as legitimate as it appeared. He was allowing an untested twenty-eight-year-old to secretly run operations, lured into the scheme by Low’s promises the fund would enhance relationships with the Middle East and bring in investment. For years, Najib’s family had used government service to line their own pockets, and Low’s involvement in buying jewels for Rosmah and properties for Riza Aziz was more of the same. For these reasons, Najib gave Low a wide berth and remained willfully ignorant about what the young Malaysian was up to, even as reports about his spending in New York reached Malaysia and respected businessmen like Bakke sounded the alarm.

To keep the prime minister’s trust, Low set about organizing another state visit to Saudi Arabia in January 2010. Ahead of the visit, he sent an email to the Obaids to stage-manage the trip, asking that Saudi royals use words like “personal,” “trust,” “friendship,” and “bond” in discussions with Najib and Rosmah. Saudi authorities did better than that, conferring the kingdom’s top civilian award on Najib during his visit. It was the kind of honor that went a long way with the prime minister, and it showed that Low had deep connections.

The visit handed Low the ammunition he needed to silence the few 1MDB board members who were continuing to complain in meetings about the missing funds. He told one member that asking too many questions about the deal with PetroSaudi, which he described as a state company, could upset bilateral relations with Saudi Arabia. “We can’t insult Saudi Arabia. The PM just got a 21-gun salute on his visit,” Low said. The board member backed off.

Low met board members regularly for coffee and let them know he was the prime minister’s representative dealing with 1MDB matters. It was vague, and Low’s lack of official title was mysterious, but those on the board understood his power came from the top. To many, the blurry contours of his role made him seem even more powerful, and that was something he exploited. To ensure no further scrutiny of his actions, Low solidified his control over the board. To replace one of the vacated seats, he persuaded Najib to appoint a Malaysian Chinese from Penang who was a business partner of his father’s. Lodin Wok Kamaruddin, a UMNO party loyalist who was close to Najib, became the new chairman. Low had seen to it that the board was now dominated by Najib loyalists. To put it another way, there was basically no independent oversight of the prime minister, Low, and his allies in 1MDB's management.

With its management hiccups cleared up, 1MDB started to look more legitimate. From its new offices on the eighth floor of Menara IMC, a gleaming skyscraper near the Petronas Towers in Kuala Lumpur, the 1MDB fund's management went about building a business. Chief Executive Shahrol oversaw the hiring of a group of around ten young Malaysians with Ivy League degrees, who were enticed into the job by competitive salaries and the promise of billions of dollars in financing. The pitch was that 1MDB would be a modern kind of fund, like Mubadala in the Middle East, and would transform Malaysia by building new industries, especially green technology. An early plan was to develop a renewable energy corridor in Sarawak, with investment from China and the Middle East, and the young employees set about drawing up presentations and investment plans.

"We genuinely thought that helping a sovereign fund in its start-up stage was a great way to make a difference for the country," said one early staff member.

Working for a big sovereign wealth fund was a prestigious endeavor. But it didn't take long for disillusionment to set in among many of the new hires. The plans for the green-energy business failed to gain traction, and it became clear that none of the senior management had experience running an investment fund. It was as if the bosses didn't really care about the longer-term projects, instead convening in their offices on a mezzanine floor, rarely communicating with regular employees. Everyone knew that Jho Low was the chief decision maker at the fund, but he was almost never around, and for some reason management asked staff to refer to him by a code name, "UC." A joke started going around that it stood for "unsavory character."

Low's focus was on turning a profit with the money he had taken out of the fund, whether through investments in the L'Ermitage hotel or other projects he was hoping to develop with Mubadala. This wasn't a simple bank robbery; he was wagering these businesses would take off, and the profits would easily fill the hole at 1MDB. The fund's operations proper, however, often seemed like an afterthought.

At one point, Nik Faisal Ariff Kamil, an associate of Low’s who was head of investment at 1MDB, fretted in a board meeting that there was no cash flow to pay for debt the fund had assumed, not just the $1.4 billion in Islamic bonds but hundreds of millions of dollars more in Malaysian bank loans. These executives started to make ridiculous suggestions. Nik Faisal even proposed that 1MDB buy a Malaysian island to turn into a vacation resort, but the idea was knocked down by the board.

The fund’s hallmark development, dubbed Project Wall Street, was a plan to turn Kuala Lumpur into a financial hub to rival Singapore or Hong Kong. The aim was to have Abu Dhabi’s Mubadala fund invest billions into the financial center, and 1MDB spent $2 million on a launch party in mid-2010 for the initiative. Low pulled strings to get the crown prince of Abu Dhabi to attend, but when he canceled at the last minute, most of the money for the party was lost, and the financial-center plan made little progress. Kuala Lumpur’s stock market and banking sector just weren’t important outside the country, and potential investors were hard to find. Still, Low persuaded Najib to grant the fund parcels of vacant city-center land at bargain-basement prices for the project.

Amid the wasted spending and the lack of focus, many of the Ivy League recruits quit after less than a year. More worryingly to many, it became clear the fund’s main reason to exist was as a pot of political money to boost Najib’s popularity. Even without steady cash flow from operations, 1MDB was starting to channel money as “corporate social responsibility” to help encourage voters to support UMNO, the ruling party.

“We even joked that many of the projects we were assessing were pretend projects to give the company a legitimate front,” the 1MDB employee said.

On March 1, 2010, the new board of loyalists met at 1MDB’s new offices to discuss how the fund could help Najib’s premiership. Even though it still had no viable businesses, Chief Executive Shahrol explained to the board how a new charity arm of 1MDB was planning to pour money into the Malaysian region of Sarawak to coincide with an upcoming visit by Najib. The jungle-covered state, though remote and relatively unpopulated, was crucial to the UMNO party’s grip on national power. Lodin, Najib’s friend and chairman of the board, responded that getting the support of the “natives”—by which he meant Sarawak’s tribal peoples, some of whom still lived in longhouses in the jungle—was crucial. The board agreed without debate to provide more than half a million dollars for school scholarships and housing for the poor, which Najib could promote when he visited.

The prime minister’s office staff was tasked with coming up with projects, like funding schools in important voting districts, and 1MDB would provide the finances.

“If we thought it could help the incumbent government pull in some votes, we could propose that,” said Oh Ei Sun, Najib’s political secretary at the time.

From the start, Najib was obsessed with popularity. Like any old-school Malaysian politician, he saw money—not ideas—as the only way to achieve popularity with voters, and he squeezed 1MDB for funds. A few months after the 1MDB board meeting, Najib told voters ahead of an upcoming local election in Sarawak that he would arrange federal funding for local projects only if the ruling-party candidate won.

“You help me, I help you,” a sweating Najib promised in a stump speech ahead of the voting. It was a picture of the rot in Malaysian politics.

Chapter 14

Roll the Presses

Kuala Lumpur, Malaysia, December 2009

Some among Malaysia's elite, hearing whispers about Mohammed Bakke Salleh's resignation, guessed something was not right at 1MDB. Yet the fund's problems remained unknown to the general public, in part because Najib's government controlled the mainstream media. But there was one media tycoon the prime minister could not order around so easily: Tong Kooi Ong, owner of the *Edge*, an English-language weekly business newspaper. The mass-market papers, mostly progovernment, were in Malay or Chinese. The *Edge* catered to the country's business elite.

For years, Tong had been the rebel of Malaysia's business community. The fifty-year-old, with tufts of black hair on either side of his head and a bald skull, preferred open-neck shirts to suits. He once told his wife he had a premonition he would die before fifty, and he needed to live fast before then. He could be bad-tempered with people he considered dimwitted, but he was equally charming, his face often breaking out into an impish smile. It was a combination that riled up the entitled ruling-party elites in Kuala Lumpur.

When Tong heard the rumors about 1MDB, the newspaperman decided the *Edge* needed to investigate.

In Malaysia, most major papers were subservient to the government. The ruling UMNO party directly owned some of the largest-circulation papers, whose editors slavishly put out puff pieces on politicians and policies. Newspapers had to renew their publishing licenses every year. Given the government's control, even editors at independent newspapers often selfcensored.

The arrival of the *Edge*, in the mid-1990s, shook up the industry. Unlike other papers, the *Edge* did not shy away from writing about corruption scandals, which Tong viewed as harmful to Malaysia's economic prospects. He had built his own fortune and was beholden to no one, and that made him a threat.

The sixth of nine children of a Chinese-Malaysian car mechanic, Tong had grown up in the 1960s and 1970s in the gritty Malaysian port town of Klang, not far from Kuala Lumpur. His family scraped together enough to send him to university in Canada, where he eventually earned a master's degree in finance and taught himself computer science. Returning to Malaysia in the 1980s, Tong became a securities analyst at a Malaysian firm before moving to British bank Morgan Grenfell, helping to value companies. But he was ambitious and restless, and by the 1990s he bought his own securities company and soon after acquired a full banking license.

In the clubby world of Malaysian business, Tong was considered a maverick, and he quickly made enemies. By bringing online trading to Malaysia, he undercut other brokers, who came to view him as a dangerous upstart. Foreign fund managers liked Tong, however, and he quickly won a large share of their business in Malaysia. His cocksure manner, obvious intelligence, and contempt for mediocrity irritated financiers who owed their success to years of ties with the establishment.

He also was political—but bet on the wrong horse. Tong befriended Anwar Ibrahim, a charismatic deputy prime minister, sensing he would soon become the nation's top leader. But in the late 1990s Anwar fell out with Prime Minister Mahathir Mohamad, who had ruled Malaysia since 1981. When Anwar fell, jailed on trumped-up charges of sodomizing his male driver (sodomy is illegal in Malaysia), Tong was cast out into the wilderness. Amid rumors that Mahathir would seize his assets, the businessman returned to Canada, transforming himself into a successful property developer in Vancouver. But he could never remain in one place for long, and after Mahathir stepped down in 2003, Tong came back to Malaysia.

Mahathir had forced Tong to sell his bank, but Tong still controlled the *Edge*. The newspaper had built a loyal following. If the press wasn't exactly independent, at least Malaysia wasn't a dictatorship, and the *Edge*'s editors had learned to push the limits of free expression, writing stories on corruption, while maintaining their license. Some topics were off-limits, say, corruption stories about a prime minister. By focusing more on business than politics, its editors had stayed on the right side of the government.

In late 2009, Tong began to hear rumors about 1MDB. From the start, elite Malaysians gossiped about Najib's administration. Malaysian diplomats complained about having to organize Rosmah's shopping trips when she was abroad. More recently, Tong had started to hear more alarming complaints. Bankers told him the Terengganu fund, the predecessor of 1MDB, had sold its Islamic bonds too cheaply. That meant whoever bought the bonds could resell them in the market for a handsome profit. Rumor had it that companies connected to Low had benefited. This kind of trick was common in Asia's capital markets. Now, at cocktail parties in Kuala Lumpur, the talk was of Bakke's abrupt resignation from the fund's board.

Tong was a visionary, not a details man. He could be disorganized, his offices a mess of papers and odd objects, including, for a time, a little-used treadmill. To implement the coverage of 1MDB he leaned on Ho Kay Tat, a veteran journalist who was publisher of the *Edge*. Ho's mane of gray hair, glasses, and eagerness to please in conversation made him seem grandfatherly, even though he was only in his fifties. But his avuncular appearance belied a tenacity to dig for the truth.

Ho had joined the *Edge* in the 1990s, later leaving to become chief executive of the *Star*, a government-aligned newspaper based in Low's home state of Penang. But Ho had been unable to deal with the constant requests to kill negative stories about UMNO-linked companies, and he had jumped at the chance to rejoin the *Edge* as publisher in 2013.

While government mouthpieces like the *Star* and the *New Straits Times* pushed out softball pieces on Najib's administration, the *Edge* under Ho took a critical stance. Backed by Tong, Ho tagged a small team of reporters to start digging. In December 2009, the *Edge* published a story raising questions about 1MDB. Why had Bakke resigned from the board so soon after the fund's inception? Why had the Terengganu Investment Authority sold its bonds so cheaply, despite being a risk-free, state-owned entity? What exactly was the purpose of 1MDB, and what was it doing with the money?

One name that appeared nowhere in the piece: Jho Low. He was nonetheless disturbed by it, and began talking off the record to journalists at the *Edge*, trying to persuade them that 1MDB was a genuine investment vehicle. It would be three years more before the *Edge* began to uncover the truth. For now, Low’s secret was safe. In fact, his star was on the rise.

Chapter 15

Welcome to New York

New York, April 2010

The guests, wearing tuxedos and ball gowns, made their way up to the ballroom of the St. Regis Hotel, just off Fifth Avenue in Midtown Manhattan. It was April 16, 2010, a rainy and windswept evening, but the mood was ebullient at one of the city's most stylish hotels. Najib and his wife, Rosmah, were in especially good spirits. A few days earlier, President Barack Obama had granted Najib a bilateral meeting on the sidelines of a nuclear-security summit in Washington. Obama, the first black American elected to the U.S. presidency, was a global icon, and Najib sensed an opportunity for a new dawn in relations between the countries.

After the Obama meeting, Low was pulling on his connections to ensure the Malaysian first couple made a splash during their trip, and the night at the St. Regis was the centerpiece of that effort. The event was hosted by the Business Council for International Understanding, a little-known organization set up under President Dwight Eisenhower to foster ties between world business and political leaders. The night at the St. Regis was to honor Rosmah, on whom the council had decided to bestow its "International Peace and Harmony Award." The award, the council said, was in recognition for work Rosmah had done with children's charities back in Malaysia.

She had set up a children's education organization, but it was financed by public money and critics at home wondered why the Education Ministry didn't just distribute the cash. If the council clearly hadn't done its homework, that was fine with Najib and Rosmah. Awards like this, while essentially meaningless tokens, were crucial to the likes of Rosmah, who detested the whispers about the origins of her money. To trumpet the award, the Malaysian government spent hundreds of thousands of dollars on a double-page advertisement in the *New York Times* to coincide with her visit, congratulating the first lady with a full-page photo of Rosmah and the words “Welcome to New York.”

To ensure the St. Regis party’s success, Low contacted Sahle Ghebreyesus, the Eritrean-American contact who had arranged the details of Prince Turki’s meeting with Najib aboard the *Alfa Nero*. He invited a bevy of Hollywood stars, many of whom would seem unlikely attendees at an award dinner for an Asian politician’s wife. The event started at 6.30 p.m. with cocktails and an Islamic fashion show before dinner. Jamie Foxx, the actor and comedian, emceed the proceedings. A number of stars, including Robert De Niro and Charlize Theron, were in attendance, giving the event a buzz. Wearing a traditional Malay sarong and loose-fitting embroidered top, both in a deep yellow color, with a diamond-encrusted bangle around her wrist and sparkling earrings, Rosmah was ecstatic at the attention.

When dinner concluded around 10 p.m., the party really got going. Pop star Leona Lewis sang. Foxx dragged Rosmah up on stage for a flirty rendition of “You’ve Got a Friend,” and he danced with Najib. Later, De Niro, Theron, and others joined Foxx on stage to sing “We Are the World”—one of Low’s favorites. “It was like a wedding, bar/bat mitzvah, Sweet 16, quinceanera all rolled up into one,” wrote Wendy Brandes, a jewelry designer, who was present. “I was awestruck.”

A few months later, De Niro, taking up an invite from Rosmah, traveled to Malaysia on a vacation. Rosmah told local media that she wanted him to see the country for himself, rather than believe any negative stories he had heard. Through Jho Low’s extravagant spending, and the expectation, perhaps, of a new source of film financing, Hollywood stars were taking notice of Malaysia. Yet again Low had made himself indispensable. Najib and Rosmah felt like Low could work magic, organizing state visits to the Middle East and, now, attracting the glamor of Hollywood.

Low, however, had an even bigger target, confiding in Ambassador Otaiba that he hoped to deepen Najib’s relationship with President Obama. For years, ties between Malaysia and the United States had been lukewarm at best. Former Prime Minister Mahathir Mohamad was confrontational toward the United States, bashing “Western imperialism” and blaming “Jewish” financiers for the Asian financial crisis in the late 1990s. Western governments decried the jailing of Anwar Ibrahim for sodomy as a political vendetta. On an official visit to Kuala Lumpur, Vice President Al Gore urged the “brave people of Malaysia” to push for democracy, infuriating Mahathir. By the time Najib came to power, no sitting U.S. president had visited Malaysia since Lyndon B. Johnson in the 1960s, when the United States was entrenched in the Vietnam War.

At their April 2010 meeting Najib presented himself to Obama as a different political animal. The prime minister was a self-professed Anglophile and talked about deepening democratic reforms. On the face of it, he seemed to be a leader the United States could rely on in the region. He appeared urbane, spoke good English, and made the right noises about Islam, having recently launched a “Global Movement of Moderates,” an effort to get Islamic countries around the world to condemn Islamist violence.

President Obama was keen to extricate the United States from costly wars in Iraq and Afghanistan and wanted to shift focus to East Asia, where he was seeking to counterbalance China’s influence on the fast-growing economic zone. In a speech in Australia the following year, Obama would underline this pivot to Asia, and Najib, along with the leaders of Indonesia, Japan, South Korea, and Australia, was viewed by the president and his White House advisers as key to the effort.

It was a good start, and Low would do all he could in the years ahead to ensure Najib and the American president got even closer.

Chapter 16

Shitty, Junk Products

Washington, DC, April 2010

As Najib visited New York, the United States was engulfed in political upheaval. The financial crisis, originating in America, had spread to Europe, throwing millions out of work and their homes, causing a deep recession, and inspiring the "Occupy Wall Street" protests. The anger at Wall Street banks, many of which had prospered during the crisis, was palpable.

In late April, Goldman's chief executive, Lloyd Blankfein, tried to stay calm as he answered angry questions from U.S. senators about the Wall Street bank's role in the financial meltdown. Senator Carl Levin, a Democrat from Michigan who headed a Senate subcommittee that had spent eighteen months looking into Goldman's actions, wanted to know why the bank had sold securities backed by toxic subprime mortgages to clients while, at the same time, betting against them. Levin gave example after example of deals that Goldman sold to clients that its bankers described privately in emails as "shitty" and "junk."

"It raises a real ethical issue," Levin said, his demeanor hostile, as he sat opposite Blankfein. In the public gallery, protesters dressed in fake prison jumpsuits held up pink signs with the word "SHAME" and photos of Blankfein's head mounted on sticks.

In the mid-2000s, Wall Street's profits soared due to a boom in the U.S. housing market, as Americans signed up for loans to buy homes with little or even no money down. Banks took these poor-quality mortgages—known as subprime loans—and packaged them into securities, which they sold to big investment funds.

At Goldman, both Blankfein and Gary Cohn, the bank's president, who would go on to serve as President Donald Trump's chief economic adviser, pushed subprime debt products, which the bank continued to market in the run-up to the crisis. But fearing a crash in home prices, with many Americans unable to keep up on their mortgage payments, Goldman itself had bet against the market—a trading strategy that later came to be known as the "Big Short."

When the U.S. housing bubble burst in 2007, these subprime securities blew up. Within a year, losses related to toxic subprime loans toppled Bear Stearns and Lehman Brothers, sparking a full-blown financial crisis. The U.S. government had to step in with a $700 billion bailout for the banks.

The Goldman chief executive, dressed in a gray suit with a maroon tie, tried to parry the angry questioning from Senator Levin, arguing that some clients—big banks and institutional funds—still believed the U.S. housing market was robust in 2007. It was no fault of Goldman's, he said, if those clients desired to acquire securities linked to subprime home loans.

"They wanted to have a security that gave them exposure to the housing market," Blankfein said. "The unfortunate thing is the housing market went south."

Goldman did not operate retail bank branches, and few Americans knew much about investment banks, whose clients are largely companies, governments, pension funds, high-net-worth individuals, and other banks. But Blankfein was becoming the poster boy for financial sector greed. The collapse of the housing market had left many Americans destitute. Goldman's profit, by contrast, soared to a record $13.4 billion in 2009. Senator John McCain, a Republican from Arizona, asked Blankfein to tell the room his bonus for the year. Visibly ill at ease, the chief executive stuttered, before responding: it was $9 million.

The 140-year-old bank was on the defensive. The U.S. Securities and Exchange Commission, which enforces securities laws and regulates the industry, was suing Goldman for withholding information from a German bank to which it sold a subprime mortgage product. A young French trader at Goldman named Fabrice Tourre, who referred to himself in emails as "Fabulous Fab," had talked about selling the product, known as Abacus, to "widows and orphans." Three months after Blankfein's appearance in Congress, Goldman settled with the SEC for $550 million, the largest-ever penalty paid in a civil case by a Wall Street firm. It apologized for giving "incomplete information" to its client, but did not admit wrongdoing.

Senator Levin later asked for a criminal investigation of Goldman, but the U.S. Justice Department decided not to pursue charges, adding to a sense that Wall Street bankers walked away scot-free from the crisis they created. Even though no senior Goldman executives were sanctioned, however, banks were under scrutiny like never before. In 2010, Congress passed the Dodd-Frank Act, a sweeping series of laws brought in as a response to the financial crisis.

The Volcker Rule, proposed by former Federal Reserve chairman Paul Volcker, restricted banks from speculative trading that did not benefit their customers. The idea was this kind of activity—say, betting on risky subprime securities—destabilized the financial system and hurt ordinary savers and home owners. Banks would fight a rearguard action in Congress: The rule was watered down, permitting certain investments, and took years to come into effect. But Wall Street banks had to stop acting like hedge funds, which make proprietary investments using money from rich individuals, and look after their clients' interests, whether a small home owner or a multinational corporation.

These new restrictions, coupled with an anemic U.S. economy, low interest rates, and a weak stock market, led Blankfein to double down on his push into emerging markets. China continued to grow at double-digit rates, and the economies of Brazil, Russia—even small Malaysia—were humming along. In a speech later in 2010, as Goldman licked its wounds from the damage the crisis had done to its reputation, Blankfein said the biggest opportunity for the bank was to be "Goldman Sachs in more places."

In 2010, as Goldman looked to increase its business in emerging markets, a thirty-seven-year-old Italian banker named Andrea Vella arrived in Hong Kong. A former engineering student, Vella had short-cropped, graying hair, a sturdy build, and a pugnacious face. He was a persuasive and confident banker who colleagues believed could convince anyone of his perspective on just about anything. Vella was also a product-structuring specialist—an expert on complicated derivatives—just the kind Goldman was hoping to sell in places like Malaysia.

Vella had developed a reputation among some colleagues for focusing on unsophisticated clients who would, without question, pay huge fees for the bank's expertise. A year after Vella joined Goldman's London office in 2007, he began overseeing the bank's relationship with the Libyan Investment Authority, a new sovereign wealth fund set up by Muammar Qaddafi's government.

On a simple level, derivatives are financial products whose value is linked to an underlying set of assets. Derivatives can help businesses smooth out price fluctuations. For example, if a company wants to protect itself from a fall in a commodity price, it could buy a kind of derivative called a forward contract, which allows it to sell at a fixed price in the future. As the subprime crisis exhibited, derivatives could also be dangerous by allowing investors to make big, debt-fueled bets on the direction prices were headed, in this case mortgage-backed securities. That was fine when a wager paid off, but could cause a cascade of losses if markets moved in an unexpected direction.

Vella's Libyan clients wanted to accumulate a stake in U.S. banks, as Middle Eastern funds were doing in the chaos of the financial crisis. But the managers of the fund didn't really understand derivatives. Vella urged a junior colleague, who handled the Libya relationship on the ground, to go heavy on marketing. "Often they don't know what they want or need, we need to interpret their confused words and show them the right things. Focus on that," Vella emailed the colleague.

Goldman designed a complex derivative, backed by shares in Citigroup and other companies. The derivatives were structured so the Libyan authority would profit handsomely if Citigroup's shares went up, but with significantly more downside risk. As the financial crisis deepened, the shares fell and the Libyan authority eventually lost more than $1 billion. The authority later sued Goldman, unsuccessfully, in a London court, claiming its executives didn't understand what they had bought. Goldman didn't reveal how much it made taking the other side of the trade, but the Libyan authority claimed it was more than $200 million.

George Jabbour, a banker for Goldman on the Libyan deal who was fired during the financial crisis, was among a number of former colleagues who said Vella was ruthless in the amount of money he charged "stupid" clients.

“The only way you have profit is by having a markup. With a hedge fund that knows what’s going on, how can you make money?” Jabbour said.

After the Libyan debacle, Vella came out to Hong Kong in 2010 to head up the investment bank’s structured-finance business in Asia. He soon teamed up with another one of Goldman’s most ambitious Asian-based bankers: Dr. Tim Leissner.

Goldman’s emerging-markets focus had been a boon for Leissner. Suddenly, Malaysia was no longer an obscure market in the eyes of the bank’s New York bosses. Since advising the predecessor fund for 1MDB, the German banker had been looking for ways to get Goldman a fat fee by helping the fund raise money or buy assets. There was no immediate deal on the horizon—the initial fund-raising was handled by Malaysian banks—but Leissner was laying the groundwork for Goldman to be in pole position among its Wall Street rivals.

In the summer of 2010, he organized for the twenty-five-year-old daughter of Malaysia’s ambassador to the United States, a close ally of Najib, to undertake a short internship at Goldman Sachs in Singapore. He also began a short-lived love affair with her, a relationship that was widely talked about inside the bank. The internship was risky because of the potential for running afoul of the U.S. Foreign Corrupt Practices Act of 1977, which bans companies from paying bribes of any kind to overseas officials to win business, but she nevertheless completed her stint in the Singapore office of the bank. Few people outside the bank knew about it, and, if there was anything improper about the internship, no action was taken against Goldman.

Only weeks later, 1MDB agreed to pay Goldman $1 million to advise it on plans to purchase a hydroelectric dam in Sarawak, the rainforest-covered state whose chief minister, Taib Mahmud, had been ripped off by Low. The money was peanuts, like the fee Leissner had generated for advising on the formation of the Terengganu Investment Authority. In the end, Goldman got nothing as the deal never happened. But there was promise of more.

In the meantime, Leissner concentrated on deepening his connections in Sarawak. The German banker, in 2009, had conducted a relationship with

Taib's niece. Leissner even told colleagues he had taken the Muslim name "Salahuddin" as part of his conversion to Islam ahead of a planned marriage that never materialized. In the end the pair split up, but Goldman's Malaysia business rolled on uninterrupted.

Even though the dam project foundered, Goldman saw other opportunites in Sarawak. The state government was seeking cash to develop renewable energy projects and a palm-oil exporting hub. It wanted to raise money through an international bond issuance, and Leissner took the potential business to Hong Kong, Goldman's regional headquarters. There, Andrea Vella began working out how to raise the capital.

The Sarawak government sold $800 million in bonds, but rather than line up investors—typically big mutual funds or pension funds—Goldman bought the entire issue itself, only later looking for willing buyers. Vella had Goldman make the purchases through a trading desk known as the Principal Funding and Investing Group. The PFI desk, which designs complex fund-raisings for clients, was involved in some of Goldman's most profitable deals, including insurance swaps with American International Group during the subprime crisis.

These arcane trades had wagered on a fall in home prices, helping the PFI desk to pocket about $2 billion. A Goldman banker named Toby Watson, a derivatives specialist, was sent out to Asia after the crisis to open an outpost of the PFI desk in Hong Kong—part of Blankfein's emerging-markets strategy. The desk had borrowed around $20 billion from other banks ahead of the crisis, locking in super-cheap rates, and was trawling for ways to deploy this huge cash pile in Asia. The desk would make money if it could find investments that paid out more than the PFI desk's interest costs on the money.

The bank effectively cut a check to Sarawak, allowing the state government to get its hands on the cash immediately and without having to go through a road show to attract investors. In return, Goldman got the bonds for cheap and was later able to sell them to investors. By the time Goldman had offloaded the entire issue to institutional investors—mutual and pension funds—it made a profit of $50 million on the deal. That was significantly higher than the normal $1 million fee that Asian, U.S., and European banks charged for selling bonds for governments in the region—work that was considered easy and risk free, in part because governments are less likely to default than companies.

The huge profit was a coup for Goldman. But the deal also caught the attention of Global Witness, an international watchdog, which questioned why a major Wall Street bank was dealing with a government known for corruption and environmental crimes. In a report, Global Witness claimed some of the contracts funded by the bonds were going to Chief Minister Taib's relatives, which might have explained why the government wanted the money so quickly and was willing to overpay.

The transaction in Sarawak was the first time Leissner, the relationship banker, had joined forces with Vella, the derivatives whiz, to deliver a major amount of money to a client, quietly and fast, while making large profits for Goldman. It was a formula that would be central to Goldman's future relationship with 1MDB.

As he worked on other projects, Leissner continued to keep up with Jho Low, hoping Goldman could advise on a major 1MDB acquisition. But Low's mind was elsewhere. His Hollywood connections had impressed Najib and Rosmah. Now he moved to turn them into a business opportunity.

Chapter 17

My Good Friend, Leo

Johannesburg, South Africa, July 2010

The deep house music was pulsating in the VIP area of Taboo, one of Johannesburg's top nightclubs. The South African financial capital, in the midst of hosting the soccer World Cup finals, thronged with visitors, and the nightclub was heaving. At the club's gold-themed main bar, perched on a designer transparent plastic high stool, Aimee Sadie was enjoying the evening. A few drinks in, the black-haired television personality and entrepreneur was surprised when a friendly American in a suit approached her. It was Joey McFarland, the talent booker and friend of Paris Hilton.

"Would you like to join us in the VIP? Leonardo DiCaprio is there and he's been eyeing you," McFarland told Sadie.

Thrilled to be asked, she accompanied McFarland, slipping behind the velvet rope of the VIP section at the back of the club, where DiCaprio and his crew were hanging out. The actor was dressed down, wearing tracksuit pants and a baseball cap, and he was lounging on the sofa and smoking a huge cigar. McFarland, who said he worked with DiCaprio, introduced the star to Sadie, and they shook hands. But the actor seemed half dazed, sprawling on the couch, and he made little conversation. Others danced and helped themselves from a drinks table, where there was vodka, Red Bull, cranberry juice, and Chivas Regal.

A few days earlier, Low had made the arrangements for the VIP section, introducing himself as a businessman from Malaysia. To the club's owner, he seemed eager to part with a spectacular amount of money. During the evening, as the group sat around chatting and dancing, McFarland asked

Sadie to join them on a three-day safari in Kruger National Park, before watching the World Cup final back in Johannesburg. Around midnight McFarland, Low, and the others headed back to their suites at the luxury Westcliff Hotel, a smattering of buildings perched on a wooded hillside. As the group departed, McFarland asked for Sadie's number and he called her from the hotel to ask if she wanted to join the after-party. She politely declined. Despite the attraction of DiCaprio's presence, this group and their massive security detail seemed a little strange, just sitting there in a joyless corner, she thought.

In the few months McFarland had known Low—since their first meeting in Whistler—the pair had become fast friends. But it was a hierarchical relationship. Low began calling the Kentuckian "McCookie," a play on McFarland's sweet tooth, and treated him as a younger brother, even though McFarland was about a decade older. In his work as a talent booker, the American had developed an extensive phone book, and he helped Low with favors, including throwing a party for "Fat Eric," his Malaysian associate, featuring Playboy Playmates.

Low and McFarland also had started to talk seriously about building a Hollywood movie production business, along with Riza Aziz, the stepson of Prime Minister Najib, and for that they needed to get closer to big-name actors and directors. In early 2010, Riza tapped Low's connection with Jamie Foxx, whose manager began to introduce the Malaysian prime minister's stepson around Los Angeles, telling industry bigwigs about Asian investors with $400 million to make movies.

With that kind of cash, and with Foxx as a friend, it wasn't hard to open doors, and Riza secured a meeting with Avi Lerner, an independent producer whose Millennium Films had just made *Righteous Kill* with Al Pacino and Robert De Niro. They talked about financing a film together, possibly starring Foxx and Bruce Willis. That project went nowhere, but a few weeks later Joe Gatta, an executive at Millennium, met Riza and McFarland and persuaded them to build their own film company. As the trio—Riza, Low, and McFarland—planned their next move, they knew they had one trump card: their budding relationship with DiCaprio, one of the most bankable stars on the planet.

DiCaprio didn't really need the favors, the chartered plane ride to South Africa, or a box at the soccer World Cup finals. He'd been a household name since the early 1990s, and like many celebrities, he saw those kinds of freebies as an entitlement. How Low differed from other Hollywood hangers-on, though, was the sheer scale of his wealth and his willingness to spend it. There are lots of wannabe producers out there, but none threw money around like Low.

For Foxx and Hilton, who already were wealthy by any normal standard, Low offered juicy fees to emcee or appear at events. In DiCaprio's case, the Malaysian dangled the possibility of independence from the marquee Hollywood studios. Although he was Hollywood royalty and owned a production company, Appian Way, DiCaprio still had to bow to the will of powerful studio executives, and this power dynamic had been laid bare in his faltering plans to make *The Wolf of Wall Street*.

In 2007, DiCaprio won a bidding war with Brad Pitt for the rights to the memoir of Jordan Belfort, whose firm, Stratton Oakmont, had marketed penny stocks to mom-and-pop and institutional investors in the 1980s and 1990s, defrauding them of tens of millions of dollars. For a while, Belfort succeeded and hosted wild parties in his Long Island offices, featuring cocaine and prostitutes. At one party, his team famously played a game that involved throwing Velcro-suited midgets against a giant, sticky target (a story that inspired Low to hire Oompa Loompas for his 2012 birthday celebration). In 2004, Belfort was sentenced to four years in jail for securities fraud, and ordered to repay investors, but he went free after only twenty-two months, and began penning a memoir.

The result was *The Wolf of Wall Street*, a partially fictionalized tale, which prosecutors said aggrandized Belfort's role at the firm and diminished the damage inflicted on his victims. Even the title was a stretch: Belfort's firm wasn't in the city limits, based miles from Manhattan, and he wasn't widely referred to as "the Wolf of Wall Street." But Belfort intrigued DiCaprio, who had made *Catch Me If You Can*, about master impersonator Frank Abagnale Jr., and, at this time in 2010, was about to sign on to play Jay Gatsby in Baz Luhrmann's *The Great Gatsby*.

Hollywood was obsessed with greedy male financiers—from *Wall Street* in the 1980s to *American Psycho* and *Boiler Room*—and audiences have lapped up such depictions of financiers run amok. But the script that Terence Winter, a writer on *The Sopranos*, carved out of Belfort's memoir took such depictions to a new level—it was full of unadorned debauchery, to the extent that studio executives at Warner Bros., which was developing the film, got cold feet and pulled the plug in 2008. They figured audiences wouldn't go to see an R-rated film in sufficient numbers to earn back the $100 million it would take to produce.

Martin Scorsese, the legendary film director who had worked with DiCaprio on a number of projects, was frustrated. Even though he was at the apex of his career—recently clinching his first directing Oscar for *The Departed*—he could not control the studios. He'd spent five months annotating Winter's script in preparation for filming and grumbled to people in the industry that it was wasted time. In the midst of this stalemate, Jho Low entered DiCaprio's orbit. The Malaysian's money offered an alternative solution, one that could provide DiCaprio and Scorsese with the Hollywood holy grail: boundless financing coupled with unfettered artistic control.

In September 2010, Riza Aziz and Joey McFarland set up Red Granite Productions (it would later change its name to Red Granite Pictures), operating at first out of a suite of rooms in the L'Ermitage hotel in Beverly Hills. Aziz was appointed chairman, and McFarland became vice chairman. As per his habit, Low took no official title. He left the day-to-day running of the firm to others. He was the secret money. The firm soon announced it had hired a number of executives from Millennium Films, including Joe Gatta, to head production. From day one, there was a furtiveness about finances. McFarland informed staff that Low was an investor, but that the Malaysian, Riza, and McFarland would stay in the background.

"That's why we'd hire someone like you," McFarland told one of the Red Granite executives.

A few months later, Red Granite's offices were ready, in the same low-rise building on the Sunset Strip where DiCaprio's production company, Appian Way, was located. It wasn't a coincidence. "They chose to be in Leo's building because they wanted to be close to him and be in business with him," the Red Granite executive said.

The plan was to coproduce *The Wolf of Wall Street*, and Red Granite bought the film rights to Jordan Belfort's memoir for $1 million. Suddenly, Low was no longer just a guy who threw flashy parties. Through McFarland and Aziz, he was a player in Hollywood.

Chapter 18

Two-Million-Euro Bottle Parade

Saint-Tropez, France, July 2010

It was Fleet Week in Saint-Tropez, and the world's superyachts vied for berthing space at the town's marina. In July and August, the resort on the French Riviera, centered around a warren-like medieval old town of ochre-colored houses and old churches, is heaving with the world's richest people. They flock to the town for parties on yachts and in the town's bars and the daytime carousing at the clubs on nearby Pampelonne beach.

Tourists walking along the Quai Jean Jaurès gawp at the yachts backed up right next to a line of cafés. It's an annual display of concentrated wealth unsurpassed anywhere, as crews of young deckhands run around polishing balustrades, while onlookers try to see who is on board. For many, these boats represent the pinnacle of success. Yet the real parties of Saint-Tropez happen far from the tourist hordes. While regular folk get caught in horrendous traffic jams trying to reach town, located on the end of the peninsula, the pampered set are ferried in on motorized skiffs. The hottest nights take place on yachts out at sea, or in the town's exclusive clubs, where A-list celebrities mingle with billionaires.

The most illustrious of all is Les Caves du Roy, a fixture on the world party scene since the 1960s. Every inch of the club, situated in the basement of the Hotel Byblos, just a few hundred meters back from the port, is covered in gold. There are golden columns, which end in waves of fluting, a parody of the Corinthian style meant to evoke champagne bursting from a bottle. The dance floor is golden, as are the tables on which are perched gold leaf–covered cocktail bowls. Here, late on July 22, not even two weeks since the World Cup final in South Africa, Jho Low was engaged in a bidding war.

He'd sailed into town a few days earlier, with Paris Hilton still in tow, on the *Tatoosh*, a 303-foot, ten-cabin superyacht, complete with swimming pool and helicopter pad, owned by Microsoft cofounder Paul Allen. These were the days of bottle parades, an invention by clubs to get "whales" to spend even more money by ordering multiple magnums—or even jeroboams—of champagne. If the order was big enough, bottle girls—usually models earning extra cash—would bring out the champagne with sparklers attached, as the DJ cut the music and lauded the buyer. Back in New York, Low's spending had helped popularize these parades.

Even by the usual standards, this bottle parade tonight was going to be unseemly. Dressed in a black polo shirt with a checkered collar and grey slacks, a Rolex on his arm, Low had become entangled in a battle with Winston Fisher, whose family were in New York real estate, to see who was willing to pay the most for Cristal champagne. A year earlier, before Low got his hands on serious money, he had lost out in this exact venue during a similar bidding war with a Belgian billionaire of Pakistani descent. Not this time.

As the revelers looked on in awe, with an emcee overseeing the escalating war of affluence, Low and Fisher matched each other as the bids mounted. With no signs the Malaysian would bow out, Fisher caved. As the bill was announced over the stereo system, revelers in the club couldn't believe what had occurred. Low had just spent 2 million euros on champagne—an amount of alcohol that the whole club couldn't possibly finish off in a week of drinking.

As the frantic staff produced bottle after bottle of champagne—including jeroboams and methusalehs—Low's coterie, which included wealthy Russians, Arabs, and Kazakhstanis, cheered with pleasure. Paris Hilton, wearing a short blue dress with polka dots, blue pendant earrings, and pink nail polish, got up on a table near a gold column and began opening a bottle, spraying the contents over Low and others. A ruddy-faced and sweat-damped Low was photographed with his head laying on Hilton's shoulder.

Days later the pair was in another club, with yet another bottle parade. As the champagne came out with sparklers attached, the theme music from

Rocky and *Star Wars* blaring, Low took control. Handed a microphone, he directed waiters to ensure everyone in the club got a bottle. “Saudi Arabia in the hoouuussse,” he yelled, as Hilton danced and embraced him from behind. She was so drunk that other partygoers had to support her. Both Hilton and Low, who sported a white fedora, were drenched in champagne, as alarmed-looking security guards tried to make space around them.

As one Kuwaiti friend put it, Low excelled at making people feel like they were included in the most exclusive of circles. But amid all the revelry, he was also hard to know, more like a compère. The friend came to believe he was taking part in a charade of wealth, rather than genuinely having fun.

“It felt fake and as if we were just there to go through the motions and entertain and look cool as a group,” he said.

The spectacle in Saint-Tropez garnered widespread paparazzi coverage, and gossip writers speculated Low was Hilton’s latest boyfriend. Although he appeared intimate with Hilton at the parties, he told friends they were never physically involved. Instead, another woman had captured his imagination.

The Rolls-Royce rolled up at Dubai’s Atlantis, the Palm, a towering hotel located on one the city’s islands, a series of man-made landmasses that from the air look like palm fronds in the sea. The main building was framed around a gigantic Arabian-style arch, with multiple pools and 360-degree views of the Persian Gulf. It’s a decadent place, and Low, a few months after his French vacation, had taken over part of the resort’s private beach for an elaborate ceremony. Accompanying him in the Rolls was Elva Hsiao, a thirty-one-year-old Taiwanese pop star. Wearing white pants, a light blue shirt, and slip-on leather shoes without socks, Low escorted Hsiao, also dressed informally in a striped skirt and sandals, from the car. They stood hugging around the waist, as Low pointed out candles that had been set up on the beach in the shape of a gigantic heart. A light display behind the candles spelled out their names.

Low then led Hsiao to a long dining table, bedecked with flowers and more candles, and placed on a raised platform, behind which the planners had erected an intricately carved screen. As they began to dine on a multicourse tasting menu, a blonde musician in a blue evening dress played a harp set up next to the table, later switching to a jewel-encrusted violin. Hsiao looked nervous and began to giggle. Low slipped his arm around her in a stiff embrace. There was little conversation.

It was time for the grand finale. Suddenly, a helicopter hovered into view. As it neared the beach, two men parachuted out, each wearing a smart tuxedo and bow tie. Landing on the beach, inside the heart made of candles, the men unhooked their parachutes and strode up to the table. Smiling, they presented Hsiao with a box. Inside was a Chopard necklace holding a round pendant made from diamonds and gold. After dinner, the pair watched a special fireworks display, set off from a boat anchored off the island.

It was a gaudy, laughably clichéd exhibition of love, and as the ostentation piled up, Hsiao wiped a tear from her eye. The event had reportedly cost more than $1 million to stage, and it was a date, not even a marriage proposal.

As it turned out, Low already had a girlfriend, a woman called Jesselynn Chuan Teik Ying, whose father owned a seafood restaurant back in Penang. Low often flew her out to the United States, but he told McFarland, who was increasingly acting as a kind of catchall fixer for Low, to keep her away from the partying. Instead, she would be sequestered in a hotel or one of Low's apartments, accompanied by the other females in his inner circle, women like Catherine Tan, a former Vegas croupier who organized Low's schedule, and Jasmine Loo, 1MDB's legal counsel. Back in Malaysia, visitors to Low's Kuala Lumpur apartment noticed Chuan acted deferentially, serving drinks on bended knee. While Low treated her respectfully in public, he was also in the habit of making gifts of luxury cars and jewelry to other women, and paying for models to mill around at parties in hotel suites, clubs, and on yachts.

It was clear to Low's friends that he was cheating on Chuan, as he began to rub up against more famous individuals like Elva Hsiao. Chuan found out about Hsiao—she came across a book the Taiwanese singer had gifted Low—but decided not to break things off. Chuan, too, seemed taken with the glitzy change of station Low now afforded. At one point, she showed friends back in Penang a new watch, a gift from Low she said once had belonged to the singer Usher.

Low told friends he was torn by the duplicity in his life, between maintaining a girlfriend and the other women. His relationship with Chuan had been on and off for years. But he wasn't a typical playboy. Some of the models whom Low regaled with Cartier jewelry or gambling chips were astonished he never hit on them. Far more than sex, it seemed, he craved recognition, whether from women or Hollywood stars, and he sought to create spectacles that reinforced his power and prestige.

Extreme by any standard measure, the Dubai episode was merely a foreshadowing of what was to come. Low already was one of the most unhinged spenders anyone had encountered, but he was about to switch it up a gear.

If his spending was winning him friends in Hollywood, others were perplexed by the way Low drew attention to himself. For many of Low's business associates, his showy displays of wealth were hard to swallow. It was as if the same compulsive nature that made his scheme take off—Low's ability to procure the biggest and best of anything, be it a yacht or a Hollywood star—was also his Achilles' heel. By 2010, Otaiba, the UAE ambassador to Washington, was becoming unnerved by Low's public antics.

"He really needs to calm down and stop partying so much," Otaiba complained in an August 4, 2010, email to a friend.

Like many of Low's contacts, Ambassador Otaiba wanted to keep his dealings with the Malaysian discreet. When Low asked Otaiba to act as a reference to help him open a private bank account with Goldman, the ambassador wondered in an email to Shaher Awartani, his business partner, whether such a letter would be "considered liable." Low had told Awartani that banks were starting to question the hundreds of millions of dollars flowing through his accounts.

Ultimately, Goldman rejected Low's request to open a private wealth account at the bank, which required at least $10 million in deposits, because it was unable to ascertain his source of funds. This was a private wealth-management business, far removed from Leissner. But these actions did not stop Otaiba or Goldman's investment bank, where the German banker worked, from interacting with Low on lucrative deals in the future.

Prime Minister Najib Razak, too, believed Low needed a more serious image. Low told Awartani his "boss"—meaning Najib—had suggested Low join several prominent government advisory boards to rebrand himself as a credible businessman.

Back in Penang, where the *New York Post* article about Low's clubbing habits had raised eyebrows, Larry Low was furious and ordered a damage-control strategy for his son. After his French vacation in the summer of 2010, Low flew back to Penang, and, dressing in a conservative black suit with a light blue tie, gave a lengthy interview to a local English-language newspaper, the *Star*.

He spun a web of fiction, telling the reporters that he had started Wynton, his private investment vehicle, with $25 million in capital from his rich friends from Harrow and Wharton, and that the firm's assets now stood in excess of $1 billion. He attempted to pass off the nightclub spending covered by the *New York Post* as really that of his rich Middle Eastern friends, describing himself as merely a "concierge service" who catered to their whims.

"I come from a fairly okay family but nowhere as close to the prominence and wealth levels of the people I usually spend time with, who also are my very good friends," he told the *Star*. His business success was "attributable to being at the right place and right time and meeting the right people, coupled with a trusting relationship."

At home, Low knew he couldn't get away with the story he told abroad: that he came from a billionaire family. Now his stories were starting to collide into one another. Any potential investor overseas who heard Low boast that he was from old money in Asia need only have perused the *Star*'s interview, easily available online, to know something was wrong. But no one, it seemed, bothered to do even this cursory research. As for the spending at Les Caves du Roy, Low contended it was his group, not him, that had purchased the champagne.

"We all work very hard," he said. "I am not an excessive person but I do have my breaks for relaxation with friends."

In private, Low shrugged off the media coverage of his parties, as if his reckless behavior was of no import. "I am not stupid. I know the issues with media and I am dealing with it," he told Patrick Mahony of PetroSaudi in a BlackBerry message. With so much cash in his pocket, and a bevy of celebrity friends, Low was starting to believe he would never get caught.

Some of Low's allies were not so easily placated. There was dissension among the conspirators.

Chapter 19

“Keep Your Nonsense to Yourself”

Montreux, Switzerland, October 2010

Perched on a hill on the shores of Lake Geneva, Clinique La Prairie is considered one of the world’s preeminent medical centers and spas. Located in the Swiss town of Montreux, the clinic’s original mansion, constructed in the Swiss-chalet style with a widely projecting roof, is surrounded by a French formal garden and a collection of elegant modern buildings. From the rooms, guests have unobstructed views of Lake Geneva, framed by towering snow-topped Alpine peaks. Founded in 1931 by a professor named Paul Niehans, whose pioneering “cellular therapy” soon attracted the rich and famous, including Charlie Chaplin, the clinic’s website described itself as “the expert in longevity.”

In October 2010, Low checked into the clinic for a respite. Owing to his unwholesome lifestyle—a predilection for alcohol-fueled late nights, buckets of KFC chicken, and nonstop travel—Low knew he was out of shape. He stopped short of regular exercise, but was happy to buy expensive juice cleanses that came with a glass straw, and was now seeking out the most cutting-edge treatment money could buy—and that meant Clinique La Prairie.

Mortality and aging cast a shadow across everyone’s life, but the überwealthy have a better chance of cheating death. For $30,000, the clinic offered a weeklong revitalization program during which patients were fed an extract derived from the livers of fetuses of black sheep. The process supposedly helped to revitalize dormant cells. This wasn’t the first time Low had checked into a high-end medical spa, hoping, perhaps, for a brief escape from the stresses of his scheme. He'd been feeling a little under the weather and on this occasion was undergoing sinus surgery to help his breathing. But even here, surrounded by the world's top doctors, business was calling.

A few days after Low checked into the clinic, Goldman's Tim Leissner arrived to discuss possible investments. The German banker saw how much money 1MDB supposedly had put into the joint venture with PetroSaudi and was looking for ways for Goldman to get a piece of the action. Until now, the fund had mainly raised money from Malaysian bank loans and local debt sales, but Leissner was taking steps to position Goldman to win the lucrative business of helping 1MDB tap vastly larger international capital markets.

Having evidently brushed aside his earlier misgivings about Low, Leissner was now cozying up to the Malaysian, hoping to get his bank involved in the billion-dollar flows emanating from this fund. Leissner had a problem, though. Goldman's private bank in Switzerland had turned down Low's request to open an account due to concerns over the origin of his funds. Yet the German knew Low was front and center at 1MDB, even though he played a strange behind-the-scenes role, including hosting meetings at locations such as Clinique La Prairie rather than the 1MDB fund's offices in Kuala Lumpur. Leissner would have to find a way to navigate these issues and keep Goldman involved in the fund's business.

So far, Low had diverted most of the money meant for the 1MDB-PetroSaudi joint venture. He'd paid off the family of Najib Razak with real estate and promises of funding for Red Granite. The prime minister would soon start receiving hundreds of millions of dollars in political funds. Mahony and Obaid, as well as Prince Turki, also had received their cuts. But some of the 1MDB money did eventually go to buy two aging oil-drill ships, which the joint venture leased to Venezuela's state oil company. This business wasn't going to generate enough profits to fill the hole of the diverted funds, and so the principals sought out a bigger investment.

Patrick Mahony, the investment director of PetroSaudi, also was visiting Low in the clinic. In the Malaysian's private room, Mahony discussed with Leissner and Low the possibility of investing in a U.S. oil refinery. To do so, however, would require another infusion of cash into the fund. Mahony wanted Low to get Najib to agree for 1MDB to invest even more state money into the joint venture. Leissner suggested bringing TPG, a large California-based private-equity firm, into the deal. The head of TPG in Asia, Tim Dattels, was a former Goldman banker and close friend of Leissner.

The refinery acquisition did not happen, and neither did the TPG investment, but Low and Mahony continued to strategize about other possible deals. Even in the absence of a firm plan for their next moves, Low persuaded Najib to invest more money in the joint venture, arguing it was necessary to keep Prince Turki happy and ensure friendly ties with Saudi Arabia. Evidently pleased with the benefits his family derived from 1MDB, the prime minister gave the green light to send even more government cash to the PetroSaudi joint venture.

In 1MDB documents pertaining to the new lending, Najib argued it was valid "in consideration of the government relationship between the Kingdom of Saudi Arabia and Malaysia." On July 24, 2010, in a meeting of 1MDB's board, one member questioned whether the prime minister was backing this further investment. Chief Executive Shahrol Halmi replied that Najib was fully on board. In the end, 1MDB sent over a further $800 million, almost doubling the amount the fund had pumped into the joint venture.

The 1MDB fund, like most schemes, needed to be continually fed with fresh funds. It wasn't just that Low was spending so much money; he also had to find cash to pay off an ever-increasing group of people involved in or with knowledge of the fund's doings, among them Taib Mahmud, the Sarawak chief minister. Taib felt duped by Low in the early deals involving the Iskandar land and was demanding a payback. To pacify Taib, Low persuaded PetroSaudi to use some of the fresh 1MDB cash to buy out one of the Chief Minister's companies at a rich price.

With the new cash infusion into the joint venture, the perpetrators went looking for investments to generate profit that would pay 1MDB back. But they seemed to underestimate that regenerating nearly $2 billion was no easy task. The group agreed Low would persuade Prime Minister Najib to write off hundreds of millions of dollars of 1MDB's investment as a loss. Low acted as if this was make-believe money, debt that Najib could erase with a magic wand, without any cost to taxpayers or society. The Malaysian had promised Mahony that they only needed to pay back $1 billion.

“Jho agreed that when we repay the $1b, we dissolve the venture and walk away,” Mahony wrote, perhaps in a moment of wishful thinking, to Tarek Obaid in an email on August 7, 2010.

But the plan for the oil refinery was a long shot, and unlikely, even if it did come off, to make enough profit to fill a $1 billion hole. Mahony had another strategy ready: to throw Low under the bus.

In the email, Mahony suggested a plan. Obaid should tell the prime minister that PetroSaudi had a bunch of deals in the pipeline, but lost out to rivals because Low had been distracted by partying. “I think saying delays have cost us helps us because we can then blame them for the losses later,” he wrote.

The prime minister knew 1MDB was being used partly as a political slush fund and that Low was making his family very comfortable. But Najib did not realize the size of the financial losses at the center of the fund, and Mahony urged Obaid to hide the problem from him.

“I think the PM thinks we are making good investments,” he wrote.

When Low got wind of the fact that Obaid had been in contact directly with the prime minister, he was apoplectic.

“We all know best how to manage our ends. If anyone starts to think they can ‘openly’ express or deal direct with my end, that is when issues will start,” Low snapped to Mahony in a BlackBerry message on August 8, 2010.

The Malaysian said that he would never directly contact Prince Turki, the co-owner of PetroSaudi, and had even stopped Rosmah from doing so.

“We will never go around you,” Mahony promised in his reply, but he admonished Low.

“Do work on the party thing as it can hurt us all. Last thing we need is publicity given what we are doing.… Just keep your nonsense to yourself and out of the news. Doesn’t help that I see you partying again last night and dj keeps yelling ‘malaysia’…”

PetroSaudi and Low were caught in an increasingly unhappy marriage.

Troubles continued to pile up. Back in Kuala Lumpur, many of the fund’s bright employees had left, disconcerted by the lack of progress on deals. The PetroSaudi joint venture had achieved little, and plans for a new financial center were going nowhere. Those who remained, led by Chief Executive Shahrol, wondered why 1MDB had so little to show for the billions of dollars in investment. But they questioned little, taking comfort from Prime Minister Najib's involvement.

The fund's management in Kuala Lumpur was looking to post its first-ever financial results, for the year to March 31, 2010, but late into the year the accounts still hadn't been released. Ernst & Young, 1MDB's accountants, did not agree with how the fund's management was attempting to book profits. The fund's interest costs, coupled with a lack of significant investments, meant it was heading for a net loss.

To avoid this, the fund's management wanted to undertake some tricky accounting. The idea was to turn 1MDB's investments in the joint venture with PetroSaudi into loans due in 2020, effectively kicking the can down the road. If it worked, the fund could promise future profits—and gain years before it actually had to produce them. Perhaps fearful of the whole scheme unraveling, Low and PetroSaudi had agreed to turn the initial $1 billion investment into a loan of $1.2 billion, and 1MDB wanted to book the difference as profit.

Ernst & Young didn't like it one bit. Its auditors were skeptical of the loan's value, and they told the fund they had concerns about whether the joint venture would ever be able to pay back the money. Ernst & Young wasn't going to risk its reputation by signing off on these accounts. Time ticked on without any financial statements coming out. The 1MDB board began to fret, noting in its minutes that the fund was "perceived as a secretive cloak-and-dagger setup with sinister motives to benefit cronies and not the Malaysian people." It recommended spending more money on charity, and advertising the fact widely—along with another drastic step.

To get around the auditor problem, why not just get rid of Ernst & Young and find another auditor? To keep investors and markets happy, accounts of big companies need to be audited by one of the "Big Four"—Ernst & Young, KPMG, Deloitte Touche, and PricewaterhouseCoopers. The problem with the system is that clients pay for the auditing services, and when Ernst & Young made trouble, the fund could go looking for a replacement.

So 1MDB's management turned to KPMG. The firm also had concerns about what was going on at the fund, but they were willing to take on the job as long as 1MDB could guarantee that the business with PetroSaudi was sanctioned by governments in both countries. PetroSaudi was a private company, with a Saudi prince holding only a half share, while 1MDB was controlled by a young Malaysian who held no official positions. But with official sanction, KPMG was willing to move ahead with its audit.

"At the very least, KPMG requires a document to confirm that PSI is related to the Saudi royal family," 1MDB's board noted in September 2010, referring to PetroSaudi.

The participants provided a document, playing up Prince Turki's role in the company, and, on September 16, Prime Minister Najib signed a directive to remove Ernst & Young as the fund's auditors. The board noted Ernst & Young's "unprofessional conduct" even though the firm simply had been doing its job. The fund promptly hired KPMG, whose auditors allowed 1MDB to book the value of the loan to PetroSaudi and keep the cash spigots open.

Eventually, KPMG signed off on the accounts for the financial year to March 31, 2010, but was worried enough to cover itself with an "emphasis of matter" paragraph, a section of an audited account meant to underline a potential future problem to investors. The auditor noted that 1MDB's management "believes" that PetroSaudi was in good financial standing. For anyone following closely, this was a very lukewarm approval of the fund's financial stability.

There was one person, though, who didn't need to comb through 1MDB's financials to sense a fraud. And that person was Jordan Belfort.

Chapter 20

Belfort Smells a Scam

Cannes, France, May 2011

On the beach just off La Croisette, Cannes's most iconic street, Kanye West and Jamie Foxx were performing a rendition of their hit "Gold Digger." "Whad'up France," yelled West, who was dressed in a white suit, as a crowd of celebrities and film-industry executives watched from a cordoned-off part of the French Riviera town's main beach. Earlier, Pharrell Williams had opened the night with a twenty-minute set under an opulent display of fireworks. In the crowd, Leonardo DiCaprio, swimwear model Kate Upton, and Bradley Cooper danced. Among the guests was disgraced investor turned best-selling author Jordan Belfort, and the onetime "Wolf of Wall Street" could not believe what he was seeing.

This was the biggest party of the week-long Cannes Film Festival, and it was a multi-million-dollar coming-out event for Red Granite. A few days earlier, the fledgling firm had made a big announcement. It had reached an agreement to adapt Belfort's memoir into a movie. Leonardo DiCaprio would star as Belfort, with Martin Scorsese directing—quite a coup for a new outfit in the industry like Red Granite. To celebrate, the company had flown Belfort out with his girlfriend, Anne, for the party.

As with 1MDB, Low never took a formal position at Red Granite and stayed out of day-to-day operations, but he was a behind-the-scenes force. He organized a first batch of funding for the film company in April 2011, a wire transfer of $1.17 million from Good Star, the Seychelles company he controlled, to Red Granite's account at City National Bank in Los Angeles. The notation on the wire transfer referred to "INVESTOR ADVANCES." It had then embarked on its first modest production, the $10 million comedy *Friends with Kids* starring an ensemble cast including Kristen Wiig and Jon Hamm, the rights to which Red Granite had acquired from another studio.

Some in Hollywood were already asking questions about Red Granite. *Sure, people come out of nowhere in Hollywood. But who the hell are Riza Aziz and Joey McFarland?* The staggering amount of money an unknown firm had paid for this launch party stirred disbelief. The rumor was that West alone earned $1 million to perform. The rapper peppered his stage banter with weirdly positive statements including: “Red Granite will change the way films are made forever.”

“People thought the company was a real engima,” said Scott Roxborough, a reporter for the *Hollywood Reporter* who attended. “A huge party, with so much money and no real films under their belt, seemed very suspicious.”

Himself no stranger to fraud, Jordan Belfort thought something wasn’t right about this setup. The event must have cost at least $3 million, Belfort calculated, as he nibbled on canapés and watched the A-list entertainment. *And the movie hadn’t even gone into production!*

“This is a fucking scam—anybody who does this has stolen money,” Belfort told Anne, as the music thumped. “You wouldn’t spend money you worked for like that.”

A few months later, Low would offer Belfort $500,000 to attend an event in Las Vegas with DiCaprio. Red Granite had paid him handsomely for the rights to his memoir. But Belfort was starting to distrust this group. Eager to stay out of trouble, focusing instead on his new career as a writer and motivational speaker, Belfort turned them down, but DiCaprio and his costar Margot Robbie went along.

“Leo got sucked in,” Belfort later told Swiss journalist Katharina Bart. “Leo’s an honest guy. But I met these guys, and said to Anne, ‘These guys are fucking criminals.’

“I was like, ‘I don’t need these fucking people.’ I knew it, it was so obvious.”

For a week during the film festival, Low and Red Granite each had a superyacht moored in the Mediterranean waters just off Cannes, Low’s slightly more impressive than that occupied by Riza Aziz, the Malaysian prime minister's stepson. As well as the film company's launch, Low had arranged for Pharrell to record a number of songs in a makeshift recording studio on his yacht. Not content with setting up a major Hollywood film company, Low also wanted to launch himself into music ventures.

A few months earlier, Low had arranged for legendary music producer Jimmy Iovine, cofounder of Interscope, to throw a Grammys after-party on the roof of L'Ermitage. Interscope wasn't hosting its own party, and so Low approached Iovine with an offer to organize one for him.

The cream of the music world came out for it. Lady Gaga, Snoop Dogg, and Dr. Dre performed to a crowd that included Beyoncé and Jay-Z, as well as Busta Rhymes, Nicole Scherzinger, Eminem, and others. Low's usual group was there, too: Jamie Foxx and Paris Hilton among them. Under Arabian-style tents, DiCaprio, wearing an Irish cap and smoking a cigar, chatted with Bar Refaeli, his model girlfriend. Low brought along Elva Hsiao, the Taiwanese pop star he had feted in Dubai. The *New York Post*, referring to Low as a billionaire, speculated the event must have cost him $500,000. To Low, it was an investment, as he continued to build his name around town.

Low wasted no time after the party to leverage his new contacts. He took steps to form a music-production company called Red Spring and set about hiring the best musical talent to help produce an album for Elva Hsiao. She was big in the Chinese-speaking world, but Low wanted to make her a star in the United States. He agreed to pay $3 million to Pharrell to come up with three songs for Hsiao, and to appear in the music videos with her. He also reached terms with Alicia Keys and her hip-hop producer husband, Swizz Beatz, paying them $4 million to oversee the album and the launch of Hsiao's career in the United States. Despite Low setting aside a $12 million budget, she never made it.

Swizz Beatz, whose real name was Kasseem Dean, became one of Low's closest allies and would remain with him even when things started going awry. Born and raised in the Bronx to an Eritrean father and a Puerto Rican mother, Swizz Beatz had worked on tracks for DMX, Jay-Z, Drake, and Beyoncé, among others. He was intensely ambitious, with a goal of becoming a business mogul, not just a record producer, and he saw potential in his connection with Low. ("The sky's not the limit, it's just a view," he liked to say.) Reebok hired him as a creative executive, an attempt to gain credibility in the hip-hop world. Before he met Low, however, Swizz Beatz's business endeavors had pretty much been limited to celebrity endorsements; Low represented a source of funding to take his career to the next level. What's more, Swizz Beatz owed hundreds of thousands of dollars to the Internal Revenue Service for unpaid taxes. The IRS put liens on his accounts.

The producer became Low's conduit into the music world. As part of the production deal, Swizz Beatz, rapper Lil Jon, and Jho Low recorded a song entitled "V" at a studio in the Palms Casino Resort in Las Vegas, a kind of party anthem. Low's contribution was to repeat the words "very hot" over and over in the background. It was never commercially released.

Swizz Beatz and Alicia Keys entered Low's trusted circle, attending his end-of-year ski holidays with Joey McFarland and Riza Aziz, Jasmine Loo of 1MDB, and other close associates. The producer was a collector of modern art, including paintings by Jean-Michel Basquiat, and he acted as Low's cultural tutor, schooling him on galleries and auctions. The Malaysian began to wear a cap with "Basquiat" written on the front, and talked of building his own collection.

To make *The Wolf of Wall Street*, Low knew he was going to need access to a bigger pot of money. Red Granite had agreed to pay DiCaprio and Scorsese multiple millions each for the movie, and added to the costs of production, the overall budget was set to top $100 million. By this point, the summer of 2011, Low and his allies had taken control of almost $2 billlion from 1MDB, but much of that had been spent on mansions, hotels, gambling, and partying, as well as to pay off conspirators. Low needed new deals, both to plug the hole at 1MDB and to give him the financial muscle to dominate in Hollywood.

His relations with PetroSaudi fraying, the Malaysian looked around for other partners. Distracted and always on the move, he didn't seem willing to put in the legwork to pull off a complicated acquisition, such as the plan to buy the U.S. oil refinery that Patrick Mahony had pushed. He lacked Mahony's banking skills and had no ability to value companies in the oil-and-gas sector. Low wanted to quickly flip assets and forge alliances with partners who could help him make a fast dollar.

Around this time Low read a news story about a battle to take over a group of hotels that included London's famed Claridge's. One of the bidding groups included a wealthy British property magnate called Robert Tchenguiz. The fifty-year-old had salt-and-pepper hair, which descended in waves to his shoulders, and he was often seen in white shirts with a few buttons undone. Talking in a deep, gravelly voice, Tchenguiz hailed from an Iraqi Jewish family that had moved to Iran and later settled in London after being driven out during the Islamic Revolution. He was always involved in some property deal or another, and his latest was a heated contest with the Barclays brothers, among Britain's wealthiest individuals, for control of Coroin Limited, which owned Claridge's. For his bid, Tchenguiz had teamed up with a Middle Eastern fund called Aabar Investments.

It was just the kind of acquisition that appealed to Low: a swanky hotel at the center of London's Mayfair district. The involvement of Aabar was also an attraction. The fund was controlled by the International Petroleum Investment Company, or IPIC, a $70 billion sovereign wealth fund owned by the government of Abu Dhabi. Low had done business with Mubadala of Abu Dhabi, but he had yet to make contacts at IPIC or Aabar. The IPIC fund's managing director, a wealthy Arab businessman named Khadem Al Qubaisi, had a reputation among financiers who did business with him for demanding kickbacks from deals. In the wake of the financial crisis, IPIC had been snapping up stakes in Western companies—Barclays Bank, Daimler-Benz, Virgin Galactic—and Al Qubaisi had become a powerful figure in the emirate.

Low wanted in on the deal, and he got to know Tchenguiz through a wealth adviser they both knew. At first Tchenguiz did not consider Low a serious investor. Who had heard of Wynton, after all? But then, during discussions over the deal for Claridge's, Low provided a letter from 1MDB stating it would provide up to 1 billion pounds in financing for the acquisition.

"We didn't know 1MDB was a bullshit thing," Tchenguiz told friends later. It appeared to be a government subsidiary, just like Aabar. "That's why we went partners with him."

To show his seriousness, Low signed a check on the spot for 50 million pounds, which he said could be used to start building a stake in Coroin. In the end, the shareholders of Coroin decided against the Wynton-Aabar offer. Still, it wasn't a wasted exercise; through the deal making, Low had made a new connection with Aabar's chief executive, Mohamed Badawy Al Husseiny, a U.S. citizen of Kenyan origin.

A former accountant who went by "Mo" to friends, Al Husseiny wore sharp suits and expensive watches. He was short and balding but fit, with a penchant for the "Insanity" workout routine, an interval training set that burned one thousand calories an hour. He was Al Qubaisi's right-hand man in Aabar and was known mostly for his obedience to the "boss." Low began to invite Al Husseiny to his star-studded parties, and the Aabar chief executive took to Low's exclusive social milieu, boasting to friends about the celebrities he was meeting.

If Low had started cultivating famous friends to quell some kind of lingering insecurity—or even for the sheer hell of it—he also came to realize it was good business. Many of his prospective partners were wowed by Low's familiarity with DiCaprio, Hilton, and others. His Hollywood friends gave him an edge over other investors looking for Middle East tie-ups. It wasn't long before Low and Al Husseiny worked out a way for the entities they controlled to work together. In June 2011, Low brokered a deal for Aabar to acquire a stake in a Malaysian bank, RHB, for which it paid $2.7 billion. Soon after, the bank's stock price fell sharply, and Aabar was stuck with paper losses of hundreds of millions of dollars.

Undeterred, 1MDB and Aabar then set up a joint venture of their own—a fund intended to invest in commodity markets—and the first deal was for a stake in a Mongolian coal mine. That investment also performed badly when coal prices crashed as China's economy slowed. No matter: Low and Al Husseiny personally prospered from the deal by arranging a multi-million-dollar fee from the seller as a reward for bringing in Aabar and 1MDB.

When he found out about the losses, Al Qubaisi, the IPIC chief, was livid, and, once again, Low needed another deal to placate an angry partner. To make it up, Low was hoping to involve his new Abu Dhabi friends in his biggest scheme yet, one that would leech even more cash out of 1MDB, helping to pay for DiCaprio, Scorsese, and the production budget of *The Wolf of Wall Street*.

With his ambitious new collaborators, Low was moving on from

1MDB’s orignal partner, PetroSaudi. But there was a dangerous divide at the company, one that threatened to bring the whole house of cards crashing down.

Chapter 21

Bitter Severance

London, April 2011

The bar in the Connaught, a five-star hotel in London's Mayfair district, was an apt place for Xavier Justo, an employee of PetroSaudi, to be discussing his severance deal with Patrick Mahony. The place reeked of money, from the dark leather sofas to the Cubist-inspired wood paneling and a Wedgewood-like molded plaster ceiling. Justo, a muscled and extensively tattooed Mediterranean-looking man in his midforties, who at six feet six inches tall towered over most people, repeated his demand for 6.5 million Swiss francs.

As head of PetroSaudi's London office, Justo had worked on deals involving the oil drill ships that the PetroSaudi–1MDB joint venture acquired. Tarek Obaid, the firm's chief executive, was an old friend, and he had promised Justo millions of dollars for opening the London office. But the money had never materialized, and Justo had even been left to personally cover some company expenses. He was there at the Connaught to try to get his money.

Fearing a problem, Mahony was keen to settle, but he haggled. The pair talked for some time, with Tarek Obaid on the phone with Mahony at one point, and left the Connaught agreeing on 5 million Swiss francs.

But Obaid later sought to lower the amount further. As Obaid saw it, he had been good to Justo, and now his friend was being disloyal. Justo was a Swiss citizen, born to Spanish immigrants, who had gotten to know Obaid in the 1990s. After working for a Swiss private bank, Obaid had set up businesses with Prince Turki, looking to pave the way for foreign investors in Saudi Arabia. He took a desk at a financial services company in Geneva partly owned by Justo. The pair became close despite the decade difference in their ages.

Justo owned a share in a Geneva nightclub called the Platinum Club, but it made little money. When Obaid set up PetroSaudi, he persuaded his friend to become director of a number of the new firm’s affiliates. Initially, Justo had little to do—PetroSaudi’s operations were more or less nonexistent—and he went traveling in Asia. Obaid called him in 2010 with an offer: PetroSaudi had come into a lot of money, and he wanted Justo to become director of the firm’s London office.

Offered a starting salary of 400,000 pounds per year, with the chance to make millions, Justo moved to London and ran PetroSaudi’s sleek new offices in Curzon Street, only a five-minute walk from the Connaught. Justo helped with the only real business the 1MDB-PetroSaudi joint venture ever conducted—two drill ships, acquired by the company and then leased to Venezuela’s national oil company—and was often on the plane to Caracas. But his relations with Obaid soon deteriorated, as his young friend seemed paranoid and arrogant after the 1MDB deal, while at the same time failing to deliver the proposed millions.

Seemingly intoxicated by the extent of his newfound wealth, Obaid began flying to Saudi Arabia and elsewhere in the Middle East on private jets and, like Low, renting yachts in the south of France. His brother suggested setting up a family office to manage all the money. To some observers, Obaid started to act erratically. He always had been a hypochondriac, complaining of vague illnesses, and after the money started flowing he wrote to the Mayo Clinic in the United States to get a full medical check-up, despite being in his midthirties. He began to party incessantly and put on weight. People who knew him said he flew into frequent rages.

Patrick Mahony also began to spend. His wife was pregnant with their first child, and in November 2009 Mahony signed a deal to buy a 6.2-million-pound town house overlooking a private park in London’s Ladbroke Square. He talked with his private banker at J.P. Morgan about getting an Amex Black card, the kind used by celebrities and billionaires. Only thirty-two years old, he worried about one of his sisters being jealous over his growing success and the lifestyle that came with it.

Observing all this, Justo, though he didn't know the full details of what had happened at PetroSaudi, sensed he was not getting treated fairly. He believed Obaid was stiffing him by not fully paying his salary, as well as failing to reimburse travel and other costs. Adding insult to injury, Justo had to perform what he considered menial work, including organizing for Obaid and Jho Low to get exclusive credit cards from a Dubai bank. Fed up, in the spring of 2011, he decided to quit. But he wasn't just going to walk away.

"Due to our history, and all the projects I've taken part in over the years, I think an amicable separation is the best way for me to leave PetroSaudi and the other companies," he wrote Obaid in an email. "I'll wait for your confirmation that our collaboration is over from today, and that I'm to leave the office, and also that you will let me know how to get my severance pay."

"You're a smart ass. It's one thing to be a big mouth but now you've blown everything up. Another word from you on that, and we're finished," Obaid replied.

The Connaught meeting was a last-ditch attempt to reach terms. But Obaid insisted the amount agreed on in the bar be reduced again, this time to 4 million francs. It was a fateful decision. Justo received the 4 million Swiss francs in a severance agreement with PetroSaudi, but he felt short-changed by 2.5 million Swiss francs.

In the ensuing weeks, Obaid went around telling mutual friends that Justo was a loser who owed everything to PetroSaudi. Justo was furious when he heard the talk, so he came up with another plan. He knew something was not right about PetroSaudi's relationship with 1MDB, so he set about obtaining proof. To gain leverage in his dispute, Justo arranged to get ahold of a copy of PetroSaudi's computer servers from a PetroSaudi IT person. Amid the more than 140 gigabytes of data, including some 448,000 emails, documents, and other official papers, were details of the fraud that had transpired.

He wouldn't do anything with the servers for more than two years, but when he did, it would cost Obaid and Mahony more than a few million Swiss francs.

As the drama unfolded in Europe, Low, unaware, was a continent away—busy shopping for a New York penthouse fit for a billionaire. And he was trying out a new story to explain his riches: family wealth.

Chapter 22

Penthouse with a View

New York, March 2011

Surrounded by an entourage of security, models, and friends, Low took in the views from penthouse 76B in the Time Warner Center on the southwest corner of Central Park. With trees and lawns filling the floor-to-wall windows to the east, and the Hudson River stretching out to the west, the apartment boasted unfettered views of virtually the entire island of Manhattan. The 4,825-square-foot unit, with three bedrooms, a library, and a fish tank hanging from the ceiling in the "Great Room," had once been the home of Jay-Z and Beyoncé, who rented it for $40,000 per month.

As Low toured the apartment in the spring of 2011 he claimed to realtors to be picking up the place for a group of investors. To a member of the condominium board, however, Low purported to represent the prime minister of Malaysia. But it was really for him. The next year, he would transfer ownership of the Park Laurel apartment and his mansions in Los Angeles and London to Riza Aziz, Najib's stepson. The Time Warner penthouse, however, was his crown jewel, the residence that matched his aspirations to build a reputation in the United States as a movie mogul and serious investor.

The acquisition of penthouse 76B was secured in June for $30.5 million in cash, one of the highest prices for the building and a price tag that made it among the most expensive apartments in the United States. With questions bubbling in the media about the source of his funds, Low took even greater precautions than in the past to mask his involvement. Over the years, Low had come up with creative reasons to justify his expenditures.

Either rich Arab friends were paying, or he merely represented a group of investors or Malaysia's prime minister. As it became difficult to deny his involvement, Low came to rely more on another explanation that he first had tried out on his Wharton and Harrow friends: The money issued from his grandfather, and Low simply was investing the family's billions.

To make the story seem true, he needed to wash hundreds of millions of dollars through the bank accounts of family members, notably his father, Larry. Thin, with a narrow mustache and neatly parted hair, Larry Low was seen as a likable party guy back in Penang—though allegations he had cheated a former business partner trailed him. To send huge amounts of cash to his father, Low had to find a bank that wouldn't dig too deeply.

Until this point, Low had managed to skirt banks' compliance departments, but it was hard work. With Deutsche Bank and Coutts, he was constantly forced to invent fake investment agreements to justify weighty movements of cash, and even had to fly to Zurich to explain deals. Low's ability to get this far was in part a result of the failings of compliance efforts at major financial institutions. Banks made money through letting transactions happen—not putting up roadblocks—and compliance officers were often pressured to turn a blind eye. But operating on this scale, Low was finding it harder and harder to hoodwink compliance.

The primary U.S. law against money laundering is the Bank Secrecy Act of 1970, which requires institutions to keep records of financial transactions and report suspicious activity. A 1986 law made it illegal for banks to take part in, or cover up, money laundering. The PATRIOT Act of 2001, aimed at snuffing out terrorism financing after the September 11 attacks, forced banks to set up compliance programs and enhance due diligence on customers. And it allowed harsher financial penalties against banks that failed to stop shady transfers. By the late 2000s, though, banks were making too much money in the housing bubble to lose sleep over compliance. Few punishments were meted out and, as a result, banks and regulators didn't enforce these regulations all that stringently. More often than not, compliance departments were a weak appendage of a bank's ecosystem, isolated under legal affairs.

The subprime crisis, starting in 2007, changed the picture. U.S. regulators had been caught napping, and the collapse of Lehman Brothers and Bear Stearns, under the weight of bad mortgage loans, led to tighter scrutiny of banks' actions. That extended to anti–money laundering, as Treasury and the Justice Department began to hand out heftier punishments to transgressors. Wachovia Bank, in early 2010, agreed to pay $160 million in penalties for failing to report $8 billion in dodgy transfers. Around this time, the Justice Department was building its case against J.P. Morgan, where Bernie Madoff held his accounts, eventually leading to a record $2 billion fine under the Bank Secrecy Act. These actions were forcing Wall Street and major global banks in Europe and Japan to get their act together on compliance.

What Low needed was a smaller bank, one that would be dependent on his business and took compliance even less seriously than Wall Street behemoths. He found it in a struggling Swiss bank called BSI, which was owned by Italian insurance group Assicurazioni Generali. Ironically, the bank had refused to handle the original PetroSaudi deal because of concerns over Low's role. But from late 2010, he started opening dozens of individual and corporate accounts at BSI's small Singapore branch. One of them, on June 28, 2011, was credited with $55 million from the Swiss account of Good Star at Coutts. On the same day, Low sent $54.75 million from that account to one that Larry Low had recently opened, also with BSI in Singapore. From there, only hours later, $30 million was sent to Switzerland, digitally moving to Asia and back on the same day, landing in the account of another Low-controlled company at Rothschild Bank in Zurich.

This was layering, the process of hiding money's origins through a complex maze of transactions—a crucial instrument in the money launderer's tool kit. In this case, Rothschild's compliance department could only see money coming from Larry Low to Jho Low. By this simple process, Low created the impression of inherited money, flowing down through the generations.

But BSI bankers could investigate under the hood, and should have alerted authorities to the needless back-and-forth transactions between Low and his father. The likes of Coutts and Rothschild had failed to catch Low, but they had asked questions. Now Low was testing BSI's willingness to look the other way, a tryout the bank passed with flying colors, opening the doors to more lucrative business. The bank would become a crucial element in the plumbing of the 1MDB scheme as its scale escalated in the years ahead.

From Rothschild, Low sent $27 million to one of his IOLTA accounts at Shearman, the U.S. law firm. Since 2009, Low had relied on these lawyer trust accounts for his myriad purchases, drawing on them to pay for gambling, parties, and yacht rentals, as well as to purchase multiple properties. Back then, Low had sent money directly to the IOLTA accounts from Good Star. Now Low was taking greater precautions, sending money in a circuitous fashion into his lawyer accounts.

These accounts were used to fund the purchase of the Time Warner penthouse, finalized in June 2011, as well as to pay Douglas Elliman a brokerage fee of $1.2 million. A Seychelles company, with 1MDB employee Seet Li Lin as a signatory, was the initial purchaser of the Time Warner penthouse, but it assigned its rights to yet another shell firm controlled by Low.

A notice to the Time Warner condominium board identified Larry Low as the occupant of the apartment, an attempt to buttress the image of a billionaire family. But it was Low who would live there, a suitably grandiose base in New York for one of the world's newest billionaires.

Chapter 23

Switzerland of the East

Singapore, December 2009

How BSI came to be Low's bank of choice started with a fight. Back in late 2009, Hanspeter Brunner was angry with his employer, Coutts International, the Zurich-based foreign arm of the three-hundred-year-old British private bank, which has offices on the Strand and counts Queen Elizabeth among its clients. Brunner, a private banker in his fifties with short-cropped hair and a ruddy complexion, the consequence of a lifelong appreciation for vintage red wine, had taken a banking internship at age fifteen in his native Switzerland rather than finishing high school and attending university. He spent a quarter century at Credit Suisse, where he learned the ropes of private banking, the industry of investing money for individuals with more than $1 million in liquid assets.

By the 1990s, private banks were looking to expand in Asia, an area of fast economic growth, and Brunner moved to head Coutts's business in Singapore. The Southeast Asian city-state of five million people, located on a tropical island near the equator, was positioning itself as the "Switzerland of the East," complete with banking secrecy laws modeled on Switzerland's.

For a while, business flourished as Asia's economies powered ahead, generating scores of new millionaires. After the Asian financial crisis took hold in the late 1990s, slashing the stock holdings of rich Asians, Brunner was recalled to Switzerland to head the bank's international business. But he had developed a taste for the lifestyle in Asia, with its servants and drivers, and he was back in Singapore by 2006, residing in a modern apartment with a pool and outdoor whirlpool bath within walking distance of the city's botanical gardens. In the other direction was Orchard Road, a shopping-and-entertainment hub with restaurants and bars. The remuneration was another attraction: Brunner earned more than 1 million Swiss francs a year, with more in bonuses, received stipends for a driver and multiple free business-class flights home, and enjoyed tax rates of only 15 percent.

But he also had a problem. The global financial crisis had forced the British government to bail out the Royal Bank of Scotland, Coutts International's parent company. Now state controlled, RBS set about cutting bonuses at Coutts and offering deferred payments in bonds instead of cash. Brunner was incensed. Senior management demanded his return to Switzerland. Hooked on the perks of living in Asia, and with another card up his sleeve, he declined to do so.

For a year, Brunner had been holding talks with senior executives at BSI. Founded in the nineteenth century in the Italian-speaking part of Switzerland, BSI had thrived for generations in a similar fashion to all Swiss banks: aiding wealthy Europeans and Americans who wanted to hide their cash in private accounts and evade the payment of taxes at home. For decades, rich Americans, Germans, French, and Italians would come to see their bankers in Switzerland, sometimes lugging suitcases of cash on the train to Geneva, Zurich, or, in BSI's case, the bank's headquarters in a 1700s colonnaded mansion in the picturesque Alpine town of Lugano. Switzerland's stringent bank secrecy laws, which made it illegal for banks to divulge information about their clients, protected the business.

By the mid-2000s, however, European nations and the United States had lost patience with Switzerland and began to pressure the country to hand over information on tax cheats. The European Union and Switzerland signed a treaty that forced Swiss banks to divulge information on accounts held by citizens of other European nations or withhold a tax on customers who wished to remain anonymous. Surrounded by EU nations on all sides, and dependent on open-border trade with its neighbors, Swiss politicians had no choice but to agree to this compromise. European clients began to look for other places to stash their money. Under this regulatory onslaught, the business model of small Swiss banks like BSI was imperiled.

BSI had opened a Singapore office in 2005, but it had failed to make headway in Asia against better-known rivals like UBS and Credit Suisse. Brunner knew this and he hatched an audacious plan that would change BSI's fortunes overnight. In late 2009 he reached an agreement with Alfredo Gysi, the bank's Lugano-based chief executive, to jump ship with more than one hundred Coutts employees, who were enticed by promises of salaries that were 20 to 40 percent higher and guaranteed bonuses for three years. The bank suddenly had over $2 billion in new customer money, more than tripling its assets under management in Asia, with Brunner as the new regional chief. "It was a marriage of convenience," said Kevin Swampillai, a Malaysian banker who was among those who left Coutts for BSI.

Ahead of the exodus, some Coutts bankers feared they might lose account holders who didn't want to shift their assets to BSI. Among the most nervous was Yak Yew Chee, a Singaporean banker in his fifties, who had a very important client: Jho Low. Yak was the private banker at Coutts for Larry Low, helping to invest the Penang resident's modest fortune. In 2006, just after Low had graduated from Wharton, Larry asked Yak to open an account for his son at Coutts in Singapore.

Yak, who had spiky, thinning hair, graying at the sides, and often wore sunglasses, was a domineering personality who cowed coworkers. Often dismissive of others' views, he would complain to subordinates that women weren't cut out to become bankers, as they demanded time off for maternity leave. But he was tolerated by his bosses because he aced the only metric that counts in private banking: He brought in clients. The key to his success was a burgeoning relationship with Larry's son, Jho Low.

In mid-2009, Low told Yak he would be helping a Malaysian sovereign wealth fund called 1MDB invest money. The idea was preposterous—*why would a state fund need to work through someone so young, and for what ends would it require the services of a bank specializing in private wealth of individuals?*—but Yak agreed to help. He opened an account for Good Star at Coutts, and he kept the firm's records. It was this account that ultimately received more than $1 billion in 1MDB money, forcing Low to make up a story to compliance staff at Coutts that Good Star had an investment agreement with the Malaysian fund. Yak knew Good Star was controlled by Low, who explained that he was engaged in super-secretive "government-to-government" business—a line the banker swallowed without query.

Low had found his perfect banker—tough but unquestioning—and when

Yak told him of his decision to move to BSI, a more obscure institution than Coutts, he decided to move his accounts over. Ecstatic at his accomplishment, Brunner boasted to a Bloomberg journalist about his plans to triple BSI's assets under management in Asia in just five years.

Yak already had proven pliable, and Low sensed BSI would not create trouble for him, especially if he helped turn Brunner's dream into a reality by channeling billions of dollars to the bank. It was part of a system Low was developing to identify institutions with weak governance, and use that to his advantage. A few years later, he would ask a New York art dealer in an email to recommend him a lender with a "quick and relaxed [know your customer] process." BSI would prove to be the ultimate example of this—a bank whose management, in the search for profit, asked few probing questions.

From late 2010, Low relayed instructions to Yak, now a managing director at BSI, to open a series of accounts in his name and those of scores of shell companies. There was an "onboarding" procedure—a checklist of simple *know-your-customer* bullet points that included items such as passport details, legal convictions, and the source of a customer's money. Low came up clean. It was at this point that he began laying the groundwork for his tale of family wealth. The June 2011 transfer of $55 million—some of which was used for the Time Warner purchase—was a test to see if BSI compliance staff would buy the story that this was family money. It worked and Low began to send gushers of cash into his BSI accounts.

The 1MDB fund also opened a slew of accounts with BSI—accounts which would receive billions of dollars in funds in the years ahead. The bank's compliance queried why a Malaysian sovereign fund would need a Swiss bank account. So, to ensure the buy-in of senior management at BSI, Low took precautions. He arranged for Yak to set up a meeting in Lugano between senior 1MDB officials, including Chief Executive Shahrol Halmi, and BSI's top management.

It was yet another sign of Low's total control over the fund. The Malaysian executives flew to Switzerland, telling Brunner, BSI's chief executive, Gysi, and others to expect billions of dollars in business from the sovereign wealth fund. Low's ability to arrange such gatherings gave him an aura of respectability, and, despite his lack of a formal role at the fund, senior bankers like Gysi and Brunner stopped asking questions.

Yak was feted as BSI's star banker.

"I wanted to personally thank you for your immense contribution not only to our new Asia business, but to BSI Group as a whole," Gysi, the chief executive, wrote Yak.

His connection to Low made him exceedingly rich; Yak began to take home around $5 million a year in salary and bonuses, more than five times his previous earnings, binding him to Low, the money and adulation too alluring to turn down. The bosses, too, began to reap the benefits of the relationship, as BSI became a force to be reckoned with in Singapore and globally. Brunner enjoyed hosting parties at his $7 million, 2,500-square-foot colonial-era town house in Singapore, close to his old apartment. The two-story whitewashed building had been restored and furnished in the opulent style of a Chinese mandarin, with terra-cotta horses, statues of Chinese gods, and deep Persian carpets.

According to Kevin Swampillai, who became BSI's head of wealth management in Singapore, it was a "lame duck" management team that cared only about salaries, allowing lower-ranking bankers to act however they pleased. One of those given free rein was Yeo Jiawei.

Chapter 24

Brazen Sky

Singapore, December 2011

With pointed eyebrows, pronounced cheeks, and a thick head of hair, Yeo Jiawei, a twenty-eight-year-old Chinese Singaporean banker at BSI, gave off a boyish air. But Yeo had become an expert in a dark corner of the global financial system. At BSI he was a “wealth manager,” but his real expertise lay in an intricate knowledge of ways to help elite customers reduce tax bills. The bank’s bread and butter—like many private banks in Singapore—was devising such strategies, largely for rich Indian and Southeast Asian clients. One method Yeo employed was to wash clients’ money through investment funds in faraway places.

Yeo’s skills were perfectly suited to one of BSI’s star clients: Jho Low. Low wanted a way to send money through multiple accounts to keep its origins secret, and Yeo had promised to deliver.

Instead of dealing with mundane tax evasion, Low told Yeo he would have a new assignment: secret government work. Like many people who brushed up against the Malaysian, Yeo was intrigued and flattered. He set about doing what Low wanted. In December 2011, Yeo set up a meeting in Singapore with José Renato Carvalho Pinto, a Brazilian relationship manager at Amicorp Group, a small financial firm. Yeo described to Pinto how BSI was doing work involving Malaysian and Middle Eastern investment funds and needed Amicorp to set up a series of fund structures. Pinto was interested.

Amicorp was cofounded by a Dutch financier named Toine Knipping, who had worked for years as a financier in Curaçao, a sun-swept Caribbean island that was formerly a colony of the Netherlands, before settling in Singapore. Knipping had an eclectic curriculum vitae: He'd worked for a Venezuelan bank, held an interest in a South African aloe vera drinks company, and authored a book on ethical investing. One of his main areas of expertise was Curaçao, which in the 1970s and 1980s emerged as a major offshore center. It also got a name as a transshipment point for drugs from South America to enter the United States and a haven to stash dirty cash, regularly landing Curaçao on the U.S. State Department's list of "Major Money Laundering Countries."

Knipping's company helped hedge funds and other financial firms run their day-to-day business—calculating the value of investments, for instance, or clearing trades. But like many smaller trust companies, Amicorp did a bit of everything, and this included administering small investment funds in Curaçao that were often used by rich Asians to discreetly move money around.

In the meeting, Yeo explained how BSI needed Amicorp's help to set up an investment-fund structure for Malaysian fund 1MDB, and Pinto got to work. The first transaction, for $100 million, went from a BSI account controlled by 1MDB into an Amicorp-administered mutual fund in Curaçao. But it wasn't a usual mutual fund, the kind in which a manager pools cash from mom-and-pop investors, using it to buy stocks and bonds. Sure, this entity, Enterprise Emerging Market Fund, took cash from multiple investors. But the structure masked one major difference from a plain-vanilla mutual fund: It also comprised segregated portfolios that took cash from only one client, before "investing" in another asset.

It was simply a way to wash a client's money through what looked like a mutual fund. In other words, cash coming out the other side appeared to be a transfer from a mutual fund. This was exactly what happened with the $100 million, which Enterprise Emerging Market Fund promptly sent to a shell company controlled by Fat Eric, Low's associate and, increasingly, an important nominee for his many companies. Yeo never made clear the business reason for the transfer. It was unclear why a state fund such as 1MDB would use such secretive financial structures, but Pinto didn't pry, as BSI had vouched for 1MDB. As Kevin Swampillai, Yeo's boss, put it: "There was only a semblance of compliance at these funds." In the next couple of years, Amicorp would set up $1.5 billion of such structures for

1MDB, Low, and his family.

Here was a legal, if highly questionable, way to disguise money flows. In the earlier stages, Low had been content to send cash straight from Good Star to his U.S. law-trust accounts with Shearman & Sterling or, more recently, into his accounts at BSI. But the media spotlight on his partying, and the compliance hassles, were making him more paranoid. By using an intermediary step like the Curaçao fund, Low hoped to cover over any footprints.

Yeo had delivered and Low began to trust him. As he moved deeper into Low's orbit, Yeo's self-regard for his own skills grew, and he expressed disdain for bankers at BSI who didn't deal directly with such powerful clients. Like BSI itself, Yeo had proven himself an amenable fit for Jho Low, and Low would soon turn to the young banker again.

The 1MDB fund still had to account for the $1.8 billion it claimed to have lent to PetroSaudi. Of this, Low and his conspirators had taken the lion's share, and now he needed Yeo to help make the debt go away. Earlier, the fund's executives had attempted to get Tim Leissner of Goldman to find a bank that would value the oil drill ships—about the only asset PetroSaudi had acquired with 1MDB's money—at an inflated price of $1 billion. The idea was for 1MDB to take over those assets and, in return, write down the debt. Although he likely did not know the full picture, Leissner got Lazard, the U.S. investment bank, to take a look at the drill ships, but it couldn't come up with a valuation anywhere near high enough to make this plan work.

Instead, Yeo got to work on a convoluted set of transactions that was pure financial trickery. Essentially, 1MDB would swap a large portion of its debt for a stake in a PetroSaudi subsidiary that owned the drill ships, even though they were worth nothing like the $1.8 billion that 1MDB was owed. Yeo then arranged for 1MDB to sell that stake to Bridge Partners International, which was controlled by a Hong Kong financier named Lobo Lee.

A long-distance triathlete, who was middle-aged but kept fit cycling Hong Kong's mountainous terrain, Lee was just another one of the many small-time fund managers in the Caribbean, Hong Kong, Bangkok, and

Singapore who created arcane structures for a fee, without querying the need for such complexity. By remaining ignorant of the full terms, they were the cogs that allowed the money-laundering machine to keep humming along.

Instead of paying in cash, Bridge Partners set up a Cayman Islands investment fund, effectively giving 1MDB units in the fund in return for the stake. The fund, called Bridge Global, had only one client—1MDB—and hadn't even registered with authorities in the Cayman Islands for permission to make investments. Magically, 1MDB now claimed in its financial statements the Bridge Global investment was worth $2.3 billion—a profit of $500 million on the money it had lent to PetroSaudi. The 1MDB fund set up a new subsidiary called Brazen Sky, which opened a bank account with BSI to hold the units. It was nothing but a facade: There was no cash there, only fund units, supposedly the profits from selling a stake in two almost-worthless oil drill ships.

On paper, however, 1MDB could claim it had made a profit, and Low conspired to get it past auditors. Pressed by accountants at KPMG, Yeo gave the impression the Bridge Global fund units were backed by cash. The financial engineering had helped disguise the truth, and KPMG carried on with its audit. But the problem hadn't gone away, and the firm's accountants would not prove that easy to con the following year.

Yeo must have known what BSI was doing was ropy, and so he set up a scheme with his boss, Kevin Swampillai, to profit himself. The 1MDB fund had agreed to pay $4 million annually to Bridge Global and $12 million to BSI for helping set up the Cayman Islands arrangement. But Yeo was managing the process and Lobo Lee didn't know the full details, so Yeo persuaded the Hong Kong fund manager to settle for $500,000, and Yeo and Swampillai funneled off millions of dollars to their personal accounts.

The seemingly massive amount now in 1MDB's Brazen Sky account at BSI worried Hanspeter Brunner, the bank's chief executive in the region. BSI's Singapore branch suddenly appeared to have billions of dollars in new deposits, and Brunner feared the Monetary Authority of Singapore, Singapore's central bank, would want an explanation. After a period of fast growth in its private banking industry, the city-state was facing pressure to do more to impede money laundering.

Singapore's private banking industry was booming, managing $1 trillion in assets, a third of Switzerland’s total, but still making it one of the largest offshore centers on the planet. The city-state already had a reputation as a place for corrupt Indonesians, Chinese, and Malaysians to hide money. Now, it was attracting more European and U.S. clients trying to escape the increased scrutiny from Western regulators, who were fed up with tax cheats. The Financial Action Task Force, the Paris-based group which sets anti-money-laundering standards, recently had singled Singapore out for failing to prosecute more dirty-money cases.

So Brunner later set up a meeting with Singapore’s central bank, during which he gave a presentation on Brazen Sky and the bank’s other 1MDB-related business. But he did not go into detail, instead giving a simple overview and stressing this was the business of an official Malaysian government fund.

Brunner’s stewardship of BSI would cost him and imperil the bank’s very existence. But Low, at least for now, had overcome another complication, and was readying for the next phase of his scheme. This time, Tim Leissner of Goldman wouldn’t miss out.

Chapter 25

Goldman and the Sheikh (The Second Heist)

Abu Dhabi, March 2012

In early March, Tim Leissner flew into Abu Dhabi, the humid Persian Gulf emirate, for a rare meeting with one of the world's richest people: Sheikh Mansour Bin Zayed. As one of nineteen children of the founder of the UAE, the sheikh was worth an estimated $40 billion, and perhaps best known for his ownership of Manchester City Football Club. His grandparents' generation had been born penniless, living as date farmers, camel rearers, and pearl fishermen, but the discovery of oil in the late 1950s had changed their fortunes.

Obtaining a sit-down meeting with Sheikh Mansour was almost unheard of, even for the most heavyweight investors. The sheikh's power derived not only from his personal fortune, but also his role as chairman of the International Petroleum Investment Company, a $70 billion sovereign wealth fund. IPIC, financed by huge amounts of debt, recently had become a global investment force—it had even taken a stake in Barclays Bank of the UK during the financial crisis.

Wall Street bankers were often seen sniffing for deals at IPIC, which was in the process of building a futuristic modern headquarters, a series of domino-thin skyscrapers, one shorter than the next, which would offer panoramic views of Abu Dhabi's main island and the expanse of the Persian Gulf. But few had met Sheikh Mansour.

Leissner was among the chosen, thanks to Low's newfound closeness with Khadem Al Qubaisi, an aide to the sheikh. In a few days, the Goldman banker would be boasting to colleagues in Asia about his unparalleled access in the Middle East, although he was careful not to play up Low's role in making this happen. But right now, he needed to get the sheikh to agree to a deal that could change his fortunes. He was on the cusp of winning the mega-1MDB business, for which he had spent years laying the groundwork.

In his meeting with the sheikh, Leissner was accompanied by Low, who also had traveled to the emirate. After pleasantries, the group got down to discussing the outlines of the deal. The Wall Street bank was preparing to sell a total of $3.5 billion in bonds for the 1MDB fund to finance the purchase of coal-fired power plants in Malaysia and overseas. The plan was for 1MDB to package these facilities, as well as some new plants, into one company and IPO the shares on Malaysia's stock exchange. The listing could earn 1MDB around $5 billion, as the power plants put under one entity would be worth a lot more.

The problem was that 1MDB had never issued a U.S. dollar bond to international investors, and it had no credit rating. So, Goldman was suggesting it ask IPIC—a sovereign entity with a strong credit rating—to guarantee the issue. That would put investors at ease, giving them confidence that 1MDB would be able to repay the debt whatever the circumstances. In return for its guarantee, IPIC would acquire the rights to buy a stake in the listed power company at a favorable price.

This was Low's latest blueprint for 1MDB, a way for the fund to enter the power-generation business, make some money, and, hopefully, paper over losses. But there were many oddities in the plan. Why would a Malaysian state fund seek a guarantee from a similar fund of another country? Why didn't Malaysia's government just offer a sovereign guarantee for the debt? Indeed, Leissner's colleagues at Goldman's Middle Eastern headquarters in Dubai, who did regular business with IPIC, found the idea preposterous and declined to get involved. Even IPIC's own finance director raised questions about why IPIC would put itself at risk over another fund's business—one with no track record, at that—but was outranked.

The sheikh, a youthful forty-one-year-old with a toothy grin, had the final say at IPIC. After Leissner and Low made their presentations, Sheikh Mansour gave the go-ahead. The proposal for IPIC to guarantee the

Malaysian fund's bonds may have looked strange, but it was an artificial construct, purely aimed at creating an excuse to divert more than a billion dollars from 1MDB.

Low had put the scheme together with Al Qubaisi, who was also the managing director of IPIC. They had gotten to know each other on the failed Claridge's bid, and Low had brokered a deal for Aabar, an IPIC subsidiary, to buy a Malaysian bank. That deal had lost money for Al Qubaisi, but now Low was about to repay him many times over.

And IPIC's guarantee was the linchpin of the plan.

With gelled-back hair and a bodybuilder's physique, the result of two hours a day pumping iron, the forty-year-old Al Qubaisi was a striking figure. The Al Qubaisi family had married into the ruling Al Nahyans a generation earlier, a family tie that had helped his career. After working for the Abu Dhabi Investment Authority, the emirate's most well-known and largest sovereign wealth fund, he had become managing director of IPIC in 2007, but his real power lay as Sheikh Mansour's trusted dealmaker.

There was another attraction to Al Qubaisi: He had a reputation for taking kickbacks on deals, making him incredibly rich. Low had spent hundreds of millions on parties, mansions, and trophy investments like the L'Ermitage hotel, not to mention secret payments to his coconspirators. Yet he craved greater riches: He wasn't happy with a smattering of low-profile deals in real estate. He wanted to become a genuine mogul. *The Wolf of Wall Street* was slated to kick off filming in the second half of 2012, and Low still didn't have financing in place. He needed more cash, and he sensed Al Qubaisi could deliver it—for a price.

Through his relationship with Sheikh Mansour, Al Qubaisi was one of the most powerful men in the emirate. Even in the brash and showy UAE, Al Qubaisi struck bankers as an unparalleled egoist, traveling with a retinue of Egyptian security guards and embossing his initials—KAQ—on cigars, drink coasters, boxes of tissues, and even his collection of high-end cars worth tens of millions of euros, which he kept in a storage facility in Geneva and at his villas in the South of France.

In Abu Dhabi, Al Qubaisi wore the traditional emirati cloak and head covering, and had a family home, a sprawling villa, where his his wife and four children lived. But like many rich emiratis, he conducted a different life overseas. At his villa on the Côte d’Azur, with Bugattis and Ferraris parked outside, he partied with models, and he had a younger Moroccan wife in Paris. When abroad, he traded in traditional emirati dress for tight-fitting T-shirts, including one with a montage of images of Al Pacino’s Tony Montana from the 1983 film *Scarface*. Once, when an executive showed up to Al Qubaisi’s mansion in France to discuss business, he answered the door wearing a skimpy swimsuit, while women in bikinis lingered in the background.

The sheikh oversaw IPIC, and he liked to have the final say on major deals, like this burgeoning business with 1MDB. But he also delegated incredible powers to Al Qubaisi, who had the ability to green-light acquisitions without board approval. With a single execution of his wide, sharp signature, he could okay a multi-billion-dollar deal on behalf of the fund.

“Khadem was the only man in the world who you could call with a $10 billion deal and he’d just say ‘yay’ or ‘nay.’ He thought he was God,” said one financier.

In return, Al Qubaisi ensured that Sheikh Mansour remained flush with funds to pay for a lifestyle that required vast expenditures: salaries for dozens of staff, the cost of maintaining houses, boats, cars, and planes around the globe. IPIC had been founded in 1984 to invest in oil-related companies, but with Al Qubaisi at its helm, the fund and its subsidiary, Aabar Investments, had engaged in a spending spree, most famously its bailout alongside Qatar of Barclays in 2008, which saved the bank from a government takeover, but also the acquisitions of minority stakes in Daimler-Benz, UniCredit, Virgin Galactic, and other companies—all of them major deals.

The boundaries between IPIC, a state fund, and the sheikh’s personal business empire were not always sharply drawn. In the case of the Barclays acquisition, for instance, British regulators believed Sheikh Mansour was putting in the money, when in fact the funds came from IPIC. Although he had not invested any personal cash, Barclays issued warrants to the sheikh as part of the deal, allowing him to buy shares in the bank at a low price. He eventually made more than $1 billion in profit—at no risk to his own funds.

Aabar’s books contained a tangle of transactions with companies tied to

Sheikh Mansour, involving land and loans in the billions of dollars. In addition to his day job, Al Qubaisi oversaw these private businesses, and his privileged position, close to the Al Nahyans, gave him free rein to feather his own nest. In a 2009 lawsuit filed in the United States, two businessmen claimed Al Qubaisi had asked for $300 million in kickbacks during a failed bid to take over the Four Seasons hotel chain. (The plaintiffs later withdrew the suit.)

Behind his brash demeanor, Al Qubaisi had a problem. Unlike ADIA, which could rely on payments from the state's oil profits, IPIC was fueled mainly by debt. By 2012, it had $19 billion in borrowings, and only the Abu Dhabi government's 100 percent ownership ensured its debt was awarded investment-grade credit ratings. The fund's image as a major investor, in fact, was partly a mirage. After the crisis, when Al Qubaisi saw an opportunity to buy stakes in big Western companies and banks, he turned to Wall Street for financing.

Goldman Sachs, Morgan Stanley, and others made huge profits arranging derivatives financing for IPIC—just another naive emerging-market sovereign wealth fund—helping to make up for subdued markets and economies in the West.

But it was becoming harder for Al Qubaisi to raise money from Wall Street. In 2011, the de facto ruler of the UAE, Sheikh Mansour's brother, Mohammed Bin Zayed, had ordered all debt issuances to go through a central authority to avoid a repeat of the Dubai debt crisis, in which state entities overborrowed and had to be bailed out by the UAE government to the tune of $20 billion. As he was searching for new ways to keep the cash flowing, Al Qubaisi came into contact with Jho Low, who boasted he could sign multi-billion-dollar deals involving the 1MDB fund.

Like Al Qubaisi, Low was a young, unaccountable figure who, through relations with the truly powerful, controlled billions of dollars. Low had brokered Aabar's investment in RHB, the Malaysian bank, which had lost money, but his latest proposal would more than make up for that debacle. IPIC agreed to guarantee the 1MDB bonds, and Goldman set about arranging the issue.