Chapter 26

Bilking the State

New York, March 2012

At Goldman's global headquarters at 200 West Street in downtown Manhattan, a forty-four-story skyscraper on the Hudson, completed just after the financial crisis, senior bankers were growing concerned over this business in faraway Malaysia. But the unorthodox dealmaking had a powerful supporter: President Gary Cohn.

Bald with a pointed skull, and furrows across his brow, the fifty-one-year-old banker was a formidable presence. He was aggressive and blunt, a personality forged on Goldman's trading floors, where he had launched his career alongside Lloyd Blankfein. When his friend rose to chief executive, Cohn had taken the number two job and had remained a loyal lieutenant, helping defend the company's precrisis bet against the housing market. Now, with Western economic activity subdued, Cohn was spearheading a drive to do more deals with sovereign wealth funds in emerging markets. And that led him to throw his support behind a potentially lucrative line of business that Leissner and Andrea Vella were developing in Malaysia.

Cohn had set up a special cross-divisional unit to make money from sovereign wealth funds—co-investing with them in private-equity deals, devising hedging strategies, or simply raising capital. This business line was colloquially termed "monetizing the state" inside Goldman and was a major focus inside the bank. Cohn started to travel regularly to Southeast Asia, where he had high-level meetings about co-investing with Singapore's powerful Temasek Holdings investment fund. He viewed 1MDB very much in this vein, although the fund shared almost no similarities with Temasek, a professionally run entity.

The backing of a domineering and powerful personality like Cohn afforded significant cover to those involved in the 1MDB business and drowned out the voices of those who were uncomfortable with the plans to raise billions of dollars for the fund. David Ryan, president of Goldman in Asia, was among those urging caution. He had visited 1MDB's staff in Malaysia and came away with concerns over its plans to take on so much debt, and the inexperience of its management, none of whom seemed to have overseen multi-billion-dollar investments before.

The potential deal wound its way through five Goldman committees that look at financial and legal risk. One of the main points of debate was the role of Jho Low, whose exact position baffled some Goldman executives. The bank had turned down Low for a private banking account in Switzerland, so it could not formally enter into a major deal that involved him. One Goldman executive, in an email to colleagues on March 27, acknowledged Low was a "1MDB Operator or intermediary in Malaysia." But in conversations with Goldman staff around the same time, Leissner denied Low was involved in the deal. Such middlemen were considered highly risky at American banks because of the possibility they were receiving bribes, a violation of the Foreign Corrupt Practices Act that could lead to a big fine.

Yet Leissner, who had traveled with Low to meet Sheikh Mansour, must have been fully aware the Malaysian was directing the show. In this period, the German banker would travel all over the world to meet Low, whether in Kuala Lumpur, Hong Kong, or Switzerland. Low's plan was for 1MDB to sell the bonds quickly and secretively via a private placement. Typically, most companies issuing bonds prefer to do so through a public issuance, in which the bank arranging the deal canvasses a wide range of investors. Through this process, called book building, banks with access to a large network of investors can reduce a company's cost of funds. Investors in a private placement, by contrast—typically big institutions like pension funds or hedge funds—demand higher returns. The advantage is that companies can raise money quickly and without getting credit ratings from big agencies like Moody's and Standard & Poor's. The process also involved much less scrutiny, just how Low liked it.

The 1MDB fund had agreed to pay $2.7 billion for power plants owned by Malaysian billionaire Ananda Krishnan's Tanjong Energy Holdings, the first of a series of acquisitions it planned to make in the sector. To give the deal a veneer of authenticity, 1MDB needed an independent valuation of the plants. Leissner stepped in, asking Lazard if it could oblige. The U.S. bank agreed to take a look, but its bankers crunched the numbers and couldn't figure out why 1MDB was willing to pay $2.7 billion for the suite of plants, which were located in Malaysia, as well as Egypt, Bangladesh, Pakistan, and the UAE.

The deal seemed favorable to Tanjong, especially given that its power-sale agreement with the Malaysian state would soon run out, handing the government leverage to achieve a bargain price. Lazard believed the whole deal smelled of political corruption. It was common in Malaysia for the government to award sweetheart deals to companies in return for kickbacks and political financing; that was what Lazard thought was going on, and so it pulled out.

With no other choice, Goldman instead became an adviser to 1MDB on the purchase, as well as helping the fund raise the capital. The bank provided a valuation range that justified 1MDB paying $2.7 billion for the plants.

Leissner was at his most charming as he tried to cajole members of 1MDB's board of directors to accept Goldman's terms for selling the bonds. Sitting opposite the Goldman banker in a room at the fund's downtown Kuala Lumpur offices, just a few weeks after Leissner's meeting in Abu Dhabi, some of the board members looked skeptical. Goldman was preparing to launch what it internally dubbed Project Magnolia, a plan to sell $1.75 billion in ten-year bonds for the 1MDB fund. But some board members were alarmed by what Leissner had informed them: Goldman would likely make $190 million from its part in the deal, or 11 percent of the bond's value. This was an outrageous sum, even more than Goldman had made on the Sarawak transaction the year before, and way above the normal fee of $1 million for such work.

The banker defended Goldman's profit by pointing out that 1MDB would make big returns in a future IPO of the power assets, all without putting down any money of its own.

“Look at your number, not at our number,” he said cajolingly.

Working together with Andrea Vella, the Goldman executive who headed up the debt and structured finance business in the region, Leissner had arranged for a rerun of the Sarawak bond. As last time, the PFI trading desk would buy the entire issue, using its massive capital, and later find investors. That meant Goldman would be taking on all the risk and 1MDB would get the money quickly. Despite some questions, the board, filled mainly with Najib loyalists, was ultimately a rubber stamp, and it wasn’t going to mount a serious attempt to stop this plan in its tracks.

Even at Goldman, some bankers, including David Ryan, considered the bank’s likely profit excessive. Alex Turnbull, a Hong Kong–based Goldman banker whose father, Malcolm Turnbull, would later become Australia’s prime minister, also raised concerns internally. Turnbull wasn’t involved in the deal, but he knew how bond markets worked, and he sent an email to colleagues expressing disbelief about Goldman’s profits. The email led to a reprimand from Goldman’s compliance department, while Turnbull’s boss told him to keep his mouth shut if he ever wanted to get promoted. He left the bank almost two years later for reasons unrelated to 1MDB.

Internally, Leissner, backed by Vella, defended the returns as commensurate with the risk Goldman was taking by buying the entire $1.75 billion in bonds. The 1MDB fund was paying most of its fee to Goldman by selling the bonds at a discount, and the bank would make its money if they could find investors willing to pay a higher price. But the face value—that is, the undiscounted price—was still high enough to yield 6 percent annually to an investor, a high return given the guarantee from IPIC, and an inviting proposition at a time when rates in Western economies and Japan were hovering close to zero. In fact, Goldman already had lined up mutual funds in South Korea, China, and the Philippines to buy the bonds. The sale was handled quietly, and one Goldman employee was told to keep all correspondence about the bond off email. If word got out Goldman already had buyers, its profits would not seem justified.

There was another reason Goldman didn’t need to worry. Tanjong, the seller of the power plants, had itself agreed to subscribe to a “significant” portion of the offering, according to the prospectus, a document Goldman bankers had drawn up to detail the bond for investors. The 1MDB fund had paid Tanjong a favorable price for its assets, and now the company itself was getting bonds with an attractive yield. In return, companies linked to Ananda Krishnan secretly made donations of $170 million to 1MDB's charity arm. Soon after, in its financial accounts, the fund was forced to "impair"—or write off—$400 million of the value of the plants on its books, an admission it had overpaid. Lazard had been right to mistrust the high valuation of Tanjong's assets, but Goldman missed what was going on.

Goldman's internal committees, set up to catch fraud, had failed in their job. Those arguing in favor of the deal cited the imprimatur of Malaysia's government and the role of Prime Minister Najib in 1MDB. But there was another—unspoken—reason to make this happen. The profits would make this one of Goldman's biggest paydays of the year.

The stewards of Goldman, only a few years after the mortgage meltdown and promises of more upright behavior, were once again failing to uphold principles. The whole notion of "monetizing the state"—in countries without rule of law and sophisticated investors—risked costing taxpayers in poor places for the benefit of Wall Street. Goldman already had gotten entangled in a bad situation with the Libyan Investment Authority. Now the bank appeared to be overcharging a client in Malaysia whose willingness to pay above the odds was illogical.

A series of red flags—from the involvement of Jho Low, to the unusual decision to obtain a guarantee from the fund of another country, to 1MDB's willingness to overpay for the power plants—were all overlooked.

In May, Tim Leissner was late for a dinner at a Chinese restaurant in Singapore's ION Orchard, a futuristic shopping center that looked as if it had been designed by an understudy of Frank Gehry. As he entered, Leissner saw that the other guests sat around a circular banquet table. The group included 1MDB executives, Jho Low, Roger Ng (the Goldman banker), as well as Yak Yew Chee of BSI and compliance officers from the Swiss bank. Leissner was annoyed to be there and told participants he could not stay for long. This was not an official gathering, and Leissner realized he should not have come.

Low had put the attendees together in an attempt to overcome an obstacle. The plan was for Goldman, on May 21, 2012, to deposit the proceeds from the $1.75 billion bond into the bank account of 1MDB's energy subsidiary. Just a day later, $576 million of that amount was to move on to the BSI bank account of a British Virgin Islands company called Aabar Investments Ltd.

But BSI's own compliance department wanted to know why 1MDB was planning to transfer such a huge sum into their small bank. Leissner was there to smooth things over, but he seemed nervous. After some general talk about the bond, the German banker excused himself and left. BSI's senior management, including Yak, nonetheless used his presence at the meeting, and the involvement of Goldman, to overcome the compliance department's concerns. This was a senior representative of Wall Street's best-known bank, after all.

Compliance had good reason to be wary. Aabar Investments Ltd. was meant to look like Aabar Investments PJS, a subsidiary of IPIC. 1MDB would later claim, in its audited financial statements, that the $576 million transfer was part of a payment to compensate the Abu Dhabi fund for its guarantee of the bond.

But this was an imitation firm, set up two months earlier, and the directors of the look-alike Aabar were Al Qubaisi and Al Husseiny, the chairman and chief executive of the real fund. It was as if the chief executive of General Electric, or another blue-chip American firm, had set up a fake company to look like General Electric to engage in off-the-books fraudulent behavior, while still enjoying the cover of a well-known name.

It was a move straight out of Jho Low's playbook. When he was just starting out, Low had set up look-alike companies to make it appear he had the backing of Middle Eastern sovereign wealth funds. This time, the stakes were much higher. It was a ruse, devised by Jho Low and Al Qubaisi, to take more money from 1MDB.

As a further level of security, the pair had arranged for the money to flow via Switzerland-based Falcon Private Bank, which Aabar had bought from American insurance conglomerate AIG. Al Qubaisi had snapped it up when AIG was in trouble during the financial crisis and renamed it Falcon Bank, after the Gulf's famous hunting bird. Switzerland was under pressure from the United States to clamp down on money laundering, but Al Qubaisi had control of his own Swiss bank. Consequently, Falcon's bankers raised no red alerts, despite huge flows of money that would normally have tripped compliance alarms.

Five months later, Goldman launched Project Maximus, buying another $1.75 billion in bonds to finance 1MDB's acquisition of power plants from the Malaysian casino-and-plantations conglomerate Genting Group. Again, the fund paid a high price, and, like Tanjong, Genting made payments to a Najib-linked charity. This time, $790.3 million disappeared into the look-alike Aabar.

David Ryan, president of Goldman's Asia operations, argued to lower the fee on the second bond, given how easy it had been to sell the first round. But he was overruled by senior executives, including Gary Cohn. While Goldman was working on the deal, Ryan was effectively sidelined; the bank brought in a veteran banker, Mark Schwartz, a proponent of the 1MDB business, as chairman in Asia, a post senior to Ryan's. Goldman earned a little less than the first deal, making $114 million—still an enormous windfall.

For bringing in the business, Leissner was paid a salary and bonuses in 2012 of more than $10 million, making him one of the bank's top-remunerated employees. For three years now, the banker had orbited around Low, hoping for a major payoff. He'd gone out of his way to help Low find bankers for valuations, and even visited him in a Swiss clinic. But Leissner knew better than to acknowledge Low's secret role at the fund. What exactly the German banker knew about the fraud remains unclear. Did Leissner suspect Low was taking from the till? With such huge money at stake, perhaps Leissner convinced himself this situation was normal. Weren't there always unsavory fixers in Asian business deals? Wasn't Asia just a morass of corruption anyway?

In October, Toby Watson, head of Goldman's PFI desk in Asia, made partner. It was a good year also for Blankfein, Goldman's CEO, who was paid $21 million, still well off his precrisis record of $68 million, in 2007, but a major payday nonetheless. Blankfein had developed other lines of business for Goldman, delivering a $7.5 billion profit that year. But the developments in Malaysia signified a big strategic win for the chief executive. Leissner didn't want to shout from the rooftops about it, though, instead acting as if the bonds were a secret. When a senior Goldman colleague in the region circulated the profits internally, he testily asked for the information to be kept tight.

As the colleague put it: "There was a real sense you didn't want to draw attention to this.”

Jho Low had executed his second major heist. Unlike the first phase in 2009, with PetroSaudi as his partner, the Malaysian had laid out this plan in minute detail. Three years earlier, Low had sought to do a big sovereign-wealth deal, put himself in the middle of the money flows, and perhaps earn a broker fee. Events moved quickly, and the conspirators saw their chance to take money.

This time around, Low carefully laid the groundwork. Instead of an unknown Saudi company as a partner, he had roped in IPIC, one of the largest sovereign wealth funds on the planet. Al Qubaisi was an infinitely more powerful figure than Prince Turki, a layabout seventh son of the Saudi king. Back in 2009, Low’s excuses about the money flows varied, as if he were making them up on the fly. The Malaysian also took a huge risk, sending the cash to a Seychelles company he had set up. This time, Low and Al Qubaisi took much greater precautions, sending cash to a company that looked like an Abu Dhabi sovereign wealth fund and was controlled by Al Qubaisi.

Known to only a handful of insiders at the time, the money fanned out from the look-alike Aabar to a small set of beneficiaries connected to the deal. In total $1.4 billion was diverted. Here was the capital needed to make *The Wolf of Wall Street*, to pay off Malaysian voters, and to finance ever-more-exuberant parties and gambling.

Al Qubaisi was rewarded handsomely for his role. Soon after 1MDB raised its second bond and funds flowed to the look-alike Aabar, a stream of money—eventually totaling more than $400 million—moved to an account controlled by Al Qubaisi’s company, Vasco Investment Services, at Edmond de Rothschild bank in Luxembourg. From here, Al Qubaisi would buy mansions in the United States, on both coasts, but he also was careful to ensure his patron, Sheikh Mansour, was taken care of.

As the Goldman bonds came together, engineers from the shipbuilding firm Lürssen in Bremen, Germany, were putting the final touches to *Topaz*, Sheikh Mansour’s 482-foot yacht, which cost more than $500 million and was as large as a floating hotel, with two helicopter pads and eight decks. Al Qubaisi handled the financing for the *Topaz*, raising a large loan from

Deutsche Bank that required payments of 6.4 million euros a month—a considerable outlay. One of the first payments Al Qubaisi made from Vasco, after receiving money from 1MDB, was a 6.4 million euro transfer to Deutsche Bank—an installment on the *Topaz* loan. He'd later pay a total of $166 million of the payments with funds from Vasco.

In late April, as Goldman prepared 1MDB's first bond issue, some one hundred thousand anticorruption protesters poured out into the streets of Kuala Lumpur. From the sky, the city center was awash in yellow—the color of the demonstrator's T-shirts. For some time, anger among regular middle-class folk—teachers, office workers, lawyers, students—about everyday corruption had been rising.

The demonstrators brandished antigraft signboards; some called for electoral reform. Others held up caricatures of Rosmah, who had become the symbol of Prime Minister Najib's kleptocratic regime. How had she paid for her jewels? people wanted to know. As the swell of protesters tried to make their way to Independence Square, a grassy area at the heart of the city, riot police blocked their way. Late in the afternoon, as the marchers pushed forward, security forces met them with tear gas and water cannons.

Suddenly, a police officer drove a vehicle into a group of demonstrators, injuring two people. The crowd reacted violently, dragging the officer out and turning the car upside down, before smashing in its windows. Scores of protesters were injured, some severely, over the next few hours. The battle lines had been drawn for elections, due the following year.

The protesters knew nothing of what Low had carried out at 1MDB. But corruption in Malaysia already was eating away at the nation's social fabric, from vote buying by UMNO, the ruling party, at election time to the regular backhanded payments by businesses to win government contracts. While middle-class Malaysians dealt with stagnating wages, Malaysia's elite was accruing greater wealth, and it was fueling discontent.

In 2006, a group of opposition politicians, lawyers, and anticorruption activists had started a movement called "Bersih"—the Malay word meant "clean"—seeking reforms to ensure fair elections. In 2007 and 2011 Bersih protesters, wearing trademark yellow T-shirts, had taken to the streets, clashing with police. But nothing had changed, and the Bersih organizers had called this protest as a last-ditch attempt to ensure clean elections, which were due to be held in mid-2013.

They hoped this demonstation, the largest democratic protest in Malaysia's history, would force the government to listen. Instead, it ended in rancor and division.

Yet it was so much worse than the public knew. Low had taken graft to new levels, risking Malaysia's financial stability. The 1MDB fund's debt stood at a whopping $7 billion, and it had few assets to show for the huge borrowings. Most of the money had been diverted, and the fund had crashed to a $30 million net loss in its latest financial year. But most of these details were kept secret. It was even hard to get a copy of the fund's financial report.

Prime Minister Najib had envisioned 1MDB as a way to create jobs, and as a slush fund to build his popularity with all Malaysians. Instead, it had become a cesspit of graft. With his popularity sinking, Najib soon would double down on his bet on Low, backing the 1MDB fund's push to take on even more debt in a bid to win the upcoming elections. His actions would send 1MDB even deeper into a death spiral.

Low hoped the planned IPO of 1MDB's power assets would stabilize the fund, and hide the growing thefts—a risky strategy, to say the least. But the Malaysian didn't dwell much on the future. This was only government money, after all, and he still had the confidence of Najib, who had the power to write off debt.

From another perspective, Low had replenished his stock of capital and now had the firepower to push ahead with constructing a Hollywood empire. He was on the cusp of entering the most reckless period of his young life.

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PART III

EMPIRE

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Chapter 27

Making Busta His Bitch

Aboard the Serene, *French Riviera, July 2012*

As the helicopter approached the landing pad, nestled in the bow of the 440-foot superyacht *Serene*, Jho Low was in high spirits. He was about to fly off to Monaco with an entourage of women for a shopping excursion to settle his nerves, before coming back to host his most significant party to date. He had reason to celebrate: The thirty-year-old's new company, a Hong Kong outfit called Jynwel Capital, had just acquired a stake in EMI Music Publishing, whose hit-making writers included Kanye West, Beyoncé, Usher, Alicia Keys, and Pharrell Williams. On top of the EMI acquisition, Red Granite, the film company started by Low, Riza Aziz, and Joey McFarland, was set to begin filming work on *The Wolf of Wall Street*. Low, who had once been rejected for a personal bank account at Goldman in Switzerland, could now lay claim to being an entertainment mogul, and he wanted to make a splash.

The *Serene*, with fifteen guest cabins and dozens of crew members, was a floating pleasure palace, whose centerpiece was a huge whirlpool bath and bar on the top deck. Features included a sauna, a partially covered swimming pool, a lounge with a grand piano, and a twisting marble staircase connecting the multiple levels of the boat. When anchored, decks on hydraulic arms opened out over the water, permitting guests to dine al fresco.

Low required the most sumptuous backdrop for the night's party, and Noah Tepperberg and Jason Strauss were on hand as always to oblige. The owners of the Marquee nightclub had taken care of the details. The $330 million yacht, the ninth largest in the world when it was completed in 2011, belonged to Russian billionaire Yuri Shefler, whose businesses included Stoli vodka. Tepperberg and Strauss also flew out models from the United States, the glamorous nightclub hosts whom Low demanded at every party. Danny Abeckaser, the club promoter and actor, brought along a group that included Leonardo DiCaprio, who was preparing to start filming *The Wolf of Wall Street* the following month. DiCaprio was known as a method actor, said to inhabit his characters' minds even when off set. The actor's hard-partying ways had been a tabloid fixture for years, so presumably it was not difficult for him to channel Jordan Belfort as he prepared for his next big role. And with Jho Low paying for the excesses, as he had done for years now, life and art began to fuse, even before the filming began.

While Low and his entourage shopped in Monaco, Tepperberg and Strauss ensured everything was in place. Workers were putting the finishing touches to a stage on the boat for the night's performances. The guest list included some of the world's best-known pop stars—Kanye West, Rihanna, Chris Brown, Ludacris—as well as actors and members of Middle Eastern royal families.

The $2.2 billion acquisition of EMI, finalized a month earlier, was led by Sony Music Holdings, the Estate of Michael Jackson, and U.S. private equity giant Blackstone Group. Low's Jynwel Capital had invested alongside Mubadala, the Abu Dhabi fund run by Khaldoon Al Mubarak. His share, just over $100 million, was by far his most legitimate-looking deal to date. Low had set up Jynwel with his brother, Szen, and told financiers it was his "family office," investing his grandfather's billions. His partners in the EMI deal had fallen for it.

Low's share, in truth, was financed by the 1MDB bonds that Goldman had sold for the fund. To hide the origin of the money, Low used an old trick, getting his associate Fat Eric to set up an offshore shell company called Blackstone Asia Real Estate Partners. This firm was designed to look like a bonafide subsidiary of the Blackstone Group but was controlled by Fat Eric, who worked for Low. On official documents, it would appear that Fat Eric owned scores of shell companies and assets, permitting Low to keep his involvement secret.

By now Low had siphoned off more than $1 billion of the 1MDB money generated by the bonds sold by Goldman Sachs. With the help of IPIC managing director Khadem Al Qubaisi, Low had secured control of the cash, which was sitting in a shell company that looked like a subsidiary of IPIC. The money was supposedly to compensate IPIC for guaranteeing 1MDB's bonds, but it was now Low's to do with as he pleased. Looking for a way to fund his EMI stake, Low arranged for hundreds of millions of dollars to move to a Standard Chartered bank account of the look-alike Blackstone. To hide its traces, much of the money flowed through Amicorp-administered funds in Curaçao. From the money in the fake Blackstone account, Low financed Jynwel's stake in EMI, as well as paying off Al Qubaisi, Jasmine Loo, the 1MDB legal counsel, and others.

Soon after, Low became nonexecutive chairman, Asia, for EMI Music Publishing and joined the firm's advisory board. In an instant, the position at EMI gave him serious credentials in the music industry, elevating him from the status of a simple rich party boy and gambler. This was his big play. A media empire would generate profits to pay money back to 1MDB. In the first two stages of the heist, Low had simply taken about $3 billion—and spent wildly.

Now, he was aiming to build a real business, with actual profits. Low had started Red Granite in 2010, but *The Wolf of Wall Street* would put the production company on the map. The film, coupled with the EMI deal, would, Low hoped, put to rest some of the questions that dogged him regarding his business interests and the source of his wealth.

As Low arrived back on the boat with his shopping bags, the atmosphere was buzzing. Low was worried the gossip columnists, out in force around Saint-Tropez in the summer, would catch wind of what was going on.

"Noah—need to manage press carefully," he wrote to Tepperberg. "Sony boss sent me an email and know abt all the performances! Haha. I hope press doesn't know yet."

The stars began to arrive on the *Serene*. Kate Upton, the American model, made a dramatic entrance on a helicopter. Amid a shower of sparklers, Low presented her with Hermès Birkin bags worth tens of thousands of dollars. Low told friends he craved the company of beautiful women, especially models, as if they validated his importance. In an intimate setting, he remained a reserved character, often at a loss for what to say—he was not even especially charming—but he reveled in being the center of female attention.

There was a more practical element to the showmanship. As well as the stars, a number of Middle Eastern royals, including a Dubai prince, had come on board for the party. These royals had all the money in the world, but even they could not access the kind of crowd Low was able to muster—and the Malaysian understood that this was his edge. By delivering Hollywood to them, he was gaining prestige for himself with these powerful Middle Eastern figures—and, he hoped, opening the door to future deals.

Punctuated by Kanye West’s performance, the party raged until deep into the morning. The rap star was there with Kim Kardashian, his girlfriend, whose every move was noted by the press corps. Some gossip columnists did get wind of the party, focusing on the presence of West and Kardashian, as well as that of Chris Brown and Rihanna, who spent hours in conversation that evening despite his physical abuse of her three years earlier. Some newspapers even wrongly reported that Brown had rented the *Serene*. Low stayed out of the press. He could no longer afford the scrutiny of his dealings that press coverage would entail. No matter: Everything about the party was meant to indicate that Low had arrived. He could be content with the secret life of a powerful billionaire.

As the party ratcheted down, most of the revelers left the boat, but a couple of dozen, including Low, his brother, Szen, DiCaprio, the nightclub owners, and the “bottle girls,” stayed on. At 6 a.m., as the party finally fizzled, the superyacht pulled anchor and began to sail toward Portofino, the exclusive resort on the Italian island of Sardinia.

While he was paying for their services, Low had always been polite with movie and music stars, but now the power balance began to shift. In April 2013, less than a year after the EMI deal, Low was hanging out in Jungle City Studios, in Manhattan’s Chelsea neighborhood, a place where Jay-Z, Rihanna, Nicki Minaj, and countless other stars had cut tracks. Low was there to record his own song for fun, his version of the soulful ballad “Void of a Legend.”

The song had been written by Antoniette Costa, a singer who recently had begun to date Joey McFarland. Low loved singing but had a tuneless, high-pitched voice, and it took eight hours, and judicious use of Auto-Tune, for Costa, working with a studio producer, to get an acceptable version in the can.

As Low sang, friends, including McFarland and Swizz Beatz, came in and out of the recording booth. It was well into the evening when Busta Rhymes and Pharrell Williams, longtime clients of Jungle City, dropped by the studio where Low was now relaxing, a little inebriated.

“Yo!” Low called out to Busta Rhymes, ecstatic to see him. “I own you. You’re my bitch!”

The comment, meant to be taken lightly—a playful reference to Low’s EMI purchase—went over like a lead balloon. Busta Rhymes, a thickset rapper, actor, and record producer, looked put out but stifled any remark, while Pharrell tried to cover up the embarrassment with small talk. Low was trying to act like a mogul, but he was awkward, an imposter who for all his money didn’t quite fit the bill.

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Chapter 28

All the Wealth in the World

New York, August 2012

On a Saturday in late August, Joey McFarland was sitting in his producer's chair in Manhattan's financial district. The neighborhood, quiet on a Saturday, had been taken over by the production of *The Wolf of Wall Street*. Martin Scorsese was directing a scene with Leonardo DiCaprio, as Jordan Belfort, and Cristin Milioti, playing the role of Belfort's first wife. Sitting a block from the actual Wall Street, it was hard for McFarland to fathom how he got there. Less than three years after meeting Low in Whistler, and with basically zero film experience, here he was producing a movie with the biggest director and actor on the planet.

Of all the people swept into his orbit, Jho Low helped change McFarland's situation more than anyone's. At forty years old, McFarland had gone from a minor talent booker to a top-flight film producer. McFarland and his Red Granite partner Riza Aziz, the stepson of Malaysian Prime Minister Najib Razak, had not undertaken any apprenticeship in filmmaking—and had released only one film, *Friends with Kids*—but they were now rubbing shoulders with professionals who had served for decades in the industry. For Scorsese and DiCaprio, these interlopers were a godsend; not only did they control seemingly limitless cash, but they also permitted the pair boundless artistic freedom. When Scorsese wanted to crash a real white Lamborghini in the opening scenes of the movie—an event from Jordan Belfort's life—he was able to get Red Granite to foot the bill, even though most producers would have insisted on a replica for such purposes. As the money men, McFarland and Aziz's presence on set was tolerated.

Back in Los Angeles, McFarland lived in a one-bedroom place in West Hollywood. Embarrassed by such a modest abode, he avoided inviting his movie star friends over. Now McFarland was residing in the Time Warner penthouse in New York with Jho Low. Moreover, McFarland had established himself as one of the Malaysian's closest friends. The pair became inseparable, traveling to the spa together, to Las Vegas to gamble, and on ski trips in the United States and Europe.

McFarland began to rewrite his life story, airbrushing out his talent-booking past. Hung up about his lack of experience, McFarland told interviewers that he'd been in and out of the film world for years and, prior to that, had worked in private equity. He made no mention of the gyros restaurant in Cincinnati. Film-industry professionals, including those working for Red Granite, considered him a parvenu.

Despite his humble origins, McFarland had become the face of Red Granite. Riza was shy, and was not in the office much, preferring to play or watch tennis, while the American enjoyed the limelight. Low stayed off the set, worried about attracting press coverage. After earlier telling Red Granite employees that Low was the financier, McFarland now took to saying the money came from the Middle East.

Low had taken pains to ensure this fiction might stand up to some scrutiny. Red Granite Capital, a company owned by Riza Aziz, had received more than $200 million from the bonds arranged by Goldman. This money had initially moved into a shell company controlled by Al Qubaisi of IPIC and his employee, Mohamed Al Husseiny. As filming began, Al Husseiny began to hang around the Red Granite offices and attend screenings, as if he represented the money behind the production. The cash received by Red Granite Capital went to finance *The Wolf of Wall Street*, as well as to pay for Riza's acquisition of properties in Los Angeles, New York, and London from Low—the bulk of the homes Low had acquired two years earlier. In public, the Red Granite executives were coy about financing. McFarland refused to tell a reporter from the *Hollywood Reporter* about funding, while Riza vaguely explained that money came from investors in the Middle East and Asia.

Although he kept his name out of the press and avoided the set, Low continued to deepen his relationship with DiCaprio as filming progressed.

At one point during production, the Malaysian spent more than a week at the Venetian in Las Vegas, accompanied at times by DiCaprio, Riza, and McFarland. He told friends he liked the quietness of the gambling floor, where cell phones are prohibited, as it allowed him to escape. The paid-for gambling excursions also helped reel in the actor.

The Red Granite executives were hoping for a long-running collaboration. In the fall of 2012, McFarland had dinner at Le Bernardin, a top French restaurant in Manhattan, with DiCaprio and South Korean director Park Chan-wook to discuss another possible film project. Low, Riza, and McFarland also began to mimic aspects of DiCaprio's lifestyle. An avid collector of movie posters, the actor introduced Riza to Ralph DeLuca, a New Jersey–based dealer in film memorabilia, and the Red Granite principals began to use money taken from the 1MDB funds to acquire millions of dollars in collectibles from him. In October 2012, Riza paid DeLuca the staggering sum of $1.2 million for an original film poster for Fritz Lang's 1927 silent film *Metropolis*, which he hung in his private office at Red Granite.

McFarland wanted to go one better. "What is the greatest poster in [the] world that is obtainable?" McFarland asked DeLuca in an email. Over the next eighteen months, McFarland and Aziz would arrange to buy more than seventy items from DeLuca at a cost of over $4 million, plastering the walls of the Red Granite offices and Riza's Park Laurel condominium in New York with posters. McFarland sent DeLuca and Riza lists of posters he wanted to collect.

"I have decided—I have to own these. Its [*sic*] a must. Not to mention a 1000 others… Can't sleep—obsessing," he wrote.

"Hahaha now you feel my pain!! Mwahahahaha—$$$$," Riza replied.

"I'm obsessing over posters… we are such neurotic obsessive creatures… WE HAVE TO OWN THEM ALL," McFarland retorted.

As DiCaprio got closer to Low and McFarland, the friends even went to view mansions together. On September 20, 2012, the actor forwarded a confidentiality agreement from his broker at Sotheby's to McFarland. The agreement gave the signer the right to view a property situated on 658 Nimes Road in Bel-Air that was on the market for a staggering $150 million. The owner was a Saudi sheikh. Not wanting the publicity, Low used McFarland as a front, and the American signed as the prospective buyer.

Low and McFarland toured the property, one of the most expensive in the United States, comprising multiple houses clustered around a central driveway on 40,000 square feet of land, with more than twenty-eight bedrooms and more than thirty bathrooms, in addition to an infinity pool with views over Los Angeles, a gym, a spa, and a cinema.

Despite almost three years of incessant acquisitions, Low was not sated. He'd offloaded his Hollywood mansion to Riza Aziz and now was looking for a palace fit for a billionaire. Like William Randolph Hearst, whose castle at San Simeon in California remains a symbol of the excess of the early twentieth century, Low yearned for the most opulent property conceivable.

In the end, Low did not make the acquisition. He bid $80 million for the property, but the Saudi sheikh rejected the offer. There were some things—although not many—that even Low could not afford.

On November 17, 2012, Low and Riza entered the Monkey Bar in the Hotel Elysée in Midtown Manhattan, an establishment with red-leather sofas and booths that created an old-vibe Hollywood feel. The place, owned by *Vanity Fair* editor Graydon Carter, was popular with Midtown lawyers and bankers, as well as movie and media types. As glasses of champagne were handed around, the Red Granite principals mingled with Hollywood A-listers, from DiCaprio and Daniel Day Lewis to Harvey Keitel and Steven Spielberg.

The guests had assembled for Martin Scorsese, who was turning seventy. He was deep in the filming of *The Wolf of Wall Street*, which had been pushed off schedule by Hurricane Sandy in late October. He'd been told only a few close friends were attending his birthday celebration, but there were some 120 people in the bar, which had been rented out for the evening. The celebration included a montage of blooper clips from Scorsese movies, a four-course meal, and a champagne toast to the director.

As a birthday gift, Low had sent Scorsese a Polish-language version of the movie poster for *Cabaret*. In an old-fashioned typewritten note, Scorsese later thanked Low "for the amazing gifts!" The "very rare" Polish-language poster "made my 70th all the more special."

This period was the high-water mark of Low's influence in Hollywood. Only two weeks earlier, Low had hosted his own birthday party, the circus-themed extravaganza that would go down in Las Vegas lore as the most expensive private party ever held (the details of which opened this book). The evening featured an indoor Ferris wheel, circus performers, and a who's who of Hollywood—not to mention Britney Spears emerging from a fake birthday cake. All of Low's contacts attended, not just the stars like DiCaprio, but also Tim Leissner, Al Husseiny, and other Low business associates. Almost everyone who had played a role in facilitating Low's triumph was on hand to celebrate with him. Low arranged for every aspect of the event to be paid from the 1MDB bonds, and the amounts were staggering. For an evening's work, Swizz Beatz, Low's producer friend and husband of Alicia Keys, received $800,000 from a shell company funded from the stolen money.

This was peak Jho Low. The filming of *The Wolf of Wall Street* was nearly over, he was at the height of his powers, and the celebrations were so frequent they practically blurred together. A few days after the Vegas party, Low, Aziz, and McFarland presented DiCaprio with an unforgettable present for his thirty-eighth birthday on November 11. There was buzz around *The Wolf of Wall Street*—DiCaprio had been delivering some electrifying scenes, and photos were leaking online. The producers talked about the possibility of him finally winning an Oscar.

As a gift, they managed to secure Marlon Brando's best actor statuette from the 1954 film *On the Waterfront*—a nod to DiCaprio that he was overdue for one himself. Years earlier, the statuette had gone missing from Brando's Hollywood home, and despite an Academy bylaw that prohibits the sale of Oscars, it had ended up with DeLuca, who charged $600,000 for it. DiCaprio was intrigued by Brando, whose progressive politics led him to reject another Oscar in 1973 in protest at the depiction of Native Americans in film. DiCaprio, too, had become politically outspoken, campaigning for the land rights of indigenous people in North America over corporate interests, and drawing attention to how climate change was endangering their way of life.

Over Christmas that year, McFarland had a hamper of caviar from Petrossian, a favorite of Scorsese's, sent to the director and his wife's town house on the Upper East Side of Manhattan, and he spent $2,245 of company money on a bottle of Cristal Rose champagne for Scorsese at the *Wolf of Wall Street* wrap party held at Marquee, the New York nightclub owned by Tepperberg and Strauss of the Strategic Group. Despite the producer's lavish gift, when Scorcese passed McFarland in the lobby of the Time Warner building, the director didn't seem to recognize him. As he did for all his films, Scorsese sent key chains to everyone as his wrap gift.

Whatever the men's personal dynamic, even before filming was finished, Riza and McFarland were attending readings with Scorsese for *The Irishman*, a film project involving Robert De Niro that was next on the director's slate, and Red Granite was attempting to line up DiCaprio to headline a remake of *Papillon*, the 1970s Steve McQueen hit movie.

Still, after this season of celebration, as filming wrapped up toward the end of December, Low and DiCaprio hadn't had their fill of partying. The Malaysian had one more treat for the cast and other friends.

A Boeing 747-400 can hold around six hundred passengers, but the VIP-configured model Low had chartered, with plush reclining seats, was a more spacious alternative for the forty or so people who boarded in Los Angeles at the end of December. Atlas Air rented these kinds of planes to professional sports teams or Saudi princes. The cost of chartering such an aircraft was in the tens of thousands of dollars—*per hour*. The guests included Jamie Foxx, Kevin Connolly, Jonah Hill, Leonardo DiCaprio, and a handful of models. On the plane, Low and McFarland were as inseparable as ever.

The group was heading to Sydney, Australia, where they spent a couple of days partying on yachts, gambling, and eating. On one yacht, DiCaprio, a black baseball cap turned backward, took a shot at DJing, while Foxx, dressed in a buttoned-up white shirt and black jacket, danced. Beautiful women in short black dresses milled around the dance floor. One rich Thai friend of Low's, Chavayos Rattakul, posted a picture on his Instagram of gambling chips on the floor of the Star, a casino overlooking Sydney's Darling harbor. "A good way to waste a million dollar," he wrote in the caption. In the casino complex a Marquee nightclub recently had opened, owned by Tepperberg and Strauss. For the group's New Year's Eve celebration in the club, Low had ordered ice baths to be filled with scores of bottles of Cristal champagne. “Showtime!!!!!!!!!!!!” Swizz Beatz wrote on Instagram.

After the stroke of midnight, the group got back on the Boeing 747-400 for a fifteen-hour flight to Las Vegas. After crossing the international dateline and being picked up by stretch limousines, the partygoers made for LAVO, a nightclub also co-owned by Tepperberg and Strauss—ready for yet another New Year’s countdown. Perhaps in an effort to sustain the group for a few more hours of partying, Low ordered buckets of KFC chicken. Dressed in a red shirt with black pants and sports sneakers, Low at one point took a swig of champagne directly from the bottle. Someone put on a fake panda head. As midnight approached for the second time that day, models danced on the bar, holding champagne bottles lit with sparklers.

The KFC was popular, but nobody really drank the champagne, preferring to spray it around the room, as if they had finally had their fill after years. “Only JL can manage this for double countdowns 2013,” Chavayos boasted.

Jamie Foxx, who by now had known Low for three years, was no stranger to outrageous parties. He’d been there for Low’s birthday in Las Vegas only two months earlier. But even he was excited by the self-gratification of the past few days. He told British talk show host Jonathan Ross about the party, but like almost everyone who knew Low well, he kept the Malaysian’s name out of the story, sensing he didn’t need the publicity.

“I got a friend, you know he got some money, and he flew me, Leonardo DiCaprio, Jonah Hill and some other cats, and we flew to Australia right. And we did the countdown in Australia, then jumped back on a plane and then did the countdown in Vegas. That’s crazy! That was nuts!”

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Chapter 29

Mystique of the Orient

Singapore, November 2012

Low's focus on partying might have made him appear carefree, but his attitude belied turmoil behind the scenes. Just days after his birthday extravaganza in Las Vegas, Jho Low faced a roadblock. He was trying to send $110 million from his BSI account in Singapore to a trust he controlled at another bank, Rothschild in Zurich, to finance the purchase of a mansion on Oriole Drive in the Bird Streets area of the Hollywood Hills. After the Saudi sheikh rejected Low's offer for the Nimes property, Low had agreed to pay $39 million for a Mexican-style home, double the previous record for a house in the Hollywood Hills, a trendy enclave near Red Granite's Sunset Strip offices and close to DiCaprio's place. Low planned to spend millions more to tear down the older home and construct a white-themed modernistic mansion, with eighteen thousand square feet of living space, two swimming pools, and a go-cart track in the basement.

But compliance executives at the Swiss bank BSI—finally—were causing problems. Ahead of the intended transfer, Low's BSI account had received the money from Good Star, his Seychelles company, before he sent it to his father, Larry, who then routed it back to Low, all within the same day. As with his purchase of the Time Warner penthouse, the purpose of these circuitous transactions was to make Rothschild bankers believe Low had received the money from his father. By then putting it into a trust at Rothschild, Low was attempting to make it appear as if the Bird Streets mansion was part of the Low family's estate, held in trust for future generations. He did the same with many assets.

BSI's compliance department could see behind the scenes. In an email, a banker charged with rooting out fraud at BSI wrote to Yak Yew Chee and other senior managers that the frenetic movement of cash—from Good Star, to Low, to his father, and back to Low—was "nebulous to say the least and not acceptable in Compliance's view." The family wealth story was facing some scrutiny.

Low was determined to find a way around the compliance officers, whose concerns had been relayed to him by Yak. In the predawn hours of the night, he began to type furiously. In an email to BSI management, Low explained that the money he wanted to transfer to Switzerland originally had been a gift he sent to his father. The money, Low explained, was a mark of respect to his elders—a cornerstone of Confucianism. "When good wealth creation is generated, as a matter of cultural respect and good fortune that arises from respect, we always give our parents the proceeds. This is part of our custom and culture." In the email, Low explained that, per custom, it was up to the elders in question to decide what to do with the gift.

"In this case, my father receives it as a token of gesture, respect and appreciation and decides to give it back to me for me to then subsequently provide a portion for the benefit of my family trust."

He then chided the Swiss bankers for their cultural naïveté: "I hope this clarifies as this is culturally sensitive and it would be taboo and bad luck otherwise and our family is very particular about respect of the elderly and being appreciative to family."

This bastardized picture of Chinese culture in no way adequately explained the need for such shady transfers. But Low had another card to play—he knew BSI had become dependent on his business and, faced with the prospect of losing it, would go to lengths to keep the money flowing. "I hope I do not need to keep explaining the same matter over and over again as our time is better spent generating wealth so that the AUM [Assets Under Management] in BSI Bank can be increased as opposed to providing answers for questions which have already been provided for previously. I fully understand and respect the requirement of compliance, but one should not be over burdening your customers [especially] when they have been addressed in the past." At 2.10 a.m. on November 7, Low clicked send, firing off the email to a number of top BSI managers in Singapore.

Ordinary folk often get questioned by their banks for small transfers of money. But billionaires are not ordinary. By this point, Low already was by far the biggest client that BSI had anywhere in the world, and he was making a lot of people in the bank richer than they ever could have hoped. He was referred to as "Big Boss" in the bank's Singapore offices, and senior BSI executives would join him for parties in Las Vegas and on yachts. The bank's senior executives would do all they could to keep Low's business.

Within days of Low's email, BSI's top executives approved the $110 million transfer. "Intra family transfers are not always going to be logical," a senior BSI banker wrote in response to the compliance officer's concerns.

Days later, though, bankers at Rothschild, where the money ended up, wanted more details about the origins of so much cash. Low realized they would not be as easy to fool as BSI, and so, on November 20, he wrote Yak requesting he send a letter to a senior Rothschild banker vouching for the source of funds. Low himself drew up the letter, which stressed BSI had known the Low family for years and had "extensive compliance procedures." The contents made it appear the money came from Larry Low, even though the original source of funds was Good Star and 1MDB.

By this time, Yak was entirely in Low's pocket. He had begun to let other clients drop, and spent 90 percent of his time on Low's account, following him around the world on private jets and attending his yacht parties. As Yak seemingly became addicted to the money and jet-set lifestyle, Low was able to get him to do almost anything he asked. Alarmed, a female subordinate of Yak's advised him to ensure proper compliance procedures were met.

"If you guys are so scared, then don't be private bankers. Private bankers must take some risks. If not, go back and breast-feed your children," he retorted angrily.

Yak secretly signed and sent the letter to Rothschild on BSI's official letterhead, without getting approval from his managers and legal department, as dictated by the bank's compliance procedures. The letter assuaged any concerns Rothschild's bankers had harbored. Low, it appeared, was succeeding in blotting out the past and, with Yak's help, embellishing the story that he had grown up with billions. But Yak had stepped over the gray line that in private banking divides the merely unseemly from the illegal. It was a misstep for which Yak would pay, and a sign of the risks Low was running.

As the fear of detection consumed him, Low's attempts at subterfuge could appear almost comical. He set up a Gmail account under the name of Eric Tan, his associate known as "Fat Eric," and began to use it, trying to hide his involvement in deals. When he wanted to open an account with the Aabar-controlled Falcon Bank, Low used the "Eric Tan" Gmail to set up an appointment with a Swiss banker in Kuala Lumpur. The banker, the head of Falcon's Singapore office, flew to Kuala Lumpur to meet Tan, but was picked up at night from the lobby of his hotel by Low. The Malaysian took the banker to a residence, where he revealed his true identity, but asked him to continue to refer to him as Eric Tan in public and email exchanges. Low began to use the "Eric Tan" Gmail address for most correspondence, and many of the shell companies and bank accounts from this point on—like Blackstone—would be opened by the real Eric Tan, who hung around mainly for the partying and the payoffs, likely unaware of the risks he was taking on Low's behalf.

What was Low thinking? Like Yak, he seemed to have crossed another line. Beyond shady transfers and misrepresentation of business deals, he had now taken to conducting business behind a false name and even misrepresenting his identity in person. Low's behavior might seem like evidence of desperation, but he had proven himself a survivor. He'd overcome the early challenges to his scheme from 1MDB board members, and the fighting with PetroSaudi, as well as questions from auditors and the media attention on his partying. He was acquiring companies, financing films, and building on the image of a successful businessman. But there was never any rest; just getting the money moving was a constant battle. And now he had another debt to pay: He had to get Najib reelected.

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Chapter 30

“681 American Pies” (The Third Heist)

Penang, Malaysia, April 2013

On a sweltering day in George Town, the capital of Penang, an island off the northwest coast of Malaysia, onlookers in the historic district would have been treated to a curious sight. Back home to help campaign for Malaysia’s upcoming national elections, Jho Low was building up a sweat peddling Busta Rhymes around in a rickshaw. In another rickshaw, a friend was taking care of Swizz Beatz. Dressed in baggy cargo pants and desert boots, with a gold chain, Busta Rhymes took in the attractions of Low’s hometown, including the Edwardian Baroque arcades of the early twentieth-century City Hall, before heading to a local canteen with his entourage for a lunch of Penang *kway teow* noodles and sodas—the kind of down-to-earth food Low liked. By the time he got to lunch, the Malaysian was tired and his blue “1Malaysia” polo shirt was covered in sweat patches.

The next day, Busta Rhymes performed in concert, alongside Swizz Beatz and Redfoo of the music duo LMFAO, at a local Chinese-language school. The crowd of eighty thousand people, all wearing free 1MALAYSIA T-shirts, had gotten the tickets to the show for a nominal donation. Low had organized and financed the concert, occuring just two weeks before Malaysia’s general election. It wasn’t a coincidence. The “1Malaysia” concept was Prime Minister Najib’s banner initiative meant to attract Malaysians of all ethnicities.

“There were no political speeches,” Low lamely told a television interview. “There was obviously the push by both the organizers and some of the entertainers, of course, for unity, peace, and prosperity.”

These were the last-gasp efforts by Low to swing the elections in Penang, a state which had turned to the opposition in the previous polls and was a prime focus of Najib's campaigning. To win back the state would be the ultimate coup for the prime minister. Low made arrangements for local restaurants, festooned in 1MALAYSIA banners, to hand out free food for weeks. The 1Malaysia Penang Welfare Club, set up by Low, paid for South Korean pop star Psy, whose song "Gangnam Style" was a surprise global hit, to give another concert. The club also took over a ballroom and gave out checks for hundreds of thousands of dollars each to local charities. The 1MDB fund, meanwhile, spent $400 million buying up land in Penang, and vowed to build ten thousand affordable homes.

But despite the huge expenditures, Najib remained stubbornly unpopular in Penang. At the Psy concert, the prime minister went on stage as a warm-up, asking the concertgoers whether they were ready for the South Korean singer.

"Yes," they screamed back. Then he asked whether the crowd was ready for his coalition to take back power in the state.

"No," they roared.

Low's gambit had backfired.

Najib was panicking, and he was making a fool of himself. Anwar Ibrahim, the former deputy prime minister who had just been released from jail after serving several years in prison for sodomy, was on the rise. A gifted speaker, Anwar was leading a coalition of opposition parties, and polls showed he might win the election on May 5. Najib was desperate not to go down in the history books as the first UMNO leader to be cast from office, so he turned to Low for money.

For over three years, Najib and his wife, Rosmah, gave Low cover to run 1MDB, without asking questions. His wife enjoyed her jewelry and mansions, and her stepson had become a movie mogul. Now Najib needed his own gusher of cash to avoid catastrophe. Low knew he had to deliver money to Najib, but the problem was that much of it was tied up in other endeavors. On top of that, Anwar in February had published his election manifesto. One campaign pledge was particularly distressing to Low. The opposition leader wanted to know the purpose of 1MDB, which had little to show for $7 billion in debt. If elected, Anwar promised, he would close down the fund.

To ensure that didn't happen, Low set about raising even more money. Once more, he relied on Goldman Sachs.

The World Economic Forum, held each year in the Swiss ski village of Davos, is a microcosm of elite networks that span the globe, attracting world leaders, Wall Street titans, and chief executives of Fortune 500 companies. The events, in which panels of experts debate high-minded topics like radical Islam or the "democratic deficit" in front of audiences, is only the public face of Davos. In rooms open only to the chosen few with special white VIP passes—the highest in a color-graded hierarchy—the real deal making occurs.

In late January, Michael Evans, a Goldman vice chairman in New York overseeing "growth markets," had an important person to see on the sidelines of Davos: the prime minister of Malaysia. Evans's audience was with Prime Minister Najib, brokered by Tim Leissner—just the kind of meeting between a Wall Street banker and a world leader that was typical at the event in the Swiss Alps. In public appearances at Davos, Najib was in his element, deepening the impression of Malaysia as a beacon of democracy in the Islamic world, and himself as an urbane technocrat.

"We have to take care of the young people, we have to give them jobs," he told Fareed Zakaria of CNN during an interview on the sidelines of Davos.

But here, with Evans and Leissner, Najib had a strikingly different agenda. After pleasantries with the two bankers, Najib brought up the role Goldman had played selling bonds for 1MDB in 2012, and asked if the bank was willing to do so again, getting the money to the fund quickly and quietly, just like before. Goldman's top management, advised by Leissner, had been expecting more 1MDB business. But Najib's demand, less than three months since the fund last tapped the market for almost $1.75 billion, was almost too good to be true.

The prime minister said the fund wanted to raise a further $3 billion. Such a staggering sum would mean another major payday for Goldman.

To explain the need for speed, Najib said he had an opportunity to partner with Aabar, the Abu Dhabi fund, to build a new financial center in

Kuala Lumpur, to be named the Tun Razak Exchange, after his father. The hope, he said, was to make Kuala Lumpur one of the foremost banking centers in Asia. The Abu Dhabi fund was to put in another $3 billion, the prime minister went on.

Of course, Goldman would be more than willing to help out, Evans replied. Normally, Wall Street banks send in bankers armed with proposals—documents laying out structuring, yields, potential investors—but here Goldman appeared to have won the mandate through a casual conversation. When David Ryan, the bank's Asia president, heard about this, he was suspicious. But again, Gary Cohn and Mark Schwartz, the new Asia chairman above Ryan, were supportive. The wheels of Project Catalyze were set in motion.

In March, Goldman was ready to buy the entire $3 billion bond from 1MDB, but there was a hiccup. The fund wanted to deposit the money in a Swiss bank account at BSI. Goldman's lawyer on the deal, a Singapore-based employee of Linklaters named Kevin Wong, pointed out in an email that it was unusual to use such a small private bank for a $3 billion deposit.

In the end, Goldman shrugged off Wong's concerns. It wasn't as though BSI was on any blacklist for money laundering. In a presentation for 1MDB and Aabar, Goldman set forth what it understood its client's key objectives to be in the deal making. They included "maintenance of confidentiality during execution" and "speed." In other words, this was to be a fast and secret deal—although no one at 1MDB ever bothered to explain why these conditions were necessary. Indeed, Goldman's prospectus for the bond even stressed to would-be investors that the 1MDB-Aabar joint venture company didn't even yet have a well-defined business plan.

By now, Goldman had established a track record for this kind of transaction, and on March 19, the Hong Kong PFI desk, as with the earlier two issuances, bought the $3 billion bond in its entirety. This time, Prime Minister Najib, who also headed the Finance Ministry, signed a letter of support for the bond, meaning Malaysia's government promised to repay the debt in the event of a default. For the firm's work, Goldman made just short of $300 million in profits. In total, over just twelve months, the bank had earned nearly $600 million from selling three bonds for the 1MDB fund

—two hundred times the typical fee. This amount of profit was too implausible to go unnoticed.

As Goldman was finalizing the bond in March 2013, Jho Low sent a BlackBerry message to Joanna Yu, an employee at AmBank in Kuala Lumpur, warning her that “681 American pies” would soon be arriving from overseas into an account known as “AMPRIVATE BANKING—MR.” The account, beneficially owned by Najib Razak, was a secret whose existence was known only to Low and a few key executives in AmBank, a Malaysian bank. Low ordered Yu to inform her colleagues that “PM” did not want his name, address, or identity card number to appear on the transaction. Low knew his actions at this juncture, so close to elections, involved a heightened level of risk.

Access to the account “shld be restricted n tracked so if someone took pic n access the a/c we will know,” Low wrote.

The worst outcome, he added, was Malaysia’s opposition getting hold of this information and leaking it. To hide the impact of a transaction this large, Low and Yu discussed ways to break it up into tranches so as to lessen the impact on the ringgit, Malaysia’s currency.

Only days later, Goldman deposited the proceeds from the $3 billion bond with BSI, and $1.2 billion immediately was purloined, moving through the Curaçao funds into a British Virgin Islands company. The shell firm, Tanore Finance Corporation, was controlled by Fat Eric. Then, in two separate transfers, $681 million moved from Tanore to the prime minister’s secret account. The correspondent bank for both wires was Wells Fargo, which Low used, along with J.P. Morgan, for most of his large transactions involving U.S. dollars. Seemingly unperturbed by the lack of a beneficial owner’s name on such a large transfer—a glaring red flag—Wells Fargo let it through, just a tiny drop in the pool of trillions of dollars that U.S. correspondent banks process every day.

Low had set up the AmBank account for Najib in 2011 with the help of Cheah Tek Kuang, the bank’s chief executive. Low had gotten to know Cheah, who was in his sixties, after he returned from Wharton, almost a decade earlier. He had borrowed from AmBank to finance Wynton’s early deals. When Low explained the need to set up a secret account for Najib, Cheah had been willing to oblige, drawn in by Low's promises of business opportunities, including a chance to advise on 1MDB's plans to IPO its power assets.

The following year, Low had arranged for $170 million from the Goldman-prepared power-plant bonds to fill Najib's account. To avoid questions, Cheah and Low had seen to it the account was marked as one used for internal bank transfers, meaning it would not be visible to compliance staff. The Australian and New Zealand Banking Group, known as ANZ, owned a minority stake in AmBank, giving it the right to appoint executives and board members. But ANZ's management had no idea about this secret account's existence. Joanna Yu, a middle-level AmBank executive, was tasked with taking instructions from Low about incoming wires and outgoing checks. Najib had used most of the initial infusion to pay off crony politicians, as well as on jewelry and a $56,000 expense at Signature Exotic Cars, a high-end car dealership in Kuala Lumpur. Now, ahead of the elections, the account was about to become a lot more active.

With such a large movement of cash, Low wanted a "friendly" bank on both sides of the transfer. To be safe, Tanore Finance opened an account with Swiss-based Falcon Bank, which was owned by Aabar and controlled by Al Husseiny, Low's associate. He also drew up fake loan agreements that purported to show the $681 million was a loan from Tanore to the "AMPRIVATE BANKING—MR" account, which the loan documents falsely made out to be owned by a company under the Finance Ministry, not the prime minister. But Low's risky maneuvers and slapdash creation of supporting documentation were getting difficult for even the most pliable banker to permit.

At Falcon's headquarters in Zurich, Eduardo Leemann, the bank's chief executive, couldn't believe the amateurishness of the loan documents. Although Low was trying to be careful, he was also rushing, and he found it hard to stay on top of all his varied schemes. On March 25, the day of the second wire transfer, Leemann patched Al Husseiny into a conference call to discuss the worrying transaction.

In his fifties, Leemann was a Swiss national and former head of Goldman Sachs's private-banking business. He had joined Falcon in the 1990s when it was still called AIG Private Bank. Leemann was no stranger to huge flows of dubious money, but what Low was trying to do risked landing him in trouble, and he was scared.

“Mohamed, the rest of the documentation, which our friend in Malaysia has delivered is absolutely ridiculous, between you and me… This is… gonna get everybody in trouble,” Leemann said, his voice shaking with emotion. “This is done not professionally, unprepared, amateurish at best. The documentation they’re sending me is a joke, between you and me, Mohamed, it’s a joke! This is something, how can you send hundreds of millions of dollars with documentation, you know, nine million here, twenty million there, no signatures on the bill, it’s kind of cut and paste… I mean it’s ridiculous!… You’re now talking to Jho, and tell him, look, you either, within the next, you know, six hours produce documentation, which my compliance people can live with, or we have a huge problem.”

Falcon’s chief executive next called Low himself to convey the message: “The documentation which we have received, Jho, it’s a joke. It is not good,” he said. Leemann was particularly worried that other banks, especially U.S. correspondent banks, would raise a red flag over the transfer, alerting authorities that something was not right. He said Falcon had hired an outside counsel to look at the transfer from a legal perspective. “If any other bank just makes a ‘peep!’ and this gets reported… we are gonna have a huge problem.”

Low moved quickly, tapping Al Husseiny to find a solution. He was having to rely more and more on his high-placed friends in banks like BSI and Falcon to keep the money moving, threatening to make this scheme unmanageable. By now he was dealing with too many flows to keep it all straight in his head—money to the prime minister, to his business deals, for mansions, parties, and more.

Jasmine Loo, his friend and 1MDB chief counsel, noticed he was putting on more weight, a sure sign of stress with Low, and he himself noted to others he was having problems sleeping at night. But he plowed on, too deep to stop. And despite Leemann’s concern, Falcon Bank processed the money after Al Husseiny, the bank’s chairman, vouched for the legitimacy of the transfer.

Armed with dirty 1MDB cash, the prime minister had a powerful weapon to win the 2013 election. As the vote approached, Low managed the account, diverting hundreds of millions of dollars to the prime minister's allies across the country. He barraged Joanna Yu with BlackBerry messages, ordering her to move chunks of money from Najib's account to ruling-party politicians. Frustrated with having to arrange hundreds of checks, she started to refer to Low as "Fats" behind his back. Some of the money moved to politicians via the private account of Nazir Razak, another of the prime minister's brothers and head of CIMB bank. The deluge of cash was an enormous advantage for Najib over an opposition without access to that kind of financial backing.

On Election Day, May 5, Najib averted disaster, clinging to power with the most slender of margins. Low had delivered yet again, and the prime minister was grateful. But it was a Pyrrhic victory. Not only did the government's coalition fail to win back Penang, it also lost the popular national vote. Najib remained in power only because of electoral rules that reserve more parliamentary seats for Malay-dominated rural areas. Sophisticated urban voters, many of them Chinese-Malaysians, had turned out in droves for the opposition, sick of the money politics. Anwar Ibrahim claimed election fraud, but the system was skewed against him.

Low's patron was still in power. But there was a new problem on the horizon. With Najib still in office, Low was able to avoid a full dissection of 1MDB's business by a hostile new government. But the unbridled spending on the elections, and Goldman's outlandish profits, were starting to attract attention from journalists. The *Edge*, Malaysia's weekly English-language newspaper, had raised questions about 1MDB's investments in PetroSaudi, including the unexplained, abrupt resignation in December 2009 of the fund's chairman. But the *Edge*'s journalists had failed back then to uncover solid evidence of wrongdoing, and instead turned to other stories.

Now, the paper's owner, Tong Kooi Ong, the multimillionaire who had made enemies due to his closeness with opposition candidate Anwar Ibrahim, ordered a fresh reporting effort. Over the summer, the *Edge* published its most detailed investigation yet on 1MDB. In a two-thousand-word story, the paper laid out how 1MDB had raised over $10 billion but invested only in power plants. It gave a skeptical account of how the fund claimed its $1.8 billion investment in PetroSaudi had miraculously been turned into a deposit in a Cayman Islands fund worth $2.3 billion. The piece noted Low's role in setting up 1MDB's predecessor fund, but made no other mention of him.

International journalists also had started to hear about Goldman's huge profits, mainly from other investment bankers in Southeast Asia, many of whom were getting heat from their bosses in London and New York for losing out on the business of the century. Even Gary Cohn, Goldman's president, boasted about the fees during meetings with journalists in New York.

Around the elections, the *Wall Street Journal* published a story under the headline GOLDMAN SEES PAYOFF IN MALAYSIA BET, in which reporters Alex Frangos and Matt Wirz detailed how Goldman had made $200 million raising bonds for Sarawak's government and 1MDB. The amount was, in fact, three times higher, but the story broke into the open the highly unusual Goldman windfall. A Goldman spokesman defended its role, saying clients sought out the bank for its ability to "deliver complex financing solutions" not available on "public markets."

Then, in August, a business weekly called *Focus Malaysia* published a cover story titled "Just Who Is Jho Low?" It mentioned Low's influence with Abu Dhabi funds and raised questions about his deals, including the purchase of EMI, suggesting his money might have originated with 1MDB, although the piece offered no proof. Those who worked at the fund did all they could to put the media off track. "The role of Jho Low as far as 1MDB is concerned is zero," Shahrol Halmi, the chief executive, was quoted by *Focus Malaysia* as saying.

Reporters were nipping around the edges. Was Low alarmed? Far from it. The latest $3 billion hadn't gone only to Najib and politicians. Hundreds of millions of dollars flowed to Low, and he went out to celebrate his patron's election victory by amassing an art collection fit for a Hollywood billionaire.

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Chapter 31

Art No One Can See

New York, May 2013

Low was tingling with nerves, his heart beating fast as he clutched his phone. "Thirty-seven point five," he breathed.

At the other end was Loïc Gouzer, a Swiss specialist in contemporary art at Christie's, the 250-year-old British auction house. Gouzer was standing at the edge of the auction hall at Christie's New York headquarters, a grand, high-ceilinged room at Rockefeller Plaza. Between him and the auctioneer, affluent collectors and onlookers, who had come for this sale of postwar and contemporary art, sat in tight rows of seats, watching the bidding unfold.

Gouzer signaled to the auctioneer a bid of $37.5 million. The auctioneer chuckled.

"Will it work this time?" he said.

Low had just upped his offer by a million dollars, more than previous increments of $500,000—what's known in the auction trade as a "jump bid," or an attempt to scare off your rival.

On the side wall of the auction room hung the work that was the target of the bidding war: *Dustheads* by Jean-Michel Basquiat. A 1982 masterpiece of two figures with wide eyes, evoking African tribal masks, constructed in colorful red and green with acrylics, oil sticks, spray enamel, and metallic paint on canvas, the nearly seven-foot-high piece was among Basquiat's most sought-after pieces. The former Brooklyn graffiti artist had died aged twenty-seven in 1988, limiting the supply of his work. Prices for Basquiats had been steadily climbing.

Another anonymous bidder on the phone went up by $500,000; Low's aggressive jump bid had failed to see the rival off. The amounts kept rising—$38 million, $39, $40, $41, $41.5, $42, $42.5—as the bidders matched each other. Taking a breath, Low launched another jump bid—$43.5 million—and Gouzer signed to the auctioneer. There was a pause. No response on the other phone line.

"It's worked. I think," the auctioneer said, bringing his gavel down with a thud. "Sold at forty-three million five hundred thousand."

With the buyer's premium—a commission charged by Christie's—the price tag came to $48.8 million, a record for a Basquiat painting.

The private room at Christie's, from where Low was bidding, erupted. Leonardo DiCaprio, Swizz Beatz, Joey McFarland, and others congratulated the Malaysian for clinching the bidding war.

Only ten days after the Malaysian elections, Low marked Najib's victory by purchasing one of the world's most expensive paintings. It was a moment of victory and supreme hubris. He had arranged after the vote to open an account at Christie's in the name of Tanore, the shell company which by this point had received $1.2 billion from the latest Goldman bond. And he was set on building a world-class art collection.

No one except Low knew how much he had taken over the past four years, and even he was stretched to stay on top of it: more than $1.5 billion from the PetroSaudi phase from 2009; $1.4 billion from the first two Goldman bonds in 2012; and now over $1.2 billion more. On top of this, over $1 billion in loans from the pension fund for Malaysia's civil servants to a 1MDB unit called SRC International had gone missing. More than $5 billion in funds, one of the largest-ever financial frauds, and it wasn't over yet. More than a billion had been frittered away, more than a billion went into property and businesses, and more than a billion was used to pay off the prime minister and other conspirators.

To resolve this crazed theft, Low wagered an IPO of 1MDB's power plants would bring in billions of dollars. Yet he never spent long cogitating the endgame. Bernie Madoff bet he could always find new investors in his pyramid scheme, which ran more than four decades. But Madoff's fraud, like many other examples before, collapsed when he could no longer lure new dupes, whose money he needed to pay “profits” to other investors.

Low believed government funds were limitless and he could just keep on spending. State leaders were able, unlike individuals, to forgive their own administration’s debt; Low had promised Patrick Mahony, the director of investments for PetroSaudi, that Najib would eventually agree to write off hundreds of millions of dollars. When corrupt organizations take over a country’s apparatus, whether in Russia, China, or Malaysia, its members feel emboldened. They are not common criminals but an elite, shielded by privilege from the normal reaches of justice.

Prime Minister Najib’s father, himself a leader, but of another era, had envisioned Malaysia as a proud democracy. The success of Low’s scheme highlighted just how far the nation had strayed from that dream. The country’s best minds increasingly were leaving, preferring a life in New York or London over the struggles in Malaysia. It was the kind of brain drain that had stunted the growth of nations from India to Indonesia, whose most ambitious citizens gave up on their troubled homeland and sought a better life elsewhere.

Western financial institutions, from Goldman to auditors and private banks, had unwittingly helped Low get away with it, impoverishing Malaysia. As Low amassed his art collection, he paid no heed to the 60 percent of Malaysian households who lived on less than $1,600 a month. The 1MDB fund had amassed $10 billion in debt, which would weigh on future generations. Prime Minister Najib boasted the country would attain developed-world living standards by 2020. But the leaders of the country, as they enriched themselves, were failing to achieve this. With national income of $10,000 per person, a fifth of the United States’s level, Malaysia was stuck in the middle-income trap, no longer poor but not yet rich. In an earlier era, Japan, South Korea, Singapore, and Taiwan had reached developed-world status. Now, rampant corruption was condemning Malaysia, as well as Brazil, Russia, and a number of other nations, to mediocrity. But the elite—and those serving them—continued to thrive.

Low didn’t scoop up only the Basquiat that evening. He also bought two works by Alexander Calder for over $8 million. It was a record-breaking night for Christie’s, with $495 million in sales, the largest haul in auction history. That year, global art market sales topped 47 billion euros, a jump of 150 percent from a decade earlier, according to the European Fine Art Foundation. The growing cost of fine art, like that of real estate on the Upper East Side of Manhattan or in London's Knightsbridge, was partly due to the innate worth of the painting or the residence, coupled with limited supply. But it was also a reflection of the amount of dirty money in the market, and that night at Christie's was a glaring example of the problem, even if the auction house was not aware of it.

Low craved art to boost his cultural prestige—so he could tell Swizz Beatz, also an avid collector, about his latest Basquiat. But he did not display the works or appreciate them. Art had an advantage over other assets: It was hard to trace and could be turned into cash in an instant. Low needed somewhere secret—and safe—to house his new collection.

In Geneva, seven low-slung, white-colored warehouses sit just south of the city center. This is not the old town, where private banks like Pictet and Julius Baer have offices overlooking the lake, but an industrial estate a short drive away. The warehouses look just like any nondescript building, with storage vans parked outside, and to a passerby they could be a depot for a major logistics company, except the complex is secured more tightly than any normal warehouse, with iris scanners on the doors. This is the Geneva Freeport, a warehouse for the überelite to stash their possessions—gold bars, bottles of rare wine, and, most recently, art.

Freeports have a long history in global commerce as a place for traders to temporarily deposit commodities or other goods without incurring local taxes. Authorities were willing to forgo the revenues if it led to more economic activity and investment. The Geneva Freeport, majority-owned by the state of Geneva, started out in the nineteenth century as a tax-free waypoint for grain, timber, and other commodities. Over time, wealthy individuals began to use the Freeport to move gold or other possessions into or out of Switzerland, and, eventually, deposited goods there for longer periods of time. Without legal limits on storage periods, the rich could use the Freeport to keep their possessions indefinitely out of the hands of tax authorities back home.

By 2013, Switzerland's Finance Ministry estimated the value of goods inside came to more than 100 billion Swiss francs, including 1.2 million pieces of art and 3 million bottles of fine wine. If opened to the public, the warehouses would have been the finest museum anywhere, with more works than the Louvre or the Prado. Not only were there tax benefits, but this was a discreet place, and authorities asked few questions about the provenance of the items inside. It was a money launderer's paradise. Perhaps Low learned about the Geneva Freeport from Al Qubaisi, who had cars there, including a Bugatti Veyron and a Pagani Huayra.

In the early phase of his scheme, Low concentrated on mansions and hotels, as well as gambling and parties. In the United States, property agents didn't have to declare the names of buyers who used cash, and Low had been able to hide behind a wall of shell companies. But there was still the physical property, which was immovable in times of crisis, and Low was beset by a nagging worry someone would find out he owned the Time Warner penthouse or the Bird Streets mansion in West Hollywood. Recently, U.S. real estate news sites had reported on Riza Aziz's purchase of the Park Laurel but mistakenly named the sellers as Rothschild bankers involved in the transaction, and Low had kept his name out of the media. He also had bought stakes in companies like EMI and Viceroy Hotels; he'd even acquired a British lingerie brand called Myla—apparently Rosmah's favorite—with proceeds from the 2013 bond. Again, these were assets that could not be easily liquidated.

Even Swiss private banks weren't the redoubt of secrecy they once had been. In 2013, the U.S. Justice Department launched a program that permitted Swiss banks to avoid criminal prosecution if they agreed to come clean about abetting U.S. citizens to evade tax. Low could sense it was getting harder to use banks; even BSI, which soon would start cooperating with the Justice Department over its U.S. clients, had started to query his transfers, and it would be difficult to rely anymore on Falcon's Leemann. As the focus on 1MDB got more intense, Low was looking for the perfect movable and untraceable asset.

The art market fit the bill. The Financial Action Task Force viewed the art world, much like the jewelry trade, as one of the last great unregulated financial markets in the world. Its dealers, from small-time auctioneers in New York, Hong Kong, or Geneva to global behemoths like Sotheby's and Christie's, were under no legal obligation to disclose the identity of their customers, and even they sometimes didn't know the beneficial owner behind anonymous shell companies that bought Monets or Rothkos. While Swiss bank secrecy had been eroded, the Geneva Freeport did not have to list its clients. A Swiss art warehouse owner called Yves Bouvier, who was involved in the Geneva Freeport, in 2010 opened a similar fortress for the rich in Singapore, near Changi airport. The *New York Times* dubbed these entrepôts the "Cayman Islands of the art world."

Occasionally there was a chink in the armor of secrecy, like in 2013, when Swiss customs officers on a routine inspection of the Geneva Freeport impounded nine artifacts looted from Libya, Syria, and Yemen, ranging from Roman-era bas-reliefs to Greek statues. But for Low, the art world, and these depots shrouded in secrecy, offered a sanctuary.

Low and McFarland often attended auctions in New York, renting skyboxes, secluded rooms overlooking the main auction floor from where they could watch unobserved and make telephone bids in anonymity. Low's group had a reputation as parvenus at snobbish Christie's, which was founded in London in the 1700s, and whose employees looked down on the nouveau riche even as the auction house took their money. McFarland sometimes bid for Tanore, and he acquired a Mark Ryden for $714,000 and an Ed Ruscha for $367,000. Christie's executives saw Low and Tanore as interchangeable and believed the young Malaysian was building a corporate collection. But Low attempted to dissociate himself from these acquisitions—at least on paper—by using Fat Eric and McFarland. For one auction, Low used the Eric Tan Gmail account to reserve a skybox at Christie's for twelve guests.

"It better look like Caesar Palace [*sic*] in there," one employee wrote to a colleague about the skybox. "The box is almost more important for the client than the art."

That night, Low bought a van Gogh—*La Maison de Vincent à Arles*—for $5.5 million. The company's earlier payments to Christie's, from its account at Falcon Bank, had gone through. But this time, Falcon's compliance kicked up a fuss over the huge amounts of art purchases that Tanore had been making, and Low—again using the Eric Tan email address—had to apologize to Christie's for a delay in paying for the van Gogh. In the end, he had to pull money from elsewhere.

In all, between May and September 2013, Low, via Tanore, bought $137 million in art. But Low had picked up more via other channels, such as the van Gogh, as well as works by Lichtenstein, Picasso, and Warhol, and by the end of the year he possessed art worth an estimated $330 million. He stashed it all in the Geneva Freeport and then set about covering up the evidence of how it had been financed. To do that, Low wrote a series of letters—supposedly from Eric Tan—offering him the artworks bought by Tanore as a gift.

In the letters, "Tan" said he was giving Low the art because of the "generosity, support and trust you have shared with me over the course of our friendship, especially during the difficult periods of my life." All of the letters ended, absurdly, with a rider stating that the gift "should not in any event be construed as an act of corruption." Low was exhibiting signs of sloppiness: It was risible that someone would hand over $100 million in art for no consideration. McFarland also got a painting from "Tan"—the cheaper Mark Ryden work—but no one could enjoy these testaments to human creativity; they were locked away in the humidity-controlled vaults of the Geneva Freeport.

Now, Low had hundreds of millions of dollars in a very safe place. But there was one asset even more transportable than art: jewelry. To keep Rosmah happy, and perhaps even attract a famous woman, in keeping with his newfound status, Low embarked on a jewelry-buying spree.

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Chapter 32

Jewelers and Bankers

Aboard the M/S Topaz, *French Riviera, July 2013*

The mood among those aboard the *Topaz*, Sheikh Mansour's superyacht, berthed just off the French Riviera, was celebratory. The boat had taken four years to build, at a cost of over $500 million—the value of five F-35 fighter jets—and it was an apt backdrop for Najib to celebrate his recent election victory. Sitting in a horseshoe of chairs, laid out in one of the yacht's staterooms, the prime minister was talking business with Sheikh Mohammed, the crown prince of Abu Dhabi, who also was Sheikh Mansour's brother.

Low helped arrange the meeting in early July 2013. The group also included Michael Evans, the Goldman vice president who met Najib at Davos, and Tim Leissner. As he held forth, Najib was in an ebullient mood. The money Low had put at his disposal had kept him securely in power. And now Abu Dhabi was preparing to pour money into a financial center that would carry the Razak family name, with Goldman standing by to help. Turning to Evans and Leissner, the prime minister heaped praise on the bankers for their role so far and promised it was just the tip of the iceberg.

"Do you see any other bankers on this boat?" Najib joked.

After the meeting, Najib and Rosmah hosted a private dinner in Saint-Tropez for around eighty people, with most of the attendees from Malaysia and the Middle East. As always, Jamie Foxx, by now a good friend of Low's, was on hand to play the piano and sing.

One Goldman banker not there was David Ryan, the Asia president who had raised a series of questions about the 1MDB bond business, and had retired the same month aged only forty-three, abruptly ending a stellar career at the bank. He had been right to question the 1MDB business, but his warnings had gone unheeded.

The *Topaz*, the very boat on which the bankers stood, had been partly financed by the first set of bonds Goldman had sold, and now Low had spent 3.5 million euros to rent it for a week, drawing on 1MDB's latest bonds. He had paid off his debt to Najib through his role in the elections, and the prime minister was content as Low continued to deliver a stream of Arab royalty to his doorstep. But he also had to think of Rosmah. He'd turned her son into a Hollywood producer and procured for her a dream mansion in London's Belgravia, but there was one possession Rosmah craved above all others: diamonds.

That summer, while the *Topaz* was idling off the coast of France, Lorraine Schwartz, the famous U.S. jeweler, flew into Monaco, and Low whisked her to the yacht. He had bought jewelry from Schwartz over the years, getting to know her well—he told friends he was going to see "Lorraine"—but this order was of a different magnitude.

Low had talked up Schwartz to Rosmah, impressing the first lady by the depth of his connections. Schwartz's career had blossomed in the 2000s after Halle Berry wore one of her pieces on the red carpet, and her loyal customers ran the gamut of Hollywood stars. In June 2013, Low had texted the jeweler with a very specific request: He said he needed an eighteen-carat "pink heart diamond vivid or slightly short of vivid. On diamond necklace urgent." By early July, Schwartz had found the perfect specimen. Low thought of sending Al Husseiny to pick it up for a viewing, but in the end Schwartz traveled out to France, without knowing the identity of the customer.

As Schwartz boarded the yacht, Low ushered her into a room, introducing the jeweler to the assembled group. It included Al Husseiny, Rosmah Mansor, and one of her Malaysian friends, and soon they were passing the shimmering diamond around between them, gasping over its beauty. In the diamond trade "vivid" is the top of a hierarchy of color intensity, and the diamond appeared to conceal a light shining from within. The group discussed different designs for the necklace to hold the diamond, which at twenty-two carats was even more exquisite than Low had requested. The group concurred: Making the chain out of interlinked smaller diamonds would be a perfect fit for Rosmah.

Two months later, in late September, Low’s Bombardier jet circled above New Jersey’s Teterboro Airport, a favorite landing spot for billionaires looking to get quickly to Manhattan. The plane touched down, and Low disembarked with Riza Aziz, Fat Eric, and Joey McFarland. They had been gambling and partying in Las Vegas, but Low had to get to New York for a meeting with Rosmah, whose husband was in town for the United Nations General Assembly. Najib loved rubbing shoulders with world leaders, and he rarely missed the chance to attend a summit, or give a speech about his “Global Movement of Moderates.” On this trip, the prime minister had pushed for a meeting with Lloyd Blankfein, Goldman’s chief executive. The bank was happy to oblige one of its top clients.

Rosmah was more concerned with jewels. A few weeks earlier, Low had fired off an email to Lorraine Schwartz, using the Eric Tan Gmail account, requesting she show the necklace to the first lady while she was in New York. He asked Schwartz to invoice Blackrock Commodities (Global), another shell company nominally owned by Tan, and made to look like Blackrock, the U.S. investment company. (Low also told people the company represented “Black”—for Rosmah’s heart—and “rock”—because she loved diamonds.) It was important, Low informed Schwartz, that all this was kept under wraps.

“Please as mentioned on many occasions, do not state Mr. Low’s name on email as he is just the introducer and not the buyer! V sensitive!” Low wrote to Schwartz’s assistant, using the Eric Tan Gmail.

After the elections, Najib wired back $620 million to Tanore, and some of that money ended up in an account held by Blackrock at DBS Bank of Singapore. Using the Tan email address, Low told DBS compliance that Blackrock was a wholesale buyer of jewelry, to justify tens of millions of dollars in inflows. Queries from DBS’s compliance department delayed the payment to Schwartz, but eventually Low, as usual, was able to urge bankers along, and the wire went through. The price was $27.3 million, making it one of the most expensive pieces of jewelry in the world.

The necklace wasn’t ready yet, but Rosmah was keen to see the designs. The couple had taken to staying in the Mandarin Oriental, on Columbus

Circle, just off Central Park. Low's Time Warner penthouse was basically part of the hotel—it was located above the guest rooms—allowing him to move easily to their suite without rousing media attention. On September 28, Low joined Rosmah and Schwartz in the room, where the jeweler showed her client various sketches of how it would look. They met with Rosmah's approval. This was the largest of a series of diamonds that Low bought for Rosmah, but it was not the last.

While Rosmah concerned herself with jewelry, the prime minister was looking for more investments, and he turned again to Goldman. In a meeting room in the Mandarin Oriental he gave a pitch about Malaysia to a high-powered client meeting put together by Blankfein. Malaysia was so important for Goldman that Blankfein had roped in some of the biggest names in U.S. finance to attend. Still on a postelection high, Najib extolled Malaysia's economy. The attendees included John Paulson, the hedge-fund owner who pocketed $4 billion trading credit-default swaps during the crisis; and David Bonderman, founder of TPG Capital, the private equity firm. Najib's daughter, Nooryana, had joined TPG in London after Georgetown, and was now working for them in Hong Kong.

Leissner had been working hard to keep a lockdown on the Malaysia business, following Najib and Rosmah around the world. Goldman's profits had awakened other Wall Street and European banks who now were attempting to get in on the action. As his prestige within Goldman grew and he became wealthier, Leissner's lifestyle also changed. After dating a range of ordinary woman, the German banker now was with a star.

Back in March 2013, flush with triumph from Goldman's latest bond, Leissner had boarded a Cathay Pacific flight from Hong Kong to Kuala Lumpur to attend the city's Formula 1 race. The modern Sepang circuit, opened in the late 1990s near Putrajaya, was a symbol of Malaysia's emergence as a modern country and had won the right to host a Grand Prix. Like Singapore's race, the event was an excuse for the monied classes from around Southeast Asia to get together, make deals, and party.

On the plane, Leissner was seated in business class next to a glamorous woman a few years his junior, and he was struck by her appearance. The woman was six feet tall, with long black hair, pronounced cheekbones, and full lips. She seemed familiar. Soon after takeoff, the woman, Kimora Lee Simmons, a television personality and former U.S. fashion model, began to pile her bag and clothes into the spare middle seat that separated her from Leissner. Both passengers were frequent fliers, and Cathay Pacific had promised each of them use of the extra space. When Leissner complained to her, a heated disagreement ensued.

Simmons was well known in the United States for her reality-television show, *Kimora: Life in the Fab Lane*, which charted her efforts to build a fashion business while looking after her two daughters with former husband Russell Simmons, the founder of Def Jam Recordings. If the altercation started fiery, it turned smoldering, as Leissner and Simmons began to hit it off. They both were extreme extroverts who liked to talk. By the end of the four-hour flight, the Goldman banker proposed to her—the kind of grand gesture he liked to make to women.

They didn't marry immediately. But Leissner started to bring Simmons with him on business trips, and she too got close to Najib and Rosmah. In Asia, face time is crucial to business success, and Leissner was shadowing Najib after the elections, from the south of France to the United States. Before New York, he had accompanied Najib and Rosmah on a visit to San Francisco for an event to open the office of Khazanah, Malaysia's main sovereign wealth fund. It was nothing special—just a regular corporate public relations exercise—but was spiced up by the presence of Simmons.

Discretion was not her strong suit. With hundreds of thousands of followers on social media, Simmons lived in the public eye. In Malaysia, she posted on Instagram a picture from the Khazanah launch, showing her in a red off-the-shoulder dress, accompanied by Rosmah in a green-colored Malay-style top.

"In #SanFrancisco with my friend Datin Sri Rosmah," she posted to her followers, using a Malay honorific.

It clearly wasn't the first time they had hung out together. She posted another photo of herself with Leissner and Najib. The men were both in open-collared white shirts and jackets, and Leissner, his head now shaved and his face thinner, looked piercingly into the camera, while Najib smiled. It was a rare snapshot of the Goldman banker with the prime minister.

Leissner married Simmons at the end of 2013, around nine months after they met. Many at Goldman, whose executives like to stay out of the spotlight, even eschewing social media, were aghast as the German banker and Simmons's romance began to land them in *People* magazine. The bank was hooked on the profits from Malaysia, but it did not need the attention.

Some bankers at Goldman, led by Leissner, were dependent on Low. The Malaysian's desire to keep doing deals—building his empire—had them excited about the potential for even more business. Low's company, Jynwel, had taken a minority stake in EMI Music Publishing, but now he wanted to lead a major acquisition, to become a genuinely famous investor. Better still, a sizzling business deal could generate profits to put his scheme on a solid footing.

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Chapter 33

Bona Fide Business

New York, July 2013

The view from the restaurant where Jho Low and Steven Witkoff, a New York property developer, were holding a celebratory dinner gave out over Central Park South. The diners could see the famous Plaza Hotel, and nearby, the tired-looking Helmsley Park Lane Hotel, a forty-seven-story building from the early 1970s. The estate of Harry Helmsley, the legendary New York real estate baron, had been auctioning off properties since his death in 1997, followed by that of his wife a decade later, and the Park Lane was the crown jewel.

With sweeping vistas over Central Park, the hotel was a prime candidate for redevelopment. After a heated bidding war for the property, Witkoff and Low emerged victorious, with an offer in July 2013 to pay $654 million. The Malaysian had clinched the deal by agreeing to finance a $100 million down payment—more than double the usual amount for a transaction like this. As the pair tucked into dinner, they discussed plans to tear down the building, replacing it with a “billionaire tower,” the kind that were sprouting up across New York, a city awash in foreign money.

After the financial crisis, New York developers like Witkoff increasingly were taking minority stakes in projects, relying on deep-pocketed foreign partners to stump up the majority of financing costs. After Jynwel’s role in the acquisition of EMI Music Publishing, Low was scouting for a deal in which his company could take the lead and further embellish the story of family money. The Malaysian heard about Witkoff’s interest in the Park Lane from Marty Edelman, one of the United States’s top real estate lawyers, and he asked for an introduction.

With a shock of curly white hair, Edelman had studied at Princeton and Columbia, before spending more than thirty years practicing law in New York, lately with Paul Hastings, a white-shoe U.S. law firm. He was fast-talking and likable, known for working all hours and developing personal relationships with clients. Over the years, he had built up contacts in the Middle East via multiple business deals. Edelman became an adviser to Mubadala, and Abu Dhabi's Crown Prince Mohammed often sought his advice on cross-border real estate deals; he even weighed in sometimes on affairs of state. Executives at Mubadala had introduced Low to Edelman, and the lawyer set up a meeting with Witkoff.

Yet again, Low had leveraged his powerful connections, and Witkoff saw him as the real deal. That he seemed to have bottomless financing didn't hurt. Low agreed to fund 85 percent of the deal, with Witkoff's investor group taking a 15 percent stake. In response to an emailed request for details about his funding from a Witkoff executive, Low responded: "Low Family Capital built from our Grandparents, down to the third generation now." Another Witkoff executive told Wells Fargo, which was lending money for the project, that Low's capital "derives from a family trust."

In the months ahead, the Witkoff group discussed how to develop the Park Lane. Due to New York's zoning laws, part of the original hotel needed to be incorporated into the new structure. The investors hired Herzog & de Meuron, the Swiss architects, who envisaged an almost one-thousand-foot tower with an undulating facade and a raised podium. The architect's sketches showed the sleek building, set for completion in 2020, towering over its neighbors on Central Park South. Low was excited. He suggested putting outdoor swimming pools on the exterior decks of the five penthouses, which the partners hoped would sell for more than $100 million apiece.

The deal for the Park Lane closed in November 2013, and Low paid his initial $200 million investment with money taken from the latest Goldman bond and sent on a dizzying journey through shell companies, bank accounts of family members, and U.S. law firm trust accounts. Low was on his way to developing a high-profile property that could make his name. At the same time, he was playing another angle.

Until now he'd seen corporate deals as a way to add credibility to his family-wealth story, but perhaps he'd been looking at it from the wrong angle; instead of an endpoint for stolen cash, maybe he could use corporate acquisitions as a way of moving money elsewhere. Once he bought a major asset, and then sold it, the money would be gold-plated—the respectable earnings from a deal. The Park Lane offered him a way of moving hundreds of millions of dollars in one fell swoop.

In December, Low agreed to sell a minority interest in the project to Mubadala for $135 million. Most of the proceeds from this sale ended up in the private accounts of Low, his brother, Szen, and his father, Larry, at BSI in Singapore. Here were the proceeds from the sale of a stake in one of New York's most ambitious real estate developments, hopefully rubbing out all traces of links to the $3 billion Goldman bond.

Low still needed to reward Ambassador Otaiba for the latest deal involving Abu Dhabi. This was the least the ambassador expected for making all these connections for Low. In a meeting in December with Awartani, Otaiba's business partner, Low promised to send the pair money by the end of the year. Then, he set about laundering the proceeds of his stake sale to Mubadala through yet another corporate acquisition, and Goldman, of course, would be involved.

Low had been deepening his connections at Goldman, and had gotten to know Hazem Shawki, the bank's Dubai-based head of investment banking, who heard pitches from the Malaysian. One of them involved a plan for Low to take over Coastal Energy, a Houston firm controlled by legendary Texas oilman Oscar Wyatt Jr.

Low, informally advised by Goldman, approached Coastal in 2012 about a takeover, but the firm didn't believe he could come up with cash and told him to find a bigger partner. Now armed with cash from the Park Lane sale, Low returned with none other than IPIC, the Abu Dhabi fund controlled by Khadem Al Qubaisi, who had helped funnel money out from the first 1MDB bonds sold by Goldman. IPIC's Spanish energy unit—Compañía Española de Petróleos, SAU, or Cepsa—agreed to partner with a Low-controlled shell company to make a $2.2 billion offer for Coastal.

Before an agreement with the U.S. energy company could be reached, Goldman’s compliance department told its bankers to stop working with Low or his entity on the deal, again citing concerns over his wealth. It was the same reason Goldman’s private bank had given to reject Low for an account a few years earlier. As a result, Goldman switched to advising Cepsa, the IPIC unit, even though its bankers were aware that Low was still involved. Eventually, Wyatt Jr. agreed to sell, and Low invested $50 million in the deal, with Cepsa funding the remainder of the purchase price. One week later, Cepsa transferred $350 million into Low’s shell company, ostensibly to buy out Low’s share in the partnership. He had made 600 percent on his money in a matter of days.

Shawki, the Goldman banker, who was now working with IPIC, told executives at the Abu Dhabi fund that the payout to Low was to reward him for scouting out the Coastal deal. Unknown to Shawki, in reality it was nothing less than corruption, the spoils shared between Low and Al Qubaisi. In public, Goldman denied knowledge of any agreement between Cepsa and Low’s shell company.

The Malaysian used some of the proceeds to buy an office in London’s Mayfair district, which became the headquarters of Myla, his lingerie brand. If anyone inquired, Low could say the money came from a sale of his stake in Coastal Energy, which he acquired after offloading a share in New York’s Park Lane hotel.

His plans to build a corporate empire were on track. No one, from major New York real estate developers to bankers and lawyers, knew the truth about him. Low and Al Qubaisi continued to act as if the money in the firms they oversaw was their private property. But as Low closed the Park Lane deal, an unexpected development risked bringing his scheme to an abrupt end.

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Chapter 34

140 Gigabytes

Bangkok, Thailand, October 2013

Since leaving PetroSaudi in 2011, Xavier Justo had tried to put the server out of his mind. He toured Southeast Asia with his girlfriend, Laura, a Swiss-French woman whom he later married on a secluded beach, and the pair were now developing a luxurious villa on the Thai resort island of Koh Samui, a short flight from Bangkok. The spacious main house and guest villas were nestled into a terraced hillside, with a lap pool and tennis court down below. Palm trees surrounded the property. It was Justo's dream island, a place to start a new life. But plans for a financial consulting business had failed to bear fruit.

As the villa's construction costs mounted, Justo remembered the money PetroSaudi promised but never paid. He played his card.

For over two years, Justo had nursed his grievances. The former PetroSaudi employee was bitter over how his former friend, Tarek Obaid, had thrown him out of the company without the payout he desired. What's more, Justo had heard from friends that Obaid was bad-mouthing him around their hometown of Geneva.

In the fall of 2013, Justo had contacted Patrick Mahony, PetroSaudi's director of investments, by email, informing him that he had damaging information. In fact, he had a copy of PetroSaudi's computer server. A 140-gigabyte treasure trove of almost five hundred thousand emails and documents from PetroSaudi, the server's contents painted a picture of how Low, Mahony, and Obaid had worked to take money from 1MDB, including emails in which the PetroSaudi principals talked about how to cover the hole. For two years, Justo had sat on the server, fearing the consequences of making its contents public. Now, he was losing his patience and set up a meeting with Mahony, in Bangkok to negotiate.

As he sat in Bangkok's Shangri-La Hotel, waiting for Mahony to turn up, Justo knew he was about to make a very dangerous move. The hotel, set on the banks of the churning Chao Phraya River, had a resort-like feel, with palm trees and a laguna-style swimming pool, offering respite from the bustle of the chaotic Thai capital. When Mahony finally appeared, Justo's heart jumped.

Justo began by recounting how he felt duped by PetroSaudi, which had agreed to pay him millions of Swiss francs in severance but then had scaled back the amount dramatically. Now he wanted 2.5 million Swiss francs—money he believed was due to him. Mahony was cool to Justo's demands. There was no evidence to suggest wrongdoing, he said. PetroSaudi would absolutely not pay him any cash. They parted without an agreement.

Justo barraged Mahony with emails, trying to get him to agree to the payment.

"The official side paints a nice picture but the reality is commissions, commissions, commissions," he wrote in one email.

For four years now, Mahony had avoided any blowback on the deal, perhaps believing the involvement of Prime Minister Najib and a Saudi prince protected him. He must have been rattled by developments but still felt untouchable. In one email, he issued a dark threat to his former friend and colleague.

"What troubles me so much is the way I see this situation ending—with the destruction of you."

Rather than cow Justo, the dark threat emboldened him to look for a suitable buyer for his data trove. No candidate immediately sprang to mind. As he thought over what to do, a former British journalist with ties to Malaysia was just getting interested in Jho Low. Soon, their paths would cross.

In December 2013, Clare Rewcastle-Brown sat at the dining room table in her fourth-floor central London apartment, tapping away on a MacBook Pro. She was preparing a piece for her blog, *Sarawak Report*. Born in the

Malaysian state of Sarawak in 1959 to a young British police officer and nurse, Rewcastle-Brown spent her childhood years playing in the jungle and swimming in the warm sea, sometimes tagging along as her mother visited villages to work as a midwife. After returning to the United Kingdom for boarding school in the late 1960s, Rewcastle-Brown eventually got a job as a reporter with the BBC World Service, but she had never forgotten Sarawak. She'd started *Sarawak Report* in 2010 as an attempt to hold Taib Mahmud, Sarawak's chief minister, to account for the environmental destruction and corruption in his state.

Now fifty-four years old, with long brown hair and bangs, Rewcastle-Brown was married to the brother of former British Prime Minister Gordon Brown. Though connected to Britain's establishment, Rewcastle-Brown believed strongly that politicians must answer for their actions. When Taib claimed *Sarawak Report* was part of a plot to recolonize the state, she reveled in taunting the powerful figure on her blog, with little fear about making enemies in high places. But this latest story was not about Sarawak.

Weeks earlier, Rewcastle-Brown had started to hear rumors from sources in Malaysia about Red Granite, the film company run by Najib's stepson, Riza Aziz. Few among Malaysia's elite bought into Riza's claims of Middle Eastern funding, and Rewcastle-Brown picked up on gossip in Kuala Lumpur that Malaysian state-owned entities might have financed the film company. Intrigued, she traveled to Los Angeles to gather more information about Red Granite. During her reporting, she came across a lawsuit, filed in Los Angeles over the summer by the producers of *Dumb and Dumber*, the 1994 comedy starring Jim Carrey and Jeff Daniels.

Red Granite had bought the rights to a sequel—*Dumb and Dumber To*—but it had shut out the producers of the original film. In July 2013, Red Granite filed a lawsuit seeking to exclude the producers, Steve Stabler and Brad Krevoy, from involvement in the movie. Stabler and Krevoy countersued, claiming a contractual right to involvement in any sequel. Red Granite had only just settled with Alexandra Milchan, a producer who had sued after the firm booted her from *The Wolf of Wall Street*, and now it was involved in another legal tussle.

McFarland and Aziz's "misconduct and hubris will cause Red Granite to crash and burn," Stabler and Krevoy claimed in the lawsuit. The pair lacked experience to successfully produce motion pictures themselves, the suit continued, and although Red Granite apparently had “family money” from Aziz, the venture would not succeed with cash alone. Then the producers hit home, summarizing what many in Hollywood were whispering about these upstarts behind their backs.

The Red Granite executives’ “experience producing motion pictures during their short tenure in the industry consists of cavorting at nightclubs with Paris Hilton and making dinner reservations at posh restaurants in New York and Los Angeles.” (The following year, both sides withdrew their suits after an agreement that included executive producer credits on the film for Stabler and Krevoy.)

To Rewcastle-Brown, something wasn’t right—it seemed greater than a squabble between a bunch of movie producers. She began to comb through interviews that Riza and Joey McFarland had given to the *Hollywood Reporter* and *Los Angeles Times*. As Red Granite had attracted notice—at the Cannes Film Festival in 2011 and now ahead of the U.S. theatrical release of *The Wolf of Wall Street* on Christmas Day 2013—the pair had been coy about their finances. They talked vaguely about money from the Middle East and Asia but declined to give more specifics. In one interview, Riza said how he had “skin in the game.”

This made no sense to Rewcastle-Brown. How could a former junior banker, with Najib as a stepfather, have enough capital to launch a film company? It was a mystery she wanted to solve.

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Chapter 35

Leo’s Wall Street Indictment

New York, December 2013

On December 17, a windy, subzero winter’s night, with a flurry of snow, the guests milled around outside the Ziegfeld Theater on Fifty-Fourth Street in Midtown Manhattan for the premiere of *The Wolf of Wall Street*. On the red carpet, McFarland and Aziz posed with DiCaprio, Margot Robbie, and Jonah Hill. McFarland was in his element, boasting about his gray Brioni suit on his Instagram account. Wearing a dark blue suit and maroon tie, Low couldn’t help but attend, despite his earlier efforts to keep out of the limelight. He had to be there to celebrate this extraordinary achievement.

In just a few short years, Low had gone from being a low-tier Malaysian financier to effectively bankrolling one of the splashiest Hollywood films of the year—and one about a fraudster. Just as Belfort for a time had enjoyed the fruits of his scheme, Low couldn’t miss out on this evening. He wanted to share his success with those closest to him, and the business partners he yearned to impress. Low’s guest list included family members, his girlfriend Jesselynn Chuan Teik Ying (seated next to his mother), Jasmine Loo of 1MDB, Swizz Beatz, Khadem Al Qubaisi of IPIC, Steve Witkoff, and Martin Edelman.

Low posed with the Red Granite founders on the red carpet, but he didn’t take part in the photos with the main cast. He was snapped with DiCaprio, though, milling around before the performance. The pair had remained close. A month earlier Low had attended the star’s thirty-ninth birthday party in TAO Downtown in New York’s Chelsea district. That night, McFarland had made Page Six of the *New York Post* for ordering bottle after bottle of champagne. Low’s parties, and DiCaprio’s attendance at them, were by now embedded in Hollywood lore, even getting a mention in a song on the soundtrack for the film *22 Jump Street*. The party anthem, “Check My Steezo,” featured the lyrics:

> Jho Low! I see you Jho Low! / Got Leo at my party taking shots never solo / Grade-A chorizo followed by sea-bass Miso Miso, / Me so loco.…

The Red Granite principals and Low had assiduously cultivated DiCaprio, whom they hoped would star in *Papillon*, or if not that, then another one of their upcoming movies. A few weeks after the *Wolf of Wall Street* premiere, Low, posing as Eric Tan, sent DiCaprio a $3.3 million painting by Pablo Picasso as a late birthday present. The oil painting—*Nature Morte au Crâne de Taureau*—was accompanied with a handwritten note. “Dear Leonardo DiCaprio, Happy belated Birthday! This gift is for you,” it read. Then, Low told a Swiss gallery that was storing a $9.2 million Basquiat—a collage entitled *Red Man One*—to transfer ownership to DiCaprio. The order, made in a letter also signed by DiCaprio, indemnified the actor from “any liability whatsoever resulting directly or indirectly from these art-work.” The actor also got a photograph by Diane Arbus—cost $750,000—from Low.

In private, DiCaprio was happy to accept these gifts. On the red carpet, he was in a more philosophical mood. Some critics of the film—including voting members of the Academy who heckled Scorsese at an official screening ahead of the Oscars—complained it glamorized Jordan Belfort’s fraud and was more likely to spawn financial malfeasance than serve as a cautionary tale. DiCaprio had carefully prepared his retort.

“This is an indictment of all of Wall Street. But it’s an indictment about something that’s in our culture, this incessant need to consume and this incessant need to obtain more and more wealth with complete disregard for anyone except yourself,” he told one interviewer.

Two days after the premiere of *The Wolf of Wall Street*, Rewcastle-Brown let rip in a post titled “Wall Street Greed / Malaysian Money—EXPOSE!”

It was typical Rewcastle-Brown, a mix of speculation and reporting, spiced up with acerbic asides and tabloidesque headlines. The piece boiled down to asking one enormous question: Who had paid for the film? Skilled at rounding up interviews and photos available on the web, pointing out inconsistencies, Rewcastle-Brown noted how Riza and McFarland had suspiciously refused to detail Red Granite's financing. Her piece linked to a story on a U.S. real estate website about Riza's $33.5 million purchase of the Park Laurel apartment. Where was the money coming from?

Perhaps Jho Low—whom Rewcastle-Brown described as a close friend of Rosmah and Riza—could have put up the money himself, she speculated. The little-known Malaysian financier was on the red carpet for the premiere, and seemed to be close to DiCaprio, attending his recent birthday event at TAO Downtown. Rewcastle-Brown's piece, peppered with photos of Low—alongside Paris Hilton in Saint-Tropez, holding champagne in a nightclub, at the *Wolf of Wall Street* premiere—was the most intense scrutiny yet of his activities. She had a sizable following in Malaysia and was edging toward the truth. The post ended with an acute observation:

> Many may wonder if the link to the top political players in Malaysia and friendship with the PM's step-son might account for Jho Low's easy access to investment income or indeed if he is the front man for others.

This was too much for Red Granite, whose lawyers quickly fired off a letter demanding a retraction and an apology, which Rewcastle-Brown ignored. There was no Malaysian money in the film, the letter said. Talents of the caliber of Scorsese and DiCaprio, it went on, never would have gotten involved if the financing was tainted.

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Chapter 36

The Oval Office

New York, December 2013

Leonardo DiCaprio ducked into the Four Seasons restaurant on Fifty-Second Street in Midtown Manhattan and made his way to a private room. Since the late 1950s, the restaurant had catered to the city's business elite to the point that, in the 1970s, *Esquire* magazine coined the term "power lunch" to refer to the meetings held between lawyers, bankers, and ad executives over steaks in the Grill Room, with its leather sofas and wood-paneled walls. Jordan Belfort, too, dined there, and DiCaprio and Margot Robbie, who played Belfort's second wife, filmed a scene for *The Wolf of Wall Street* in the Pool Room, dining under the indoor trees near the water feature.

The night before, after the film's premiere at the Ziegfield, DiCaprio had moved on to the after-party at the Roseland Ballroom, a converted ice rink, also on Fifty-Second Street, with his "Wolf Pack" in tow, friends like Orlando Bloom and Tobey Maguire. DiCaprio's schedule was packed, and the next morning he was at the Four Seasons to meet members of the Academy, the six-thousand-member body of former actors, directors, and other movie professionals who vote on the year's Oscar winners.

He was running late to catch a plane and didn't really have time for the lunch event, put on by Paramount Pictures, the film's distributor. Scorsese was already en route to the airport and wouldn't make the lunch. But DiCaprio's presence was crucial, and he made his way around the room, greeting Academy members. The glad-handing was important public relations. The Academy was dominated by old, white males, and several of them had shown hostility to the film, with its gleeful depiction of sex and drugs. After ten minutes, DiCaprio made his excuses and exited quietly, befuddling some in the room, leaving Margot Robbie to animate the event with jokes about the awkward sex scenes between her and DiCaprio.

After years in the business, DiCaprio had gotten used to the usual flurry of events that follow a major film release, but the next meeting on his schedule was more enticing. Outside the Four Seasons, a car was waiting to take the actor to the airport, where he would fly on to Washington, DC. There he would deliver a DVD of the film to President Barack Obama.

As usual, Washington was a few degrees warmer than New York, and there was no snow, but DiCaprio was wrapped in a dark coat and cap as he went through White House security. Accompanying him was a small group that included Scorsese, Riza Aziz, and Norashman Najib, the son of Malaysia's prime minister. Escorting them to see the president was Frank White Jr., one of Obama's foremost individual fund-raisers. With pronounced cheeks and an easy smile, White was an entrepreneur who made his fortune providing information technology support to the U.S. government, including the intelligence community.

In the 2008 elections, he raised more than $10 million as a "bundler"—a supporter who collects small individual contributions and delivers them to a campaign. By 2012, White was national vice chair of the president's reelection campaign. Born and raised in Chicago, where he'd studied at the University of Illinois, he also had family ties to the White House—his sister was married to Michelle Obama's cousin—and was a regular attendee of state dinners. He was also deeply entwined with Jho Low.

During the 2008 campaign, White got to know Prakazrel Samuel Michél, better known as Pras, a former member of the 1990s hip-hop band the Fugees, and Shomik Dutta, who had worked as an investment banker at Morgan Stanley. After the Fugees and a short-lived solo career—"Ghetto Supastar (That Is What You Are)"—Pras was looking to reinvent himself as a businessman. A longtime fixture on the Hollywood party scene, he'd heard from a nightclub promoter about these showy events a young Malaysian was throwing, and by 2012 was a regular at Low's parties. Like DiCaprio and Scorsese, Pras saw Low's billions as a business opportunity, and the pair became close. He started to tell his new friend about Frank White, a political operative he'd met on the campaign trail, and Low was entranced.

Low moved quickly, trying to figure out a way he could benefit from a connection to White. Could he leverage the new contact to acquire influence in the United States, as he had done with Otaiba in Abu Dhabi and Prince Turki in Saudi Arabia? On the face of it, Low's ambition seemed laughably lofty. But Malaysian connections were enticing to some in Washington at that moment. Since taking office, Obama had been keen to befriend Najib to deepen U.S. influence in Asia, part of the president's much-vaunted pivot to East Asia. Some in the White House and State Department, as well as retired diplomats, including old hands like John Malott, a former U.S. ambassador to Kuala Lumpur, had urged caution about Najib, pointing out the prime minister was showing increasingly antidemocratic tendencies.

In 2013, after losing the vote of ethnic Chinese and Indian Malaysians, the prime minister turned to solidify his Malay base. Despite initially pledging to repeal it, Najib and his government had used a colonial-era sedition law to prosecute opposition leaders, students, and critical academics.

But the White House, especially Deputy National Security Adviser Ben Rhodes, clung to its vision of Najib as a transformative prime minister, not least because of constant lobbying from Jamaluddin Jarjis, a former Malaysian ambassador to Washington who now was special envoy to the United States. A senior UMNO politician and one of Najib's closest friends, Jamaluddin was an architect of efforts for closer U.S.-Malaysia ties, and he was agitating for Obama's staff to organize an official presidential visit to Malaysia. (It was his daughter who interned at Goldman Sachs in Singapore and had an affair with Tim Leissner.)

To build his connection to the White House, Low got involved with efforts to reelect Obama to a second four-year term. Pras Michél would be his conduit. In 2012, Low sent $20 million from an offshore company he controlled to two companies owned by Pras. The money was ostensibly a "gift," but the musician used one of these firms to make a $1.2 million donation to a super PAC called Black Men Vote, which supported Obama's campaign. It was a risky move for Pras, as donating money to a candidate on behalf of another person is a violation of federal campaign-finance laws. A lawyer for Pras later said the musician was the victim of a “false narrative.”

Low also reached an agreement for Frank White to scout for projects and act as a cheerleader for Malaysia with the Obama administration. For that, White was paid handsomely; Low in 2012 arranged for $10 million in 1MDB money to move to White via MB Consulting, a firm controlled by Aabar’s Mohamed Al Husseiny.

In return, White went to work. In October 2012, he set up a meeting between Obama and the Red Granite crew. Joey McFarland posted a picture on Instagram of himself shaking hands with President Obama at White’s home. When the president won reelection in November, Low wanted to celebrate with a visit to the White House. Later that month, White arranged for Low to attend the president’s holiday party. Low later showed off a photograph of himself with Obama and the first lady to friends. But on another occasion, White House security personnel turned Low away at the door. It seemed the U.S. government had growing reason to be wary of this young Malaysian with a mysterious past.

Undeterred, Low doubled down on his investment in White, an association he hoped could influence White House policy. In May 2013, White set up DuSable Capital Management in Washington with Pras and Dutta, the banker who also had worked as a special assistant in the White House. Soon after, the fund told the Securities and Exchange Commission that it was planning to raise $500 million to invest in renewable energy and infrastructure projects. The plan was for Aabar to put in the majority of the capital, with White investing a small amount himself. DuSable registered as a lobbyist for 1MDB, and by the end of the year, White was arranging for another White House tour—this time for DiCaprio’s group.

DiCaprio and Scorsese did in fact hand over a DVD copy of *The Wolf of Wall Street* to President Obama, but there was little publicity for the visit. The administration didn’t want to be seen unduly influencing the upcoming Oscar race. *The Wolf of Wall Street* was viewed as an outside challenger to *Dallas Buyers Club*, *12 Years a Slave*, and *Gravity*. The famous director and actor were spotted later in the day having tea at the W Hotel, just across Fifteenth Street from the White House, but neither of them mentioned the meeting with Obama in the barrage of interviews that followed the film’s public release a few days later, on Christmas Day.

Between the release and the Oscars in early March, Low headed off on his traditional end-of-year ski trip with friends and family. This year's destination was Aspen, Colorado. Low's guests included Alicia Keys, Swizz Beatz, Joey McFarland, and his girlfriend, Antoniette Costa. The town was awash with celebrities, and Leonardo DiCaprio, Tobey Maguire, Nicole Scherzinger, and her boyfriend, Formula 1 World Champion Lewis Hamilton, attended some of Low's gatherings.

At one dinner, the actor Dakota Johnson, the daughter of Melanie Griffith and Don Johnson, was sitting next to Low, who thought she was a random stranger. Now used to fraternizing with bigger stars, Low had no time for Johnson.

"She ate food and didn't even say thank you afterward," Low complained to friends.

At one point, Low bumped into Paris Hilton, who also was in Aspen. He had remained friendly with Hilton, even though he saw her less now than back in 2010. The pair went to get pizza.

The chat that week, at the St. Regis Aspen Resort, centered on *The Wolf of Wall Street* and whether DiCaprio would finally win an Oscar. As he snowboarded, Low had good reason to be content.

The film would be extremely lucrative at the box office, earning more than $400 million globally, almost four times the cost of production. Despite his constant scheming, Low was exhibiting skill as an investor. Viceroy Hotel Group, in which he now owned a half share, had expanded, gaining a name as a five-star boutique chain. His 13 percent stake in EMI Music Publishing also was a winner, as the global music business recovered due to digital sales via streaming services. *The Wolf of Wall Street* was his most successful investment to date, and Red Granite had a promising pipeline of new films in development. If the company became one of the biggest producers in Hollywood, Low wagered, there would be oodles of cash to put back into 1MDB.

As the award season came around, *The Wolf of Wall Street* was expected to do well. In January, DiCaprio won a Golden Globe for his role as Jordan Belfort, using his acceptance speech to thank "Joey, Riz, and Jho" for taking a risk on the project. (Jho Low was also thanked in the film's closing credits.) But the big prize remained just out of DiCaprio's grasp yet again:

At the Oscars, in early March, the Best Actor statuette was handed to Matthew McConaughey for *Dallas Buyers Club*. It was a terrible night for *The Wolf of Wall Street*, which, despite five nominations, failed to pick up any awards. For Low and Riza, sitting behind Bono and the Edge from U2 in the Dolby Theatre, the evening fell a little flat.

To top off their Oscar buzzkill, the movie wasn't even going to play back home in Malaysia. To comply with local morality laws, Malaysian authorities demanded more than ninety cuts, and Paramount Pictures, the film's distributor, together with Scorsese and Red Granite, had decided it wasn't worth the trouble.

But, no matter: An even bigger American import was soon set to land in Malaysia.

On April 27, 2014, Obama became the first U.S. president to visit Malaysia in five decades. The iconic image of the visit was a selfie that Najib took of himself and Obama. The president leaned in, beaming broadly, while Najib didn't quite know where to look as the camera snapped. "My selfie with President Obama," the prime minister tweeted moments later. The world had gone selfie mad months earlier when Ellen DeGeneres had taken one at the Oscars with Bradley Cooper, Meryl Streep, Brad Pitt, and other stars.

It was Najib's moment to shine on a world stage. The leaders had spent the morning at the National Mosque, where Najib's father was buried, and the prime minister used the visit to underline his special relationship with Obama. For years, U.S. presidents had avoided Malaysia, put off by former prime minister Mahathir's strident anti-Western rhetoric and the nation's authoritarian bent. Now, Obama was finally in Malaysia as part of a tour that also included close allies like Japan, South Korea, and the Philippines.

His deputy national security adviser, Ben Rhodes, who was also on the trip, called Malaysia a "pivotal state" in the region—a code for a bulwark against China. In recent months, Beijing had been taking a militarist approach toward enforcing its territorial claims to the entire South China Sea.

President Obama, keen to balance this aggression, promised in a joint statement with Najib to help train and equip Malaysia's navy. The statement also stressed the two leaders' support for a vibrant civil society. For some

State Department officials who had counseled against the visit—given Najib's government was busy locking up opposition politicians—this last pledge was derisory.

As Obama toured Malaysia, Low bragged to contacts that he had played a role in the rapprochement with the United States. Just days before Obama arrived, 1MDB signed a multi-million-dollar deal with Frank White's company, DuSable Capital, to develop a solar-electricity plant in Malaysia. The 1MDB fund's management falsely described the deal to the board as a "government-to-government" endeavor, even though DuSable was a private entity.

Low was hoping Obama and Najib would highlight the joint-venture plan during the president's visit. But he was learning it wasn't as easy to stage-manage events with the United States as in the Middle East. For one, he didn't have an ambassador-level figure like Otaiba at his disposal, only Frank White—who although close to Obama, was a mere businessman and fund-raiser. Only months later, the solar deal was scrapped, and 1MDB eventually paid $69 million to buy out DuSable's share in the joint venture. White had plucked a fortune from thin air. He'd later say the deal was "intended to provide renewable energy in Malaysia, create jobs in the United States and earn support for Malaysia in the United States," and at the time he had no knowledge 1MDB was the "victim of theft."

The president's visit turned out to be a major disappointment. If Obama's Malaysia trip hadn't worked out as planned, Low could take comfort in another development. In recent weeks, he had started to date one of the world's most striking women.

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Chapter 37

Size Matters

New York, January 2014

The New Wonjo Restaurant, on Thirty-Second Street in Manhattan's Koreatown, sat under the shadow of the Empire State Building. It was a 24/7 establishment, with plastic menus in the windows and authentic Asian fare—exactly the sort of place Jho Low liked to head after a late night of partying. On this night, he was ensconced at a table with Joey McFarland and some other friends. It was cold outside—the "polar vortex" had sent temperatures plummeting at the turn of the New Year—and the group was eating Korean barbecue and soup after a night of karaoke, when Miranda Kerr, the Australian supermodel, walked in.

She had come from a formal event and was wearing a ball gown, at odds with the atmosphere in the down-to-earth eatery. With her soft brown curls, iridescent blue eyes, and trademark dimples, the thirty-year-old was instantly recognizable, and her elegant attire stood out in such a simple restaurant. She had come to see a friend who was part of Low's group and took a seat at the table. Before long, the model was engrossed in a conversation with Low about her skin-care line, KORA Organics.

As it became clear that Low was a major investor, a billionaire, even—with interests in EMI and the Park Lane, and ties to a Hollywood studio—Kerr peppered him with questions about how to develop KORA, the running of which she had recently taken over from her mother. As Low had accumulated power, and perhaps because of the built-up stress, some of his earlier charm and solicitousness had worn off, and he began to exhibit a rough edge of arrogance. At a recent gambling session in Vegas, he had told a British model called Roxy Horner that she needed to lose weight, pointing to her waist. She was offended, but Low had learned that, because he was paying, he didn't really need to care. Kerr, though, was a different prospect, and when she mentioned her desire to expand KORA, Low was careful to praise her financial acumen.

Kerr had grown up on the edge of the Australian Outback, in a stultifying farming town called Gunnedah, but she had left that world far behind. After winning an Australian modeling competition, aged only thirteen, she had eventually moved to the United States, where she became a Victoria's Secret model. In 2013, she earned $7 million, making her the second-best-paid female model in the world after Gisele Bündchen, and offers kept piling up—from H&M, Swarovski, Unilever—to promote products.

But a supermodel's earnings aren't enough to launch a major business, and Kerr was interested in what Low had to offer. She had tired of modeling and was looking to transform herself into an entrepreneur. The next morning, she had a package of KORA products couriered over to Low's apartment in the Time Warner building.

Back in October, Kerr had divorced actor Orlando Bloom, with whom she had a three-year-old son, and her tumultuous personal life was constant fodder for the tabloids. Her parents back in Gunnedah gave an interview to Australian television, bemoaning how their daughter had forgotten them and needed to come home to learn how to milk cows and ride horses. In the first months of 2014, Kerr would spend a chunk of time in New York, and almost every occasion she stepped out, a paparazzo would click her image. But despite the scrutiny, she managed to conceal a blossoming, and unexpected, romance with Low.

On February 2, the Malaysian invited her to watch Super Bowl XLVIII at the MetLife Stadium in New Jersey—it was her first—and she attended along with Riza Aziz and McFarland. Model Kate Upton and Katie Holmes, who were in another box, stopped by. Gossip columns noted Kerr was there to watch the Seattle Seahawks pull off the biggest upset in modern football history, defeating the Denver Broncos, but Low's presence went unnoticed.

In the ensuing days, Low set about wooing her in the only way he knew how. He texted Lorraine Schwartz, telling her he wanted a necklace with a heart-shaped diamond, costing between $1 and $2 million, noting that “[s]ize matters.” The diamond necklace, inscribed with “MK,” cost $1.3 million, and Low gave it to the model as a present for Valentine’s Day, financing it with money washed through both the Park Lane and Coastal Energy deals.

Even to close friends, Low would say he was only “helping Miranda out,” and to keep the relationship secret, the pair would go out accompanied by Kerr’s agent, Kristal Fox. A few weeks later, however—at a party for Kerr’s thirty-first birthday—it would have been difficult to overlook Low’s romantic intentions. Low hired out a venue on Chelsea Piers in New York for a nineties-themed party and flew in Salt-N-Pepa, Mark Morrison, and Vanilla Ice to perform. As usual, Jamie Foxx was on hand to emcee, and DiCaprio, Bloom, and Swizz Beatz were among the hundred or so invitees.

For the weekend of festivities, Low had the *Topaz,* Sheikh Mansour’s yacht, moored in the Hudson River, and bedecked with customized Miami-style glamor lighting and hundreds of balloons. After the partying, a helicopter flew Low, Kerr, and her Australian friends to Atlantic City for more gambling at the baccarat tables. It was like the old times, back during Low’s Wharton days, although now he traveled by helicopter, not limousine, and he no longer cared whether Ivanka Trump would accept his invitation.

As he was wooing Kerr, Low also had to keep Rosmah Mansor sated, and in January 2014 he texted Lorraine Schwartz to see if she was in Los Angeles. The jeweler was in town and made haste to the Hotel Bel-Air, laden with luminescent diamond bangles and necklaces. Schwartz drove into the hotel, an exclusive Spanish mission–style retreat favored by Hollywood stars, set in twelve acres of gardens in the heart of Beverly Hills. Rosmah had checked into a plush suite with deep carpets and, after dinner with Schwartz and Low, she invited them up.

Schwartz unfurled her wares onto a table and Rosmah began to pick out items. She pointed at one eighteen-carat white gold diamond-studded bangle, and Schwartz set it aside. It cost $52,000, but Rosmah was only getting started. With the ease of a professional shopper, the first lady quickly picked out twenty-seven bracelets and necklaces. No one talks money in these elite circles, and it took a few months for the bill to arrive at

Blackrock, Low's company. The total was $1.3 million—quite a moderate spending spree by Rosmah's standards. Low took care of the invoice, and he also picked up the $300,000 tab that Rosmah ran up at the Bel-Air hotel during her week's stay.

Between April 2013 and September 2014, Low used the Blackrock account to purchase $200 million in jewelry from across the globe: Las Vegas, New York, Hong Kong, Dubai. Even more portable than art, diamonds are extremely hard to track. The Financial Action Task Force, in a 2013 report, warned that money launderers and terrorists used the diamond industry as a conduit for illicit cash. In the United States, retailers like Lorraine Schwartz, or dealers in raw and cut stones, were under no legal obligation to conduct due diligence on clients. Even better, jewels could be transported without having to send money through financial institutions.

Not all the jewelry went to important figures like Rosmah. On one occasion, Low was in Las Vegas when he found out it was the birthday of a young Asian-Canadian model, a hanger-on in his group. On the way to dinner, Low spontaneously ducked into a Cartier store and came back out with a watch, passing it to her without any fanfare as a last-minute gift. The watch cost $80,000. But it was Rosmah on whom Low showered the biggest diamonds. Imelda Marcos had her shoe collection, at least 1,220 pairs left behind when she and her husband were driven out of the Philippines in 1986 by the "People Power Revolution." Rosmah would be known for her Birkin bags and jewelry, hundreds of millions of dollars of rings, necklaces, and pendants, arranged in specially made drawers at her residence in Kuala Lumpur.

From the outside, Low appeared to be accumulating prestige, and he no longer had to situate himself between formidable people—the ones who knew the secrets of how the world really works. He had become one of them in his own right. Dating a supermodel, he was pursuing deals and drawing the Malaysian prime minister and his wife ever closer. Those who hung around him, at the Super Bowl or over a dinner, still gossiped about his money. It was vaguely known he had links to Malaysia's prime minister, and it was taken as normal that such a relationship in a faraway Asian country could entail riches.

Anyone who was paying close attention, however, might have noticed an extra degree of restlessness amid Low's frenzied, globe-trotting schedule. As he whipped out his phone, excusing himself from a dinner or party, only he could see the obstacles that were piling up in his inbox, threatening to upend his scheme.

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Chapter 38

Losing Control

Kuala Lumpur, Malaysia, March 2014

The 1MDB board of directors started their afternoon meeting with a recitation of the first seven verses from the Qur'an, known as the Al-Fatiha, for the crew and passengers of MH370, the Malaysia Airlines Boeing 777-200 jet that had gone missing in early March over the South China Sea. The plane, with 239 crew and passengers on board, was flying from Kuala Lumpur to Beijing, but just an hour after takeoff the pilot stopped making contact with air traffic control and, moments later, the plane disappeared from civil aviation radar screens.

In the weeks since, Beijing's official media had slammed Malaysia for leading a chaotic search effort, first focusing efforts on the South China Sea, north of Malaysia, before military radar showed the aircraft had gone missing over the Andaman Sea, to the west of the country. Failure to locate the plane debris, added to chaotic daily briefings, spotlighted the incompetence of Malaysia's government and was an embarrassment for Najib.

The board of directors intoned the Islamic verses but talk soon turned to another pressing matter at hand. Tan Theng Hooi, the managing partner in Malaysia for Deloitte Touche, had been invited to speak, and he brought some distressing news. Only weeks earlier, Deloitte had become 1MDB's third auditor and the fund's management was exerting huge pressure for a quick sign-off on the accounts for the year to March 31, 2013, which had been delayed by months.

Just as Deloitte was poring over the accounts, though, the firm's

Southeast Asia regional headquarters in Singapore began to receive numerous emails and letters alleging financial reporting fraud at 1MDB. The complaints, Tan said, had touched on a number of issues, from 1MDB's claims to have $2.3 billion invested in an unknown fund in the Cayman Islands, to its overpayment for power plants, and a mismatch between its huge debt and minimal assets. An accountant with thirty years' experience, Tan appeared very keen to get rid of the problem.

"These allegations are not new and no evidence had been provided to Deloitte to substantiate these allegations. Deloitte was therefore unable to pursue the matter," he told the board.

One of the letters came from Tony Pua, a forty-one-year-old opposition politician, who quietly had been following the 1MDB issue for a few years. Unlike many politicians, Pua had a deep grasp of business; in a previous life he founded a technology company, before selling out to enter politics in 2008, winning a parliamentary seat the following year in a satellite town of Kuala Lumpur. Whip-smart, with a degree in philosophy, politics, and economics from Oxford University, Pua unsettled time-serving UMNO politicians, who were not used to his piercing questions and mastery of financial concepts. Unable to suffer fools, Pua, an ethnic Chinese Malaysian with spiky graying hair and a quick-fire delivery, was universally disliked in the ruling party.

He became intrigued by 1MDB in 2010, when KPMG had written an "emphasis of matter" about the fund's investment in PetroSaudi. Such arcane terms meant nothing to most folks, but Pua knew it signaled the accountants had concerns about 1MDB. He sat on the Public Accounts Committee of the Parliament, which was charged with overseeing state spending, and so agitated for the committee to investigate, but the chairman, an UMNO politician, had dragged his heels. By 2014, though, with articles in the *Edge* pointing out the fishy Cayman Islands fund investment, Pua had more firepower.

1MDB fired KPMG in January after the auditing firm had been unable to confirm the $2.3 billion the Malaysian fund claimed to have in the Cayman Islands was really worth that much—or whether it actually existed. Back in 2012, the 1MDB fund had sold its interest in a PetroSaudi subsidiary that owned the two oil drill ships to a company controlled by Hong Kong financier Lobo Lee. Instead of cash, 1MDB had received payment of $2.3 billion in the form of “units” in a newly formed Cayman Islands fund. It was a fictional transaction aimed at covering up the money that Low and others had taken from 1MDB in 2009.

Yeo Jiawei of BSI had misled KPMG that the Cayman Islands investment was backed by cash—not just shady “units.” But the transaction just didn’t seem right to the U.S. auditing firm. Refusing to sign off on the accounts, KPMG was dumped, just as 1MDB had fired Ernst & Young before it. Eager to build its business in Malaysia, Deloitte signed on.

KPMG’s removal was a roadblock for Low, who needed an auditor to quickly rubber-stamp 1MDB’s accounts. With $10 billion in debt and only $20 million in cash, the fund was in dire straits, hemorrhaging tens of millions of dollars a month, but Low had a game plan. The 1MDB energy unit was planning to list its shares on Malaysia’s stock exchange. Hopefully big global institutional investors would snap up the shares, given Asia’s economic outlook was still brighter than the West’s, and the IPO would net $5 billion or more.

It was an optimistic assessment, but one that was crucial to keeping the scheme going, providing Low with the money he desperately needed to hide the fund’s losses. Major banks, including Goldman Sachs and Deutsche, were feeding the optimism, telling 1MDB there would be ample appetite from global investors, keen themselves to win the mandate to advise on the IPO. Even an amount lower than $5 billion would be enough to fill financial holes and stop the scrutiny of 1MDB, Low anticipated, but first Deloitte needed to okay the delayed accounts.

Like KPMG, Deloitte’s Tan had issues with the accounting of the Cayman Islands investment. To get around the problem, Low turned again to Mohamed Al Husseiny, asking for Aabar to guarantee the offshore money. This meant that the Abu Dhabi fund would cover the amount no matter what. It should have been a red flag for Deloitte, given the letters it had received alleging financial fraud at 1MDB, not to mention the fact that 1MDB already had ended its relationship with two major auditors. But a piece of paper from Aabar appeared to be good enough for Tan to get comfortable with the investment.

Auditors are meant to be independent, but Tan offered for Deloitte to help 1MDB with its media relations. With barely any business, and encumbered by huge borrowings, the only way for 1MDB to avoid a financial loss was to again revalue its land portfolio and book the profits, as it had done in 2010. In this way, 1MDB was hoping to show a $260 million profit.

Tan was not only supportive of this accounting, he also offered to explain it publicly to help deflect any negative media stories. Deloitte had been so helpful, in fact, that Tan asked whether his firm would be selected to audit 1MDB's many subsidiaries, including the energy unit that was gearing up for an IPO. The board confirmed Tan's request immediately, and its chairman, Lodin Kamaruddin, Najib's close aide, said he wanted Deloitte's "professionalism and objectivity" put on record.

Still, the board was adamant that 1MDB's management repatriate the Cayman Islands money, to help slash the fund's debt and to show the *Edge* newspaper and other critics they were wrong. Only Low, and perhaps a few associates like Al Husseiny and Yeo, knew the truth: There was no money in the Cayman Islands.

As dawn approached one night in May, Low made an unusual request of staff in a private gaming room at the Palazzo on the Las Vegas Strip. Drunk and in his element, Low called out for a watermelon. Some of those crowding around the baccarat table, many of them models, didn't know this short, pudgy figure who was putting down $200,000 bets at a time. The whisper went around that he'd financed *The Wolf of Wall Street*, a film that everyone was talking about, but there was something unhinged about him. He was on a losing streak, and when the Palazzo staff turned up with a watermelon from the kitchens, Low seized it and rolled it down the table—supposedly for good luck—sending cards flying. Still, the losses mounted, and guzzling Johnnie Walker Blue Label whisky, he started bellowing to staff again.

"Red T-shirts," he told a staff member waiting on him. "Everyone needs red T-shirts."

The staff hurried to comply, bringing in red Palazzo tourist shirts for the room of about twenty people, including Joey McFarland and Riza Aziz.

"My friend couldn't even watch," said one young woman who was in attendance that night. "He saw on that table all the money he would ever make in his life, his college tuition, car, home, everything. Won and lost."

It was typical Low, who on another drunk occassion had dropped $50,000 worth of casino chips on the floor, only recovering them when a shocked friend noticed the loss.

As the night of gambling at the Palazzo wound up at sunrise, Low handed the casino staff a tip of $1 million, one of the largest ever at the establishment.

Ho Kay Tat in April wrote a strident column in the *Edge* calling on 1MDB to name the fund manager looking after its $2.3 billion in the Cayman Islands and to bring the money home. Then, in May, a Singapore newspaper, citing inside sources, named Hong Kong–based Bridge Global as the fund manager. When Lobo Lee later erased details, including his name, from Bridge Global's website, the newspaper noted the suspicious behavior. Low was furious—he believed there was a leak at BSI—and he ordered the bank to hunt down the source. The suspicion fell first on Kevin Swampillai, Yeo's boss, and Low made efforts to get him off the 1MDB-related accounts. Swampillai denied any involvement and refused to budge.

Over the summer, Low lurched from party to party, spending his days railing against unnamed "leakers." The facade of carefree revelry was starting to crumble, as Low became paranoid about a Judas in his ranks.

Around this time, he persuaded Yeo Jiawei, the funds expert at BSI, to come work for him. Yeo accepted. From this point on, Low didn't even want to speak on the phone or use email for important transactions, and he planned to tap Yeo's financial expertise, as well as having him courier top secret documents around the world.

The following spring, Low would invite Yeo to watch Floyd Mayweather Jr. fight Manny Pacquiao at the MGM Grand Garden Arena in Vegas, and the young Singaporean became hooked on the jet-set lifestyle. His proximity to Low had swelled Yeo's self-regard, and he sneered at those at BSI who didn't travel everywhere by private jet. He already had made millions of dollars, secretly funneling off fees paid by 1MDB to BSI and Bridge Global to manage the Cayman Islands money and other investments. He began to buy multiple homes in Singapore and one in Australia. Now Low enticed him into his inner circle with promises of even more bountiful riches.

Yeo would pocket tens of millions of dollars more, but it came at a price, as Low morphed into a tyrannical—and insecure—boss. The banker stayed in contact with former colleagues at BSI, telling them stories about how Low would take calls on his private jet and start screaming. He was especially perturbed by details coming out about the Cayman Islands investment. Scared by the way Low was acting, so at odds with the mild manners he knew, Yeo began to believe his new boss was losing control.

Addressing 1MDB's board in July, Tim Leissner was doing the best he could to keep Goldman in the game to win the IPO business. The fund was in grave danger. In just two months, it had lost $140 million under the weight of hundreds of millions of dollars in interest costs. The fund needed an IPO of its energy assets, and quickly, to restore it to health. For two years, Leissner had championed the IPO, but now he faced a problem.

As part of the deal in 2012 to acquire Ananda Krishnan's power plants, 1MDB had given the billionaire the right to subscribe to the IPO at a cheap price. Now, Leissner was explaining to 1MDB's board how it would cost the fund hundreds of millions of dollars to buy back these rights ahead of the listing. Some board members were outraged. The original deal seemed way too favorable to Krishnan, who already had received above-market prices for his power assets.

Some board members knew about secret charity payments of hundreds of millions of dollars by Krishnan-controlled companies to 1MDB. That was how run-of-the-mill graft worked in Malaysia: The government overpaid for an asset, and the seller made backhand contributions to UMNO, while politicians lined their pockets. Still, the terms seemed very good for Krishnan and his company, Tanjong.

"Is Goldman acting for 1MDB or Tanjong?" Ashvin Valiram, a Malaysian textile entrepreneur and board member, asked Leissner.

"Of course, we're representing 1MDB," the banker replied, trying to keep the atmosphere light. "Without this deal with Tanjong, the fund won't be able to undertake the IPO."

Finally, ties between Goldman and 1MDB were starting to fray. Earlier in the year, 1MDB had enticed banks to lend even more by offering them a role leading the IPO. The fund had secured a $250 million loan from a consortium led by Deutsche Bank, whose new country head, Yusof Yaacob, had been at Goldman. Finally, another bank was getting a look in.

Goldman itself, worried by the negative articles and focus in the *Wall Street Journal* on its huge profits, began to distance itself from the fund, and was not keen to get entangled in fresh lending. Leissner was furious when 1MDB selected Deutsche and Maybank to run the IPO, a lucrative assignment for both banks, and he turned to Jho Low to ensure a role for Goldman. In the end, 1MDB appointed the bank as an adviser for the IPO.

At this juncture, Leissner was unsupervised, traveling the world, and spending large chunks of time in the United States with his new wife, Kimora Lee Simmons. The banker, through a limited liability company, put down $19 million over the summer for a base on New York's Upper East Side, a 4,600-square-foot, five-bedroom apartment in the Marquand, a 1913 Beaux Arts building just a stone's throw from Central Park, but he spent as much time in Los Angeles, at Simmons's Beverly Hills mansion, and flying to Asia. The following year, a British Virgin Islands company that Leissner controlled acquired the *Sai Ram*, a $20 million, 170-foot yacht with six cabins.

For years, Leissner had resented that Goldman never promoted him to a regional role, a consequence of his reputation as a cowboy who wouldn't hesitate to bypass internal permissions to get deals done. But in June, Goldman appointed him chairman of Southeast Asia; he was making too much money for the firm, and there were fears he might walk to another bank, taking his Southeast Asian relationships with him. Later in the year, Lloyd Blankfein, eager for Goldman to continue building its presence in emerging markets, held Leissner and Andrea Vella up as models to follow.

"Look at what Tim and Andrea did in Malaysia," Blankfein told a meeting in New York on how to build business in growth markets, rather than the increasingly heavily regulated U.S. "We have to do more of that."

Blankfein, Cohn, and other Goldman leaders, in the aftermath of the mortgage crisis, had pledged to put clients first and regularly preached good governance. Yet Goldman had made hundreds of millions of dollars and 1MDB was in disarray, at a high cost to Malaysia's people. The bank had turned a blind eye to irregularities, enabling the kind of industrial-scale corruption carried out in the past by Sani Abacha of Nigeria or Ferdinand Marcos of the Philippines. Those dictators had been crude—Abacha had sent trucks to loot cash from the central bank—but this was simply a more sophisticated way of taking money, one conducted under the noses of Goldman Sachs.

Leissner wasn't the only one interested in boats. Even as his scheme was starting to unravel, Low was making his biggest purchase yet. There was one asset he didn't yet possess: a megayacht. Since the previous year, Oceanco, a Dutch builder of custom yachts, had been constructing a three-hundred-foot vessel for Low, complete with a helicopter landing pad, gymnasium, cinema, sauna, and steam room. This wasn't going to match the *Topaz*, but it was still one of the most luxurious yachts in the world, and Low would be spared the ignominy of renting again from Sheikh Mansour and other tycoons.

As the shipbuilders were putting the finishing touches to the yacht at the Alblasserdam shipyard near Rotterdam over the spring, Low peppered Oceanco executives with demands to ensure every element was just so. In the same way he curated his parties, with performances, food, and drink organized down to the most minute detail, Low wanted this boat to be perfect.

"For owner's cabin, perhaps if you can get expert advice from Tempur specialists which is most top of the line and expensive with most functions for mattress," Low wrote in one email.

All those years ago in Penang, Low had borrowed a boat and pretended it was his family's. Now, this yacht would deepen the mystique of a little-known Asian billionaire—and keep hold of Miranda Kerr. Perhaps there was another reason: The yacht could be moved anywhere in an emergency.

Now, Low needed $250 million to pay Oceanco, and he had so many other financing requirements that he was starting to get reckless. Deutsche Bank's recent loan to 1MDB was meant to pave the way for the IPO of 1MDB's power assets. In 2012, the fund's management, without the board's knowledge, granted Aabar, the Abu Dhabi fund, options to buy cheap shares in the IPO. It was supposedly a reward for its parent IPIC's guarantee of 1MDB bonds—the payoff that Sheikh Mansour had been promised two years earlier.

Ahead of the listing, 1MDB's management claimed it needed to buy

Aabar’s options back at a cost of hundreds of millions of dollars, and Deutsche provided the money. Of course, Aabar’s chief executive, Mohamed Al Husseiny, and chairman, Khadem Al Qubaisi, were conspirators; the options were just another ruse by Low to move money around. As soon as 1MDB got its hands on the Deutsche Bank loan, the fund’s management sent the money to the look-alike Aabar, the same vehicle Low and Al Qubaisi had used to divert cash in 2012.

At this critical stage, Low could have deployed these funds to fill financial holes, especially the nonexistent cash in the Cayman Islands. Instead, he used the bulk of the money to pay for the superyacht, which was delivered in the summer. At this late stage, with politicians and journalists clamoring for the Cayman Islands money to be returned to Malaysia, it was irrational to be exacerbating the financial damage at the fund.

After years of getting away with the scheme, Low was blinded to the peril he faced. The first party on the yacht, complete with a dragon-shaped cake provided by Oceanco, was a birthday celebration that summer for May-Lin, Low’s sister. He christened his new yacht *Equanimity*, meaning calmness and composure, especially in a difficult situation.

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PART IV

BONFIRE OF SECRETS

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Chapter 39

“No Cash. No Deal.”

Bangkok, Thailand, June 2014

Clare Rewcastle-Brown, who ran the *Sarawak Report* blog, looked across the lobby of the Plaza Athénée hotel in central Bangkok for her contact. She was scanning for a Swiss man in his forties, and apart from those meager details, knew only the name and title: Xavier Justo, a former employee of PetroSaudi. When a bronzed and muscular figure approached, and introduced himself as Justo, she was taken aback. This encounter made even a muckraker like Rewcastle-Brown nervous. The meeting, in June 2014, had been arranged by an intermediary, and she was expecting a short, bald, bespectacled man. But then, it quickly became apparent that Justo, too, was deeply anxious, and that wasn’t the demeanor of someone about to inflict harm.

“The people we’re dealing with are ruthless and powerful,” Justo said.

Justo was working on an alternative way to get the money he believed he deserved: find someone else willing to pay for the PetroSaudi documents he had taken.

His connection to Rewcastle-Brown had been a fortuitous one. After leaving PetroSaudi in 2011, Justo had traveled to Singapore for the city-state’s Formula 1 night race. He was supposed to have met Tarek Obaid, the chief executive of PetroSaudi, there for a negotiation over the files, but his erstwhile friend had not shown up. The trip, however, turned out fruitful in other ways. By chance, he met people close to Mahathir, the former Malaysian prime minister, and had given them his business card.

Nothing happened for more than two years. Then, in the summer of

2014, those people had connected Justo to Rewcastle-Brown, who was digging around, trying to find more about 1MDB for her blog. She was eager to have a source with information about PetroSaudi, who she hoped would help her unravel what had transpired at the fund. Before meeting in person, Justo had supplied Rewcastle-Brown with a sampling of his material, a single piece of paper with the heading, “Thousands of documents related to the deal (emails, faxes and transcripts)” and details of what the server contained. This was just the break she needed to prove her suspicions about 1MDB and Jho Low. A few weeks later, she traveled to Bangkok to meet Justo.

The server data was ready on a portable hard drive, detailing the PetroSaudi phase of the scheme. But there was a condition: Rewcastle-Brown had to pay $2 million if she wanted the information. Justo defended the request by explaining this was simply money PetroSaudi owed him. She was a member of Britain’s establishment, with a brother-in-law who had been prime minister, but unlike Malaysia, that didn’t grant her access to millions of dollars.

Justo was adamant. “No cash. No deal.”

Keen to get her hands on the documents, Rewcastle-Brown set about finding someone who could pay. It would take her seven months to secure a benefactor.

Low must have heard from the PetroSaudi executives about Justo’s demands for money. But he had no idea about this dangerous meeting between Justo and Rewcastle-Brown. What would he have done if he did know? It was as if Low didn’t take Justo seriously. He could easily have arranged for a payoff of a measly few million dollars to the former PetroSaudi executive. But Low didn’t seem interested in attending to the nuts and bolts of his scheme. He was too taken with his new love interest to focus on the mundane business of ensuring crucial information didn’t leak out.

Wearing a green skirt and shirt, with purple floral patterns, Miranda Kerr stepped from the car in Munich and, as a small group of photographers snapped her picture, made her way into a branch of Escada. It was July 29, 2014, a hot Bavarian summer’s day, and she was there to launch Joyful, a new perfume line for the luxury German fashion brand. The scent was meant to evoke simplicity, and Kerr's makeup was light, her brown hair falling naturally over her shoulders. As German models and television personalities drank champagne and chatted, there was a flurry of activity around Kerr, the kind that attended her wherever she traveled.

"Simple things, like, you know, a fresh bouquet of flowers makes me really happy, watching the sun rise or the sun set," she told one interviewer.

In the past few weeks Kerr's life had been anything but simple. Britain's *Daily Mail*, *HELLO!* magazine, and many other publications were speculating about a burgeoning romance between the model and James Packer, the Australian gambling billionaire. In June, Australian newspapers noted Kerr had been aboard Packer's superyacht, *Arctic P*, off the coast of Cyprus, and cited "inside sources" saying that, rather than a romance, she was looking to get the mogul to invest in KORA Organics. Her current investors, with a 25 percent stake, were the twin sons of Rene Rivkin, an Australian stockbroker who had been jailed for insider trading and later took his own life. But the model had grander ambitions for her company, which specialized in organic cosmetics, and she needed a big capital injection.

The speculation, however, was focused on the wrong billionaire. As Kerr finished up her work in Munich, Jho Low had arranged for a private jet to pick her up and whisk her to Naples in Italy. He had been planning this trip for over a month, even hiring a high-end concierge service to choreograph every element. Low ordered his new yacht *Equanimity*, piloted by British and American captains, to sail to the waters around Italy. With its Asian-inspired interior, constructed out of wood, bamboo, marble, and gold leaf, the boat helped Low stand out from the merely wealthy. It could accommodate twenty-six guests, but had even more berths for twenty-eight crew members, ensuring a sufficient staff-to-guest ratio. It would cost millions of dollars a year just to operate. This trip was to be much more intimate, although Kerr, as ever, was accompanied by her publicist, Kristal Fox.

Billionaires are today's royalty, and like a modern-day Louis XIV, Low thrived at being the center of orchestrated formality, each of his whims met immediately, whether by boat staff, private bankers, or art dealers. A few days earlier, Low had taken delivery from Lorraine Schwartz of a matching set of jewelry, comprising diamond earrings, a necklace, a bracelet, and a ring. A few weeks earlier, he'd sent Schwartz a picture of Kerr wearing Tiffany jewelry to give her an idea of the model's taste. Over the next ten days on the boat, as it sailed around Italy and to the Greek island of Corfu, Low gave the various pieces of jewelry to Kerr over elaborate set dinners.

Yet Low was straining to pay for all this opulence. Although some $5 billion had come out of 1MDB, the scheme had so many tendrils—so many payments to conspirators and business partners, and to keep up a billionaire's lifestyle—he was often hustling for cash. Recently, he had hired U.S. public relations firm Edelman to help counter the growing number of negative press stories about him, and he would later employ Schillings, the British reputation consultancy. Edelman's services were costing him as much as $100,000 some months.

As bills piled up, Low began to miss payments, including legal bills and salaries for the crew of *Equanimity*, forcing him to use his vast art collection as collateral for a loan from Sotheby's Financial.

To pay the $2 million invoice on Kerr's latest jewelry, Low again raided the fund. As he was such an important customer, Schwartz permitted him to pay a few months after the Corfu trip, but by September he needed to send the cash. Given how much he had taken from 1MDB, Low seemingly could have financed this relatively small amount from some pot of money somewhere in the world.

Instead, he was seized by the need to get as much out of 1MDB as he could, perhaps believing the upcoming IPO would keep the edifice from collapsing. He had already taken money from a Deutsche Bank loan to 1MDB in May—a late-stage flow of money that could have gone to shore up 1MDB's finances—and spent it on the *Equanimity*. Now, he set about trying to get a further $725 million in loans from Deutsche, ostensibly for the same reason: Ahead of the IPO, 1MDB needed to pay off Aabar to cancel even more options that allowed it to take a stake in the listing.

Given the profits Goldman had made from 1MDB, Deutsche Bank was keen, but it couldn't muster this money alone. To rally other Middle Eastern banks to take part, Low wrote Ambassador Otaiba on September 10, 2014, using the Eric Tan Gmail account, requesting him to use his sway in Abu Dhabi to get other lenders on board. The ambassador duly obliged and wrote the managing director of First Gulf Bank, which, along with Abu

Dhabi Commercial Bank, and a Kuwaiti lender, joined a consortium led by Deutsche Bank. Goldman looked at taking part, but finally—after a number of years of obliviousness—the bank had questions about the fund's behavior and backed out. As collateral for the loan, 1MDB had posted its $2.3 billion Cayman Islands investment, but the fund's executives, when pushed by Goldman bankers, had been unable to show proof it existed, just a guarantee from the Abu Dhabi fund Aabar.

Mohamed Al Husseiny, Aabar's chief executive, helped the process along, urging Deutsche Bank employees to disburse the new loan quickly. Another Low associate, Terence Geh, a finance executive at 1MDB, also pushed Deutsche Bank to hurry up, citing Prime Minister Najib's desire to receive the money expeditiously.

Then, 1MDB requested Deutsche Bank send the first tranche of the $725 million loan directly to Aabar. It was an odd arrangement. Normally a bank, for compliance reasons, would send such large amounts of cash directly to the borrower. But Deutsche was satisfied by the apparent involvement of the Abu Dhabi fund. The perpetrators had tricked the bank: The recipient was another look-alike Aabar, set up by Al Husseiny with an account at UBS Bank in Singapore. Two days later, more than $100 million was diverted to a shell company controlled by Fat Eric.

It became clear from what occurred next why Low needed to keep pilfering the till: There were just so many people to repay for their services. The shell company sent $13 million to Densmore, a British Virgin Islands firm partially controlled by Otaiba, which had an account at BSI in Singapore, an apparent reward for using his ambassadorial position to help get the Middle Eastern banks on board. Khadem Al Qubaisi, who was Al Husseiny's boss, got $15 million.

And Low, of course, took his cut, sending some of the money to Lorraine Schwartz. A few months later, he would buy Kerr yet more jewelry, a $3.8 million diamond pendant, making a grand total of over $8 million to acquire the supermodel's affections.

In September 2014, Mahathir Mohamad, the eighty-nine-year-old former prime minister of Malaysia, who remained a powerful figure in the ruling UMNO party, received a dossier of leaked information, including emails from 1MDB that showed Jho Low was involved in investment decisions. After years of speculation about his role at the fund, here was proof. Mahathir still wielded power at UMNO, and he began to engage in backroom dealing intended to force Prime Minister Najib to resign over this mess. The fund's huge debt risked toppling Malaysia into a crisis like Argentina, Mahathir wrote on his blog. This was not the *Edge*, a scrappy newspaper, but one of the nation's most powerful figures raising concerns about 1MDB.

Until now, journalists had only been able to speculate about Low and the source of his wealth. To counter the stories, Edelman, the public relations firm, put out a statement denying their client had received "patronage" from Malaysia's government. But now solid information was starting to leak out from the troubled sovereign wealth fund. Clare Rewcastle-Brown at *Sarawak Report*, who also got hold of the emails, published a piece titled "Jho Low's Spending and Malaysia's Development Money," in which she questioned why the fund had lied about Low's secret role.

"Malaysians are entitled to conclude that Low's record levels of spending in various billionaire hotspots," she wrote, "has largely been paid for by them."

At Deloitte's offices in Kuala Lumpur, the developments sparked panic. Its auditors were rushing to sign off on the accounts for the financial year to March 2014, which under Malaysian law were supposed to be submitted by the end of September. The fund had never managed this in the past, but now a timely submission was crucial to getting the IPO under way by the year-end.

Concerned about its reputation, Deloitte was demanding a quick repatriation of the $2.3 billion in the Cayman Islands fund. The 1MDB board, apparently under the illusion there was money there, upped the entreaties on management to comply. Since first taking cash from 1MDB, Low had relied on accounting magic to make this problem disappear, but through three different auditing firms there it remained, like a pebble in his shoe. Before, he'd gone on taking more, and spending wildly, seemingly under the assumption he could cover it up with new trickery down the road. Now, as his desperation mounted, Low was coming to a stark realization: He would have to give up some real funds. The trouble was, he didn't have $2.3 billion at his disposal. He had to find another manuever—and it would be his most reckless yet.

Turning to Yeo Jiawei, the former BSI fund specialist, Low looked for a way out. *How could they turn a few hundred million dollars—the remainder of the Deutsche Bank money not used for jewelry and other purchases—into $2.3 billion?* This kind of alchemy was beyond even Low, but accounting tricks had worked for years to hide his thefts from 1MDB, so why not one last, monumental sleight of hand to fool Deloitte and the board? Yeo had an idea, and he looked to Amicorp, the Singapore-based financial company that administered funds in Curaçao, to put it into practice. To make it look like 1MDB was bringing the money home, Yeo devised a complex and circuitous flow of payments.

It was the craziest plan to date, so outlandish it appeared to have no chance of success. The idea was to transfer a portion of cash from the latest Deutsche Bank loan into the Cayman Islands fund. From there, 1MDB would then “redeem” this money, but immediately send it into a series of offshore vehicles set up by Amicorp, until the cash ended up back at the Cayman Islands fund. From here, 1MDB could again “redeem” the money. It was the *same* cash going in circles. The perpetrators sent a chunk of a few hundred million dollars through this cycle, and then repeated the process five more times, making it look as if 1MDB had redeemed $1.5 billion of its nonexistent Cayman Islands investment.

Satisfied by the money coming home, Deloitte in early November signed off on 1MDB’s accounts. The auditor had missed the circuitous movement of cash. The fund had made over a $200 million loss, which was unlikely to entice investors to take part in the IPO, but it appeared to have quieted its critics. In a statement, 1MDB announced it had redeemed over half of the money in the Cayman Islands. Low looked to have performed a miracle, and perhaps the IPO would proceed, but there was still a problem.

Deutsche Bank had noticed something wasn’t right, pushing Low further into a corner. Some bankers at Deutsche were suspicious about the Cayman Islands investment, the collateral for its loan. If the German bank asked for its money back, the investment fund would have been unable to come up with the cash.

The Malaysian needed some good publicity, and like many disreputable businessmen, he looked to philanthropy for a quick fix boost to his image. It was a sign of growing desperation.

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Chapter 40

Generous Jho

New York, October 2014

As Alicia Keys and her husband, Swizz Beatz, introduced him, Low rose from his seat and made for the lectern at Cipriani Wall Street. Fervent applause rang out for the Malaysian, who was being honored at one of the highlights of New York's social calendar, the Angel Ball. A yearly event—organized by Denise Rich, a socialite and songwriter whose daughter, Gabrielle, had died of cancer—it attracted Hollywood stars, musicians, and business titans, and raised millions to fight the disease. A few months earlier, Rich had telephoned Low to inform him he would be honored as that year's "Angel Gabrielle" at a ball on October 19.

Dressed in black tie, Low took to the stage on the evening of the gala, and as the applause died out, he paused a moment to look out across the room. The banquet hall had once been home to the New York Stock Exchange, and its Greek pillars and high ceilings, centered around an imposing Wedgwood dome, exuded power and status. Low could see many people he knew well, and counted as friends.

There was Rich herself, whose former husband, Marc Rich, had fled to Switzerland after being indicted on federal charges of tax evasion, eventually being granted a pardon by President Bill Clinton. Nearby were Ambassador Otaiba and his wife, who also were being honored as "Angels of Inspiration" for their charity work. Sitting across from the pair was Jamie Foxx, who later that evening would perform, as would Alicia Keys and Ludacris. Lorraine Schwartz, too, was on hand, as were Paris Hilton and Richie Akiva, owner of 1Oak, a New York nightclub frequented by Low.

He began by telling the story of how, in February 2012, he'd undertaken his first-ever full-body medical checkup in Switzerland, only for a doctor to tell him he might have stage 2 lung cancer.

"I felt my world fall apart," Low said, sounding a bit stiff, as if trying to make sure he got the story right. "This was one of the changing moments of my life and I didn't know what to do."

He related how he called Al Husseiny—gesturing to his friend in the audience—who had connected him with a doctor at the University of Texas's MD Anderson Cancer Center, one of the world's top hospitals for treating the disease. After six months of tests, the doctors told him it was only an infection. The reprieve from cancer changed his outlook on life, Low said, and later that year he set up the Jynwel Foundation to make charity a bigger part of his life. The following year, in October 2013, Low pledged $50 million to MD Anderson to fund an effort to better diagnose cancer by feeding patient data into IBM's Watson supercomputer.

Here was Low, caught on camera, carrying on as he had for his entire life, the master storyteller mixing reality with half truths, all in the service of distracting anyone from looking deeper. What you claimed to be, you were, plain and simple. Perhaps Low had been worried about dying of cancer, but he used the speech to develop another fiction, one about his origins.

"I'd like to take this opportunity to tell New York a bit about my background," he said.

Some in the audience groaned inwardly as the speech went on and on. But Low needed to make his moment count. He spun, once again, the old story of his grandfather, who had come to Malaysia in the 1960s and built a fortune—only now he told this story to an audience that included luminaries of New York business and entertainment. His grandfather, Low said, had started the Low tradition of philanthropy, giving to communities across Asia, including to "orphans." He recently had died, also of cancer, which Low said had inspired him to donate to MD Anderson.

"Everything he stood for inspires me every day," Low said.

The grandfather had died, Low undoubtedly loved him, but he was not as wealthy, or such a philanthropist, as his grandson made out. Neither was Low himself so charitable; the Jynwel Foundation had done little through 2012, while Low was busy raiding the 1MDB fund, even during his own cancer scare. It was true that the Jynwel Foundation had pledged more than $100 million to charities, although it had actually paid out only a fraction of that amount. Its activity began to pick up only in late 2013, just as negative media stories about Low were snowballing, and more so in 2014.

In order to change the narrative, Edelman counseled Low to publicize his charitable endeavors, including pledges of tens of millions of dollars to National Geographic's Pristine Seas endeavor and to the United Nations to save its news service from closure. Low was even planning to donate to his alma mater. At his request, an architect drew up plans for a new building at Wharton to be called the Jynwel Institute for Sustainable Business. Low was planning to make a $150 million commitment to build and operate the institute over thirty years, a munificent gesture, redolent of a Rockefeller or a Carnegie.

Low looked to have a handle on the situation, with Deloitte signing off on 1MDB's accounts, an IPO in the cards, and the rosy glow of a big philanthropic award. He arranged for Jynwel to make a snazzy corporate video. In the video, Thomas Kaplan, a U.S. businessman in whose New York financial firm Jynwel had invested $150 million, extolled Low for always standing by his promises. There were also cameos by Szen Low, Alicia Keys, and a top Mubadala executive.

"How do you quantify luxury and inspire synergies that create value for everyone whilst building trust and loyalty for a lifetime?" a narrator says breathlessly during the video, filmed in Abu Dhabi, New York, and the Caribbean. "For Jynwel, dynamic quality, exciting value creation, and loyal trust are the foundation. Nothing slips beneath."

Low even was in talks for what would have been his biggest corporate deal yet, a billion-euro bid alongside Mubadala to buy Reebok, the Boston-based sports-apparel company, from Adidas. Called Project Turbocharged at Jynwel, Low's firm, the acquisition would seal his name as a gold-plated investor. Swizz Beatz, who had a creative role at Reebok, was involved in the deal. The Malaysian traveled to Boston for negotiations, staying for weeks in a suite at the Four Seasons.

He also began talks with Tom Ford, the U.S. fashion designer who makes suits for James Bond, to take a 25 percent stake in his company. These were high-profile deals aimed at drowning out the increasingly loud noise about Low's past.

But he would not have time to finalize the negotiations. Back home in Malaysia, Prime Minister Najib's secret accounts were finally attracting some scrutiny, and Low was forced to hustle to stop a nosy Australian bank from getting in his way.

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Chapter 41

Sacks of Money

Kuala Lumpur, Malaysia, December 2014

In early December, Joanna Yu, the AmBank employee who ran Prime Minister Najib's secret accounts, was in a panic.

"Very stressful these days. ANZ running the bank," she texted to Jho Low, referring to the Australian bank that held a stake in AmBank. "We need to close the accounts soonest please," she said.

Low texted back "okay" but seemed distracted, and as the month wore on, and the accounts remained open, Yu got increasingly worried. In a series of messages, she explained to Low how the situation was perilous.

Cheah Tek Kuang, the chief executive who had given cover to the enterprise, had stepped down to take on an advisory role. The new chief, Ashok Ramamurthy, was an appointee from ANZ, and he'd found out about Najib's secret business.

By now, the prime minister had a number of accounts at AmBank, and Ramamurthy was watching. Late in 2014, the new chief executive became fretful about a series of huge cash payments into Najib's accounts. In the last few months, the prime minister had been running short on funds, as he paid off politicians. Desperate to stop the accounts from becoming overdrawn, which would attract attention from compliance, Low arranged for an associate to make last-minute cash deposits, taking sacks of cash into an AmBank branch.

It was a huge miscalculation and alarmed Yu, who pleaded with Low to stop. Heedless of the advice, he kept sending the associate with sacks of cash—literally bundles of notes in bags—to AmBank branches. The deposits totaled only $1.4 million, but handing money over the counter like this had set off anti-money-laundering alerts at AmBank, and Ramamurthy was forced to act. The chief executive alerted the AmBank board and Bank Negara Malaysia, the central bank. Low was furious.

“This is confidential,” he replied, ordering Yu to tell Cheah Tek Kuang to stop Ramamurthy from further disclosures.

It was too late, she replied, ANZ board members knew about the account now, and Cheah, who saw the writing on the wall, was retiring from the bank at the end of December.

At ANZ headquarters in Melbourne, Australia, overlooking the city’s former docks, executives were disturbed by what they were finding out. It was a potential public relations disaster for ANZ, which was the largest single shareholder in the bank. Ramamurthy had been with the Australian bank for more than two decades, and Shayne Elliott, ANZ’s finance director and one of Australia’s most senior bankers, even sat on AmBank’s board.

The bank had wanted to tap into Malaysia’s growth—like many foreign retail banks that expanded in emerging markets during this period. But ANZ clearly had no idea about what had transpired at a bank it was supposed to control. It wasn’t just a question of Najib’s accounts: AmBank also had been lending to 1MDB, and the news stories about the fund were making ANZ executives nervous. To limit the potential damage, the board ordered AmBank to immediately drop out of any work on the IPO, which it was co-arranging with Deutsche and Maybank.

The revelations were also a dilemma for Bank Negara Malaysia. The central bank oversaw the country’s financial system, and it had failed to uncover one of the world’s biggest financial swindles. Cheah had informed Zeti Akhtar Aziz, the sixty-seven-year-old governor of Bank Negara, about the prime minister’s account in 2011. He told her Najib was expecting inflows of hundreds of millions of dollars in political donations from Saudi Arabia—a story concocted by Low to explain the torrent of cash.

That was the last Zeti heard of the matter. It was a delicate situation, as it involved the prime minister, but Zeti now ordered an internal review of his accounts. For more than a decade, she had been at the helm of Bank Negara Malaysia and was regarded as one of Asia’s most skillful central bankers. This issue threatened her reputation, and she wanted to get to the bottom of it.

As the stress mounted, Yu was looking to change banks herself, scared about this scrutiny from ANZ and the central bank. Protected in his bubble, served by sycophants, Low foremost among them, Najib was among the few who didn't know the noose was tightening, and he ordered that his accounts remain open. The prime minister needed to keep his wife happy.

Just before Christmas, Najib, accompanied by Rosmah, and their usual retinue of hangers-on and security, flew into Honolulu, the state capital of Hawaii, aboard a Malaysian government jet. Days later, the pair breezed into a Chanel store in Honolulu's upscale Ala Moana Center. The first lady perused the jewelry and bags on display. Low had provided Rosmah with a $27.3 million jewel from Lorraine Schwartz. But for more mundane purchases, those costing only a few hundred thousand dollars, she relied on Najib's credit cards.

In the Chanel store, her items selected, Rosmah turned to Najib to pay. The prime minister whipped out his platinum credit card, with a $1 million limit, and handed it to the cashier. A moment later, a nervous Chanel employee informed Najib that the transaction was not going through. Annoyed, he tapped out a message to Low on his cell phone. The credit card drew from his AmBank accounts, which were funded by 1MDB money.

"My platinum cards are not going through Jho. Can u call AmBank Visa and Mastercard right away?" he wrote.

Low messaged Joanna Yu, who reassured him the prime minister's limit was still $1 million. After an awkward wait in the Chanel store, eventually the credit card machine burst into action, charging the Malaysian people another $130,625 for Rosmah's frivolity. It was just a drop in the ocean of her spending. Months earlier, on the Italian island of Sardinia, Najib had used his card to acquire 750,000 euros in jewelry for his wife.

Since 2008, Rosmah had spent at least $6 million using credit cards—her husband's, but also others in her own name—in a nonstop round of shopping stretching from Rodeo Drive in Beverly Hills, to Harrods in Knightsbridge, to Saks on Fifth Avenue. In private, she thought nothing of using government jets for her shopping trips. But after the Bersih antigraft protests in 2012 had targeted Rosmah's spending, she went on a public relations campaign to improve her image. Her wealth, she said, was due to a lifelong habit of saving.

"I have bought some jewelry and dresses with my own money. What is wrong with that?" she wrote in an autobiography.

But Malaysians weren't so easily fooled.

"She said she saved that money since she was small. That is impossible," said Anis Syafiqah Mohd Yusof, a twenty-four-year-old student from the University of Malaya, who organized a small protest against corruption, one of the many around this period.

In online blog posts, average Malaysians derided the first family for their extravagant lifestyle. One site collected pictures of Rosmah with multiple Birkin bags. Those who protested did so at great personal risk—even of jail time—but the egregious corruption of this regime was becoming too much for many people to bear silently.

As Rosmah shopped, Najib had other business to transact in Hawaii. Two days later, on Christmas Eve, the prime minister met President Obama for a round of golf. Unaware of the trouble facing Low, Najib saw the chance to play the president as a triumph, another sign of his growing power and stature on a world stage. It was a rare honor: Obama golfed with British Prime Minister David Cameron and Vice President Joe Biden, but few foreign leaders had been given the chance.

To underscore his support of Najib, Obama had agreed to a round at the Kaneohe Klipper golf course, just a short drive from where the president was vacationing with his family. Despite the protests against Najib, Obama continued to view him as among the United States's best allies in Asia. But the round ended on an anticlimax.

On the eighteenth green, Obama made his first putt. As he struck, it was clear the ball was moving to the left of the hole. The president moved to tap the ball in, but picked it up before it missed again. Prime Minister Najib then stepped up, but he also missed a second putt. Obama consoled him with a pat on the shoulder, and the two leaders moved toward the clubhouse.

By December, Deutsche Bank was perturbed. The bank had dreamed of replicating Goldman's profits, but instead it was now dawning on executives that 1MDB had something to hide. Deutsche had lent hundreds of millions of dollars to the fund, which was obligated, as part of the loan agreements, to hand over financial information to the bank. But Terence Geh, the fund's finance executive, was refusing to cooperate. The bank particularly wanted details on the Cayman Islands investment, which was collateral for the loans.

The money was supposedly held by Brazen Sky, the 1MDB affiliate, at an account at BSI in Singapore, but Geh declined to hand any data over, citing government secrecy. If Deutsche found out there was no money there, it would recall its loans, plunging 1MDB into further financial distress and scuttling the IPO, which Deutsche was helping arrange. The 1MDB board also was anxious. In December, the fund's offices had received a visit from police after an UMNO politician close to Mahathir had made a complaint about possible fraud at the fund. They had gone away without taking documents but the raid spooked one board member, who worried aloud whether they could all be prosecuted for criminal breach of trust.

Deutsche Bank was not buying Geh's excuses, and, just before Christmas Day in 2014, Low took a drastic step, ordering senior executives at the fund to destroy all documents at 1MDB's headquarters in Kuala Lumpur. Low was a phantom presence at 1MDB, rarely in the offices but exerting his power through executives who would carry out his wishes without question. Most of the smart Ivy leaguers had left amid concerns about Low; those who remained were loyalists.

This demand, however, to erase the data of a multi-billion-dollar sovereign wealth fund reeked of desperation. Lower-level employees were told to bring their laptops and cell phones to the IT department, where staff wiped them clear of all data. Even information on the fund's mainframe computer was obliterated. As an excuse, executives told staff there had been a hacking of 1MDB—that was how *Sarawak Report* had obtained the emails—and this was the only way to ensure security.

The action was not rational. A company that's facing a hacking threat can simply take its servers offline. Not long after, the physical servers went missing, too. This was an attempt to erase history, and it was a sign Low was running out of options. For years, he had thrived, leveraging his proximity to Prime Minister Najib to run 1MDB in secret. Over the years, he exhibited an inhuman tolerance for risk. The flipside was that Low rarely looked to the future: He had no contingency plan, no idea of how to get out of this mess, and now he was panicked.

But his hapless maneuvering didn't work. There were copies of documents in multiple locations—Justo had access to some key ones—making it impossible for Low to smother all traces of the fund's existence. Deutsche Bank kept pushing for documents, and Geh eventually was forced to doctor 1MDB's accounts and Brazen Sky's bank statements at BSI to make it appear the cash was still there.

The 1MDB fund's chairman, Lodin Wok Kamaruddin, who was in close contact with Najib, informed the board, in a meeting on November 25, 2014, that there was no choice but to sell assets and wind down operations as soon as possible. Interest costs alone were more than $800 million per year and the fund was close to default. The IPO looked ever more like a pipe dream. Before the fund could be wound up, however, Xavier Justo pulled the trigger.

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Chapter 42

The Exposé

Singapore, January 2015

Ho Kay Tat strode into the sunlit atrium of the Fullerton Hotel in Singapore, accompanied by his boss, chairman of the Edge Media Group, Tong Kooi Ong. The imposing gray-granite neoclassical building had served as the scrappy colony's Central Post Office in the 1900s but was now a well-known five-star hotel at the mouth of the Singapore River, towered over by the glass-and-steel skyscrapers of the financial district.

As the pair entered the Fullerton, Clare Rewcastle-Brown came over and informed them her contact was waiting in the lounge area. She had briefed them on a source with information on 1MDB, but they had been expecting a Malaysian, and they got a shock when Rewcastle-Brown led them to Justo, a tall, charming Swiss man sitting in a comfy chair. It was late morning, and over coffees, Justo showed a sampling of the emails from PetroSaudi, repeating his demand for payment of $2 million.

"We need to verify the authenticity of the emails first," Ho replied.

Although she refused to pay him herself, since meeting Justo Rewcastle-Brown had been searching for someone to supply the money. The *Edge*'s publisher, Tong, was an obvious choice. Since founding the *Edge* two decades earlier, Tong had built up a staff of 350 people and a reputation as Malaysia's only true independent newspaper proprietor. He'd agreed to meet Justo, and brought along two independent IT experts to verify the information.

That afternoon, the group reconvened in one of the Fullerton's meeting rooms, where the IT experts pored over Justo's hard disk, taking a few hours to sift through the reams of emails and documents. The experts scoured for evidence of tampering, looking at the hidden metadata within files to ascertain whether anyone had made alterations after the date of creation.

Computer users leave a “digital fingerprint,” and, though they could not be 100 percent sure, the IT experts concluded that, in their opinion, the files had not been tampered with. The group then discussed how to pay Justo. He didn’t want cash, and he was worried a large transfer into his accounts might lead to complications with bank compliance executives. He left agreeing to find a way to receive the money at a later date, but handing over the hard disk.

“I trust you,” Justo said to the group.

Rewcastle-Brown and Ho Kay Tat had their hands on the journalistic scoops of their careers.

Before they had time to sift through the hundreds of thousands of documents provided by Justo, the *New York Times* published a front-page story on Low on February 8, 2015. The *Times* piece, part of a series about dodgy foreign money in the Time Warner building, detailed his accumulation of U.S. properties and painted him as a bagman for the prime minister’s family, buying apartments and mansions and passing them on to Riza Aziz. It noted how Low’s story had changed, from being a “concierge” for rich friends to being a billionaire claiming that he was investing family money. The *Times* also pointed out how Red Granite’s principals had once put forward Low as an investor, but of late had started mentioning Al Husseiny. And the newspaper noted Rosmah’s penchant for expensive jewelry.

“Neither any money spent on travel, nor any jewelry purchases, nor the alleged contents of any safes are unusual for a person of the prime minister’s position, responsibility and legacy family assets,” Najib’s office said in a statement to the *Times*.

The *Times* piece rippled through Malaysia, picked up by those news outlets that Najib couldn’t control. The statement from the prime minister’s office was the last straw for Najib’s four brothers, who for years had complained inside the family about Rosmah’s spending. The first lady was increasingly out of touch, a Marie Antoinette–like figure who recently had complained to a public gathering about the $400 it cost to dye her hair, a monthly wage for some Malaysians. The brothers decided to put out a rare statement to counter the inference that their father, Prime Minister Abdul Razak, had taken money while in office.

"We take issue with anyone who taints his memory, whatever the motive," the brothers wrote. It was a thinly veiled dig at Najib and Rosmah.

But it was too late to salvage the family name.

In early March, Rewcastle-Brown was ready to publish. After years of suspicions about 1MDB and Low, her story, posted on February 28, was headlined "Heist of the Century," and it drew back the curtain on the early days of the fund's operations. The piece showed with documentary proof how Low had siphoned money from 1MDB via Good Star, the first time anyone had detailed how Low took money from the fund in 2009. She embedded documents into her story to give it added heft: One email showed Shahrol Halmi, the chief executive, pushing Deutsche Bank to send money to Good Star; another document named Seet Li Lin as the investment officer for Good Star, the shady Seychelles company, linking it to Low; and there were agreements for Good Star to pay tens of millions of dollars to Tarek Obaid. Rewcastle-Brown had hit the mother lode, and days later the *Edge* would follow up with its own investigative scoop.

The news of Low's apparent theft caused a civil war within UMNO. A faction led by Mahathir called openly for Najib to resign. Some senior politicians even arranged to tap the prime minister's phone and heard him discussing with Jho Low a plan to put the blame for any corruption on 1MDB's Middle Eastern partners. Until the dust settled, Najib ordered Low to leave the country and keep a low profile. In public, the prime minister denied any wrongdoing at 1MDB but nevertheless ordered an official government investigation of the fund, led by the National Audit Department, a body tasked with checking state finances. The Public Accounts Committee of Parliament, headed by an UMNO politician, began to clamor for answers. The committee ordered Low to appear before it, but no one knew his location.

For years, Low must have been expecting this day to come. How could he believe it possible to take so much money, revealing parts of the scheme to a prime minister, a Saudi prince, Malaysian bankers, and the head of an

Abu Dhabi sovereign wealth fund, while keeping the full contours of its audacity to himself?

In the days after the *Sarawak Report* scoop, Low acted as if he'd steeled himself for this situation all along. Many people, caught in the act of something much less felonious, would crumble and admit all. Najib was even talking to family members about stepping down. But Low was ready to fight. It was a survival instinct, for sure, but perhaps after years of fabrication, he found it hard to perceive the hard line that divided truth from falsehood. Maybe he really did believe he was benefiting Malaysia, building ties with foreign governments and raising the nation's profile.

As the news broke, the Malaysian was traveling the world on his jet, and he sent off a barrage of messages to his associates. He told Khaldoon Al Mubarak, the chief executive of Mubadala, that Malaysia's government had found no evidence of wrongdoing. The reports were based on "fabricated" emails from PetroSaudi. "We expected these few months to be filled with noise, innuendo and misinformation from certain political quarters," Low wrote Al Mubarak. He blind-copied Ambassador Otaiba, showing his ally how he was trying to keep the situation under control.

"Please note the '*Sarawak Report*' exposé is sensationalized, filled with innuendo and baseless accusations," he messaged Joanna Yu at AmBank. Yu did not respond; she was too busy closing Najib's accounts. Finally, under pressure from AmBank's board and amid a constant shortage of funds, the prime minister had to acquiesce. For Yu, the scope of what she was involved in was revealing itself. Of course, she knew it was illegal to keep an account secret, even one controlled by the prime minister, and to hoodwink the central bank and the board. But the scale of Low's scheme was probably far from her imagination.

A few days after Low's last messages to Yu, Malaysian police raided AmBank. They moved through the bank's headquarters, a skyscraper close to the Petronas Towers in Kuala Lumpur, asking to be directed to Yu's desk, where they demanded she hand over her computer and phones. She complied immediately. There were no other senior executives left at the bank for the police to question. Her former boss, Cheah Tek Kuang, had gone into retirement months earlier. Ashok Ramamurthy had resigned as AmBank's chief executive in a hurry in early March, to return to a job with ANZ in Australia, and soon after he would leave the bank entirely.

In the wake of the *Sarawak Report* story, Malaysian law-enforcement agencies felt emboldened to take action, setting up a task force to investigate the 1MDB affair. The group included Bank Negara, the National Police, the Malaysian Anti-Corruption Commission, and the attorney general, the country's top public prosecutor.

The evidence taken by police about Najib's accounts, including Yu's phone messages with Low, painted an extraordinary picture. In the ensuing weeks, officials at Bank Negara Malaysia, under Governor Zeti Akhtar Aziz, combed through the documents from the raid, revealing a stunning fact: The prime minister had received more than $1 billion into his *personal accounts* between 2011 and 2014. The biggest payments, totaling $681 million, were from an unknown company called Tanore, which had an account at Falcon Bank in Singapore. Given the explosive nature of its discovery, the task force decided not to reveal the information to the public for now.

The *Sarawak Report* story made no mention of Najib's accounts. And, as yet, the central bank had no evidence the prime minister had received money from the 1MDB fund, but it began to cast its investigatory net in a wider arc. Bank Negara reached out to Singapore's police for information on Jho Low's accounts. The Suspicious Transaction Reporting Office wrote back on March 13 that a company account at BSI in Singapore owned by Low had received $500 million between 2011 and 2013 from Good Star. This was the company *Sarawak Report* had mentioned, and it appeared to reveal another step in the money flows, but it didn't connect 1MDB to the prime minister.

Still, the probe had momentum, and Singapore, normally keen not to upset the equipoise of its lucrative private banking world, began to dig in.

"If proceeds of crime have been transferred to Singapore, we would like to consider whether an offense has been committed," Chua Jia Leng, head of the suspicious reporting office, wrote Bank Negara.

Authorities in Malaysia and overseas were closing in. As Low and Najib were trying to contain the fallout, another major figure was in peril: Khadem Al Qubaisi of IPIC.

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Chapter 43

Buttocks in a G-String

Tel Aviv, Israel, April 2015

Behind an office building in Tel Aviv, the flames of an impromptu bonfire melted the plastic of several USB sticks. Two men stood watching over the fire. One, Mohamed Al Husseiny, the chief executive of the Abu Dhabi fund Aabar, was there to ensure its contents were incinerated. Al Husseiny, who had helped Low take money from the 1MDB bonds arranged by Goldman, watched as singed bits of paper from a stack of burning documents floated into the sky. They included secret files and photos that risked bringing the career of his boss, Khadem Al Qubaisi, crashing down. The documents had been removed from Al Qubaisi's home and office in France by Racem Haoues, a French-Algerian man. Over years of corrupt deals, Al Qubaisi had made a raft of enemies, and Haoues was among them.

For years, Haoues acted as a glorified butler for Al Qubaisi, arranging cars, jets, and reservations while also occasionally passing messages between his boss and people making discreet payments. Haoues was handsomely remunerated, but he must have become increasingly envious as he saw Al Qubaisi and subordinates like Al Husseiny line their pockets with hundreds of millions of dollars in kickbacks. In a magnanimous moment, Al Qubaisi said he would throw him a morsel—a stake in a big real estate play in Spain—but he later reneged on the deal. Soon after, in early 2015, Al Qubaisi fired him. But Haoues already had an insurance policy: Over time he had amassed a raft of compromising information on his former boss.

The documents included Al Qubaisi's bank statements, details of his multiple French properties and payments on Sheikh Mansour's yacht, *Topaz*. Haoues leaked a selection of the documents to Clare Rewcastle-Brown, who published a story in late March 2015, just weeks after her exposé on Jho Low. The piece outlined how a Luxembourg company owned by Al Qubaisi had received $20 million from Good Star, Low's shell firm, in February 2013. It was accompanied by photos, also supplied by Haoues, of the IPIC managing director partying around the world. In one shot, he was dancing in a club while a topless model cavorted in an oversized cocktail glass. In another, he was making out with a woman on a sofa, behind some shisha pipes. Yet more photos showed him in clubs, wearing T-shirts with lewd images, including one that featured a close-up of female buttocks wearing a G-string. It was common for wealthy Gulf residents to shed modest Arab dress in the West, but these bawdy party photos were beyond the pale—especially after they were publicly disclosed.

Haoues had only given a drip of his total information to Rewcastle-Brown. According to a later complaint, filed and then withdrawn, Haoues, through an intermediary, set about trying to extract money from Al Qubaisi, warning that—if he did not pay—more material would come out. The material touching on Sheikh Mansour's business was extremely sensitive. Acting for his boss, Al Husseiny helped arrange a transfer of 30 million euros to Haoues in return for the destruction of the documents. After the payment was made, Al Husseiny traveled to Tel Aviv, where he and an intermediary for Haoues built their bonfire.

Al Qubaisi hoped further trouble had been averted. With the continued backing of Sheikh Mansour, he might have believed himself to be untouchable and more dominant than ever. Within the past year, Al Qubaisi had put his half a billion in 1MDB money to work, purchasing a penthouse in New York's Walker Tower for $51 million, and two mansions in Los Angeles for a combined $46 million. As chairman of Hakkasan Group, a nightclub empire owned by Sheikh Mansour, he had become one of Las Vegas's most powerful businessmen.

Around the time of Haoues's blackmail threat, Al Qubaisi launched the Omnia nightclub in Caesars Palace. Its name meaning "the sum of all things" in Latin, Omnia was the most expensive nightclub ever built, at over $100 million, and could host more than 3,500 revelers. Al Qubaisi's domain featured a 22,000-pound light-emitting, kinetic chandelier, hovering like a UFO over the main dance floor, along with state-of-the-art liquidcrystal displays, “opera boxes” that looked down on the main club, and an outdoor terrace with views of the Strip. The opening night in March 2015 featured superstar DJ Calvin Harris (who was paid hundreds of thousands of dollars a night to perform), and Justin Bieber celebrated his twenty-first birthday at the club over the star-studded weekend of festivities.

But Al Qubaisi’s optimism was misplaced. Crown Prince Sheikh Mohammed Bin Zayed Al Nahyan, the ruler of Abu Dhabi, had decided to take action. The dealings of his brother Sheikh Mansour, overseen by Al Qubaisi, had gone too far. The crown prince ordered a discreet investigation into Al Qubaisi. With his brother completely in the dark, investigators piled up evidence of financial wrongdoing, painting a picture of Al Qubaisi as a man who had grown too powerful, failing to respect the royals for whom he worked.

On April 22, 2015, a presidential decree ousted Al Qubaisi from IPIC, without explanation. A few months later, his subordinate, Al Husseiny, was kicked out of Aabar, the IPIC subsidiary. Al Qubaisi was in Spain at the time for business, and initially brushed off the change as a temporary issue and attended a football game between Real Madrid and Atlético Madrid in the evening. He didn’t realize the seriousness of his predicament: Sheikh Mohammed was cleaning house. In the Gulf, the ruling families were protected; but Al Qubaisi was in danger.

For Low, Al Qubaisi’s downfall removed one of his closest conspirators. It was unclear how deeply Abu Dhabi’s rulers would probe—surely they didn’t want to embarrass Sheikh Mansour—but Low recognized the ouster was dangerous for him, and he took immediate action.

Less than a week after the ax had fallen on Al Qubaisi, Low flew by private jet to Abu Dhabi on a damage-control exercise. With Al Qubaisi out of the picture, Low was laying the groundwork to put the blame on his former partner; if the full story about the money stolen via IPIC ever came out, Al Qubaisi, already a fallen man, could take the responsibility. Low had ensured his name wasn’t attached to documents, but the signatures of Al Husseiny and Al Qubaisi were all over the place.

“There’s rumors going round that I’m a buddy of Al Qubaisi, and money has gone missing. But it’s an internal IPIC issue if some of the money

1MDB sent is not showing up in IPIC's accounts," Low told Shaher Awartani, Ambassador Otaiba's business partner, in one meeting.

In another meeting with the new head of IPIC—Suhail Al Mazroui, Abu Dhabi's energy minister—Low portrayed himself as a savior who could chart a course out of the wreckage left by Al Qubaisi. By now IPIC's new management had gone through the financial statements and were beginning to see that billions of dollars it should have received as collateral for guaranteeing 1MDB's bonds were missing. Alarmingly, the Abu Dhabi fund was on the hook for $3.5 billion in bonds that 1MDB had sold and didn't seem able to repay.

The Malaysian fund was on the brink of default. Deutsche Bank, finally aware of the problems with the Cayman Islands collateral, was demanding early repayment of its total $1 billion in loans. Low offered a solution: IPIC would stump up the $1 billion to avoid a default, and in return Malaysia's Finance Ministry, which Najib also headed, would agree to ensure IPIC was fully repaid in cash and assets. It was unclear how the fund would raise such money—the IPO was on hold amid all the bad news—but IPIC's new chief had little option but to accept. Al Qubaisi appeared to have been involved, and he was keen to keep a lid on the scandal. After speaking with Najib, Minister Al Mazroui agreed to the arrangement, and both sides soon after signed a formal deal.

Low had other problems bubbling that he needed to sort out in Abu Dhabi. Ambassador Otaiba was concerned about queries he had received from BSI. As Singapore authorities ramped up their probe, BSI had been forced to make a show of auditing all accounts related to 1MDB and Jho Low. The bank was in chaos. Hanspeter Brunner, the head of BSI in Asia, put Yak Yew Chee, Low's relationship manager, on unpaid leave in the spring.

In return for his bonus, the bank's head of compliance in Lugano attempted to wring a signed declaration out of Yak that he had received no "gratification" in dealing with 1MDB and Low. Unwilling to be singled out as a scapegoat, Yak took off to rural China to bide his time, and quickly fell into a depression brought on by stress. The bank's compliance department had begun to investigate all Low-related business, and that had led them to contact Otaiba and Awartani, whose shell company, Densmore, had an account at BSI.

“You should close your accounts. The bank is too much in the limelight. I’ve moved out most of my major assets and will close the remaining accounts soon,” Low advised Awartani in their meeting.

Then he set about enlisting his help. Low told Awartani he wanted to buy his own bank as a parking spot for his money—and that of friends and family—and had just the candidate: an Amicorp Bank affiliate in Barbados. Low had used Amicorp for many transactions, and its bank was on the auction block for $15 million. But Low needed a front, and he wanted to know if Equalis Capital, a Dubai-based financial firm controlled by Otaiba and Awartani, would be willing to acquire the bank. Already alarmed by the events of the past few months, Awartani was noncommittal.

Instead, Low shifted some of his accounts to Amicorp’s bank. He also looked for other new places to stash his money. For help, he once again turned to Tim Leissner. The German Goldman banker was willing to help, writing a letter of reference in June 2015 to Banque Havilland, a small but illustrious Luxembourg private bank. At this stage, few banks would touch Low, but Leissner’s letter, falsely stating that Goldman had conducted due diligence on Low’s family wealth, opened doors. It was a decision that would seal the banker’s fate.

Low was taking actions to shut down scrutiny of 1MDB and to hide his own assets. But this piecemeal approach wouldn’t do. It was too reactive. He needed to make a more aggressive move—to fire a warning shot across the bows of anyone thinking of crossing him.

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