

## Chapter 44

# Strongman Najib

*Koh Samui, Thailand, June 2015*

On a hazy, hot tropical afternoon in late June, Xavier Justo was relaxing at his villa on the island of Koh Samui. Suddenly, armed Thai police burst in and muscled him to the floor. Once officers had secured the suspect—tying his hands so tightly with plastic cuffs that his wrists bled—they ransacked his office, carting off computers and other documents. He was flown to Bangkok, where a convoy of police SUVs drove him across the city to a holding cell.

Two days later, still wearing his beach outfit—a gray Hugo Boss T-shirt, cream shorts, and flip-flops—Justo was paraded in front of the media in Bangkok. As the Royal Thai Police chief reviewed details of the case, five commandos in dark shades and brandishing machine guns stood ominously over Justo, whose hands were still cuffed. On a table nearby stood the computers taken from his residence. This was the kind of dramatic staging Thai authorities reserved for drug kingpins, not someone charged with attempted blackmail and extortion.

Awaiting trial, Justo was placed in a Bangkok jail with fifty other prisoners. The stench of urine and the lack of floor space, or even a mattress, made it impossible for him to sleep. He was relieved when a former British police detective, Paul Finnigan, who ran his own consultancy, turned up to visit. Finnigan was working with PetroSaudi, but he told Justo he was a police officer investigating the case.

Finnigan offered Justo a deal: Plead guilty to the charges and he would get out of jail before Christmas. Tarek Obaid would help him, Finnigan

promised, but only if Justo was cooperative. A few days later, Mahony arrived at the jail cell, and made similar promises, according to a complaint Justo later filed. Stressed from the ordeal, and yet to have been given legal representation, Justo signed a twenty-two-page “confession,” in which he apologized to PetroSaudi for stealing the documents and negotiating to sell them to the *Edge*.

This was phase one of a plan to discredit Justo, cast doubt on the authenticity of the emails, and blame Malaysia’s political opposition for stirring up trouble for the prime minister. His resolve galvanized by Rosmah, who called the situation a “test from Allah,” Najib was not going to resign so easily.

“We have been the victims of a regrettable crime that has unfortunately been politicized in Malaysia,” PetroSaudi said in a statement.

The day after the arrest, the *New Straits Times*, an English-language newspaper owned by the ruling UMNO party, published a piece quoting an unnamed spokesman from Protection Group International, a London-based cybersecurity and corporate intelligence firm, as saying it had reviewed the leaked emails and found evidence of tampering.

The firm, owned by a former British Royal Marine, had been hired by PetroSaudi, but it had conducted only a review of a few documents available on the *Sarawak Report* website. Now, its private review for PetroSaudi was being plastered over UMNO’s party mouthpiece. Only Najib, or other senior UMNO politicians, could dictate to the *New Straits Times* what to write. After its publication, Low quickly forwarded the story to Khaldoon Al Mubarak of Mubadala, the Abu Dhabi sovereign wealth fund, to mislead his allies in the Gulf into believing that the PetroSaudi emails were somehow fake.

A month later, Justo was still languishing in jail, awaiting his trial, when a Singapore journalist turned up for an interview. The reporter had provided the questions ahead of time, and Finnigan supplied Justo with prearranged answers. Justo told the journalist how the *Edge* had failed to stick to its promises to pay him, and now he made a new claim: During the meeting in Singapore with Rewcastle-Brown and the principals at the *Edge* newspaper, the buyers had talked about how they planned to modify the documents he provided.

Justo repeated the claims in another meeting with Malaysian police

officers, his answers scripted by Mahony and Finnigan. Justo had to help Malaysia's prime minister by blaming Rewcastle-Brown, and at all costs he was to avoid mentioning Jho Low, they told him. Since the publication of the *Edge's* stories, Ho Kay Tat and four other staffers had been detained by Malaysia's police under the Sedition Act and then let go, in what appeared to be a clear act of intimidation. Najib's administration also recently had brought in a new law, on the surface aimed at curbing terrorism, but permitting suspects to be held indefinitely.

No evidence emerged supporting the claims of tampering; Justo was under huge pressure from Mahony and others to back their version of events. Ho responded with a note on the *Edge's* front page, denying the newspaper had paid anyone or tampered with the documents. The publication, he wrote, had a "public duty to find and report the truth."

So far, Prime Minister Najib had stayed out of the fray, but that was about to change. The Malaysian government task force, led by Bank Negara and the Malaysian Anti-Corruption Commission, had pored through thousands of financial transactions in the prime minister's accounts. The biggest incoming payments—\$681 million from Tanore—were still a mystery, and the investigators were no closer to knowing who controlled the company or why it had paid money to Najib. Even governments could not easily see behind the veil of offshore secrecy, and Trident Trust, which had set up Tanore in the British Virgin Islands, only knew that Eric Tan was the ultimate beneficial owner, not Jho Low.

But investigators had been able to trace a much smaller amount of \$14 million from 1MDB to one of the prime minister's accounts. The Malaysian Anti-Corruption Commission, whose job was to build major cases for the attorney general to prosecute, believed this smaller payment was sufficient grounds for criminal charges. But there was a hurdle: Some members of the task force, especially the National Police, were objecting to moving ahead to frame charges against a sitting prime minister. The only option was to leak the documents detailing Najib's financial transactions.

Just as the task force was looking for a candidate, we published a front-page story in the *Wall Street Journal*, the most detailed piece yet on how Najib had used 1MDB as a slush fund. The story caught the eye of an

intermediary for the task force. A few days later, a Malaysian source met in London with Simon Clark, a *Journal* reporter, to confirm the veracity of the documents, which the intermediary handed over hours later. *Sarawak Report* also received them. The files, copies of wire transfer documents into Najib's accounts, as well as money-flow diagrams produced by the task force, were explosive.

Under the headline INVESTIGATORS BELIEVE MONEY FLOWED TO MALAYSIAN LEADER NAJIB'S ACCOUNTS AMID 1MDB PROBE, the *Journal* reported on July 2 how the task force had traced the money into Najib's accounts via 1MDB-linked entities.

After months of conjecture about the prime minister's involvement, and his fervent denials of wrongdoing, the story was a tipping point, splaying the issue across the pages of one of the world's most well-known newspapers. The *Journal* story was among the most-read online items of the year, garnering more than a quarter-million unique visitors online. Now the 1MDB story had a global audience. A few days later, we reported how Singapore was investigating payments made to Jho Low.

The *Edge* could have its publication license revoked, but now Najib was faced with the *Journal*, an organization that didn't rely on his goodwill to remain in operation. With few other options, the prime minister came out swinging, realizing this was a fight for political survival. Within a week, the *Journal* received a letter from Najib's lawyers asking for the newspaper to clarify its position on the story or possibly face a lawsuit. The *Journal's* lawyers responded that the paper was standing behind its piece. Najib also took to Facebook to paint the allegations as the work of Mahathir Mohamad, the former leader, who had intensified his calls for the prime minister to step down over 1MDB.

"Let me be very clear: I have never taken funds for personal gain as alleged by my political opponents," he said in a Facebook post. "It is now clear that false allegations such as these are part of a concerted campaign of political sabotage to topple a democratically elected Prime Minister."

The *Journal* story galvanized the Malaysian task force into action. Members of the group shared further password-protected documents on their investigation with the *Journal*. The password for many of the files: "SaveMalaysia."

On July 24, Attorney General Abdul Gani Patail informed Malaysia's police chief that he was drawing up criminal charges against the prime minister. He was preparing to take the document—known in Malaysia as a “charge sheet”—to a judge, the first step in seeking the prime minister's arrest. The document, laying out charges against Najib, noted how the payments were illegal under section 17 (a) of the Malaysian Anti-Corruption Commission Act of 2009, a provision proscribing the giving or receiving of bribes and that carried a maximum jail term of twenty years.

Najib's room to maneuver was narrowing fast. Even Deputy Prime Minister Muhyiddin Yassin began to make speeches quoting from the *Wall Street Journal* and demanding a transparent investigation on 1MDB. But the police chief, supposedly part of the task force, decided to switch sides at the last moment, and informed Najib of his impending arrest.

Overseas, the prime minister was considered charming and a democrat. Only months earlier, he had given a speech at Malvern, his old boarding school in England, in which he thanked his teachers for instilling in him “decency, discipline and perseverance.” A politician needs at least two of these, he quipped to laughter. No one perceived Najib as either decisive or ruthless. But now, fearing he could end up in jail, a steelier edge to his character came into focus. At this crisis point, raw power was all that mattered.

On July 27, 2015, three days after Najib got wind of the charges against him, he breezed into the ballroom of Kuala Lumpur's Hilton Hotel for a dinner to celebrate Eid-al-Fitr, Islam's holiest festival. Thousands of people, the great and good of Malaysian society, had assembled for the event, and the conversation revolved around the country's mounting political crisis. Most of the guests expected that Najib would soon be political history. Dressed in a Malay-style purple silk shirt, the prime minister took his place at a table reserved for VIPs, shaking hands with many of the UMNO politicians who wanted him gone. Only the prime minister knew the fury he was about to unleash on those disloyal to him.

The morning after the dinner at the Hilton, Attorney General Abdul Gani Patail arrived at his office to find the way barred by staff and security from the prime minister's office. Abdul Gani no longer had a job and could not

even enter the office to collect documents, they informed him. An hour later, Najib replaced the head of the Police Special Branch, who had been instrumental in the probe into the prime minister's accounts. Later in the day, a fire broke out in police headquarters, destroying scores of documents.

Najib fired Deputy Prime Minister Muhyiddin and four other cabinet members, and he suspended the Public Accounts Committee's probe into 1MDB. The prime minister sought to cow other critics, including the media. The Home Ministry suspended the *Edge's* publication licenses for three months, claiming its reporting on 1MDB could lead to public disorder. In one brutal house clearing, Najib had solidified his control on power.

Days later, British Prime Minister David Cameron flew into Malaysia for an official visit. He'd just given a speech in Singapore about how Britain needed to stop corrupt cash from flowing into London's property market, where Malaysians were among the biggest buyers. In private, he pressed Najib on the corruption claims, and Malaysia's human rights record. Najib was furious at the lecture by Cameron. His love affair with Western democracies was over.

As Najib battled to stay in power, Jho Low was forced to cancel his participation in a National Geographic expedition, which would include Leonardo DiCaprio, who was filming *Before the Flood*, his documentary about global warming. The *Journal* published its stories about Najib's accounts and Singapore's investigation of Low just as he was about to set off.

As he dealt with the fallout, Low sent his parents in his stead. DiCaprio, a Victoria's Secret model who accompanied the actor, Low's parents, and a group of National Geographic scientists spent three days flying helicopters over the receding ice sheet in Greenland and filming polar bears. Afterward, DiCaprio announced his foundation was donating \$15 million to environmental organizations, including National Geographic, which Low also had funded.

By August, with the prime minister's crackdown in full swing, Low felt reassured enough to fly by private jet and helicopter to join the *Equanimity* in the seas off Greenland. For over a week, he went completely dark, visiting the National Geographic scientific camp, and stunning people who

were seeking regular updates on developments.

“He literally traveled to the end of the earth and went completely offline,” said a Middle Eastern contact.

Perhaps Low was feeling confident the worst was over. Maybe he wanted to make a show of business as usual, clinging to his image as a philanthropist. On his return, he nonchalantly wrote another contact: “I apologize for my late response as I have been on a conservation expedition in the Arctic with limited coverage.”

Or maybe the trip was like a gambling session, a short break from people calling and demanding answers. He exhibited few other signs of confidence, and he seemed increasingly agitated that Najib would burn him. Over the summer, he told a 1MDB board member: “If they sacrifice me, I’ll go nuclear. I was acting on the instructions of the boss.” The prime minister had warned Low to stay out of the country as the crisis deepened, and he began to lay low in Bangkok, the capital of Thailand, and Shanghai, China’s financial capital, where he stayed in the residences of the Peninsula Hotel. Unbeknownst to all but his closest contacts, he had also obtained a new passport from the tiny island nation of St. Kitts and Nevis.

In August, Switzerland’s attorney general announced he had launched a criminal investigation of 1MDB and frozen multiple accounts containing tens of millions of dollars. With many of his accounts in Singapore and Switzerland now shut, Low was being shunted to the furthest reaches of the global financial system, forced to rely more on Thai baht or Chinese yuan transactions.

The bonds between Low and Najib remained in place. But they were frayed, with all sides now watching their own backs, distrustful of those with whom they had conspired for years. When one contact asked Low about all the money that appeared to be missing, he was quick to assign the guilt to Rosmah.

“She is an avid purchaser of jewelry in the millions. Where is the money from?” he asked.

Around one hundred thousand Malaysians, many of them young, urban professionals, swarmed around the center of Kuala Lumpur on August 29, 2015. Wearing yellow T-shirts bearing the slogan “Bersih”—the Malay

word for “clean”—they marched through the streets, protesting the growing evidence of mass corruption at the heart of their government. The Home Ministry had banned yellow T-shirts after earlier Bersih protests, declaring them a national security threat, but the demonstrators took no heed.

One demonstrator carried an effigy of Najib in a cage; others held up pictures asking how much an average family could purchase of different everyday products—KFC chicken, rice, hot chocolate—with \$681 million, the biggest transfers into Najib’s accounts; a popular caricature of Rosmah, with cartoonishly big hair, replaced her eyeballs with dollar signs.

There were Bersih protests in other cities, and by Malaysians living abroad, too. In Kuala Lumpur, many of the protesters stayed out all weekend, sleeping on the streets. Former Prime Minister Mahathir Mohamad, wearing a safari suit, attended the rally, repeating his call for Najib to step down. Some of the protesters, regular school teachers or office workers, were simply tired of the kleptocracy that Malaysia had become. Others were worried the state was taking an authoritarian turn, closing newspapers and detaining anyone who threatened the ruling party’s hold on power. And there were fears the massive debt that 1MDB had incurred would weigh on Malaysia for years to come, leeching funds away from spending on education and social welfare.

“When you act against the media it seems like you have something to hide,” said Sheila Krishna, a Kuala Lumpur taxi driver.

Now a strongman, Najib would endure no opposition. A federal court recently had sent Anwar Ibrahim, the popular opposition leader, back to jail for five years for sodomy, prompting criticism from the United States and human-rights groups. A couple of weeks after the Bersih protests, progovernment “red-shirt” protesters took to the streets. Some participants admitted to receiving small sums of money to attend. Over the coming months, the red shirts—many of them aggressive-looking ethnic Malays wearing bandanas—disrupted antigovernment protests and assaulted activists.

“Malays too can show we can still rise up,” Najib said in a fiery speech, praising the red-shirt protesters.

Glimmers of hope remained: A High Court judge ruled the suspension of the *Edge*’s publication license was unlawful, and its journalists once again began holding Najib to account. Some protesters came back into the streets



over the ensuing months.

But Najib's newfound authoritarianism scared many.

A deadly turn would cow even the bravest Malaysians into silence.

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**PART V**

**THE CAPTAIN'S RESOLVE**

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## Chapter 45

# Prosecutor in an Oil Drum

*Kuala Lumpur, Malaysia, September 2015*

Just after dawn on September 4, a workaholic Indian Malaysian named Kevin Morais got into a Proton Perdana sedan for his daily commute to the Malaysian Anti-Corruption Commission's office in Putrajaya, about an hour's drive from his northern Kuala Lumpur apartment complex. He would never arrive.

Since Najib's crackdown several weeks earlier, Morais had become steadily more enraged. The fifty-five-year-old, with a mop of black hair and a haggard tiredness about him, had studied law in London in the 1980s before returning to Malaysia, where he rose to the position of deputy public prosecutor in the attorney general's office. In Malaysia, corruption cases were plentiful, and Morais often worked weekends, darkening the bags under his heavily lidded eyes.

A few months earlier, Morais had—to those who knew him—begun to act strangely. The prosecutor was nervous about a case involving Prime Minister Najib and Rosmah, he informed a brother living in the United States. Fearful his phone line was tapped, Morais often talked to his brother in Malayalam, a language of southern India. He sounded frightened, and complained about the stress of his job. Morais didn't go into the details of his work, but he was temporarily assigned to the Malaysian Anti-Corruption Commission. He was working on the money flows from 1MDB to Najib's accounts, and he had helped draw up the draft criminal charges against the prime minister.

After Najib removed Attorney General Abdul Gani Patail, Morais felt

anxious about his own position. He had even begun worrying about his safety. Only days later, an anonymous leaker emailed a copy of the draft charges the attorney general's office had been preparing to Clare Rewcastle-Brown at *Sarawak Report*. When she published her story, making it clear why Najib had moved so aggressively to fire Abdul Gani, there was a witch hunt in the attorney general's office and the Malaysian Anti-Corruption Commission to find the source of the leak. Police arrested two officials from the commission and a prosecutor from the attorney general's office. Police filed an arrest warrant for Rewcastle-Brown, but she was safe in the UK.

The detention of the prosecutors caused panic at the attorney general's office, which was now controlled by a Najib loyalist. Scared into compliance, the Malaysian Anti-Corruption Commission put out a statement saying the money Najib received was a "donation" from the Middle East, a fabrication to protect the prime minister. Fretful of his central role, Morais took off to England for several days, where he had an apartment in a town near London. He talked to his brother of retiring from government service and even visited a solicitor to arrange his will.

The police soon released the detained lawyers. Morais returned to Malaysia and moved on to other work. As he drove to the office that early September day, the prosecutor tried to focus on his latest case, one involving a Malaysian Army pathologist charged with running a medical-procurement scam. A few minutes from his complex, the driver of a Mitsubishi Triton truck began to tail the public prosecutor. The truck followed Morais for a while, and then accelerated, ramming his car off the road. Its passengers jumped out, dragged Morais from the car, bundled him into their truck, and sped off.

Sometime over the next hour, the assailants murdered Morais, most likely by strangulation, before tying his corpse in a gunny sack, the kind used for storing agricultural products. They put the sack in an oil drum and filled it with liquid concrete, before dumping it in a swampy wasteland near a school. Then, the perpetrators torched Morais's car and removed its serial numbers before dumping it in an oil-palm plantation.

When Morais didn't arrive at work, anxious colleagues and family members alerted police. Just under two weeks later, using security camera footage to locate the Mitsubishi Triton, officers made several arrests and

were led to the swamp, where they discovered Morais's body. It was a macabre sight, the corpse curled up in a fetal position, encased in concrete like a fossil, still wearing his tie. Police arrested seven people, including the Malaysian Army pathologist, who was charged with abetting the murder.

To Morais's family, the official story of his death just didn't add up. The brother was convinced Morais had leaked the draft criminal charges against Prime Minister Najib and someone had found out about it. He contacted Newcastle-Brown, who told him the source, unknown to her, had sent the documents from a "jibby@anonymousspeech.com" email address. Jibby was the name of a close family friend of Morais. But Najib's critics also used "Jibby" as a derisory nickname for the prime minister. The sender remained a mystery.

The killing had an immediate chilling effect at the Malaysian Anti-Corruption Commission. Staffers were scared for their lives. But a few brave prosecutors, at enormous personal risk, continued to look for a way to ensure Najib was held to account. The prime minister may have seemed secure, but his power only reached so far, and, unknown to him and an ocean away, the case had reached the desks of several special agents in the U.S. Federal Bureau of Investigation.

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## Chapter 46

# Special Agent Bill McMurry.

*New York, February 2015*

For Special Agent William “Bill” McMurry, the story about Najib’s wealth landed at an opportune time. A veteran FBI agent, McMurry had just been tapped to head a new international corruption squad in New York, and his team was hunting for a high-profile case. With sandy, straight hair and blue eyes, McMurry gave off the air of a middle-aged California surfer, although in reality he was a New Jersey native who had spent years fighting international crime based out of the FBI’s offices in a downtown Manhattan federal building.

His biggest triumph to date was unraveling the case of Sister Ping, a Chinatown underworld figure who in 2006 was sent to jail for thirty-five years for her role in a human-trafficking enterprise. After the *New York Times* story on Jho Low’s property acquisitions, McMurry’s team was tasked with checking out the details. The *Wall Street Journal*’s coverage of Najib’s accounts put the case at the front of the queue.

The FBI squads—there were also units in Washington and Los Angeles—were an intensification of an effort by the U.S. Justice Department and the FBI to combat kleptocracies, foreign governments from Russia to Nigeria and Venezuela, dominated by corrupt officials who steal from their treasuries for personal enrichment. It was not pure altruism. The United States for decades had been concerned that corruption would undermine free-market capitalism, making it harder for American firms to compete internationally. And then there were fears that kleptocracy—the word is from the Greek and means “rule by thieves”—would lead to a less stable

world order, in which failed states like Afghanistan and Syria harbor terrorists.

“Corruption leads to lack of confidence in government. Lack of confidence in government leads to failed states. And failed states lead to terror and national security issues,” was how Special Agent Jeffrey Sallet, chief of the FBI’s Public Corruption Section, put it when announcing the international corruption squads.

Corrupt foreign leaders and officials had an Achilles’ heel—they relied on the U.S. financial system to transfer cash and had a penchant for acquiring real estate in New York, Los Angeles, and Miami. The Justice Department set up the Kleptocracy Asset Recovery Initiative in 2010 to coordinate the work of FBI investigators and prosecutors to seize the U.S. and global assets of corrupt foreign officials. If those kleptocrats were no longer in power, Washington would transfer the proceeds back to the countries. In 2014, the Justice Department oversaw the seizure of more than \$480 million in corruption proceeds hidden in bank accounts around the world by former Nigerian dictator Sani Abacha.

The 1MDB scheme, McMurry’s team must have soon realized, was of a whole different magnitude. For one thing, Low just seemed so brash: His money-laundering techniques, although sophisticated, had been carried out through major banks, and there was a solid money trail. This was easier to deal with than Pakistani money launderers, who often would go into hiding for years and make their funds disappear through the informal *hawala* money-transfer network. Then there was the scale: The 1MDB affair was shaping up as the single largest financial scam of all time.

On the ground, Robert Heuchling, a thirty-four-year-old FBI special agent who worked for McMurry, was attempting to get his head around this mind-numbingly complex case. Slender with blue eyes and an athletic build, Heuchling studied journalism at Northwestern University before joining the U.S. Marines, and he had worked at the FBI for five years. McMurry made him lead on the case, by far the most weighty of his short career. Justin McNair, an agent who had forensic accounting experience, was another senior member of the group. Alongside a team of federal prosecutors, and with access to data from the U.S. financial system, as well as cooperation with law enforcement agencies in Switzerland and Singapore, the agents were making progress.

But there was a problem. Money-laundering cases are by nature multijurisdictional, making them time-consuming to investigate. On sprawling international cases, prosecutors rely on what are known as Mutual Legal Assistance Treaties, which allow for the sharing of information—documents, sworn statements, and the like—between law enforcement agencies. The United States had signed such a pact with Malaysia in 2006, and Switzerland had a similar agreement. Najib’s administration, however, was declining to cooperate.

At first, Najib privately expressed confidence that Western nations would not pursue investigations into 1MDB, wagering Malaysia’s status as a U.S. ally would buffer it from intrusions into what he considered a domestic matter. It soon became clear the foreign investigations were not going to melt away. At a meeting of public prosecutors in Zurich, Attorney General Mohamed Apandi Ali—the loyalist Najib had installed in the job—urged his Swiss counterpart, Michael Lauber, to abandon his investigation. Lauber refused.

The Najib administration also tried diplomatic channels to get the FBI to drop its probe, without luck. But the prime minister instructed his attorney general not to cooperate with overseas probes, and that left foreign investigators without access to crucial Malaysian banking documents.

Investigators in Abu Dhabi, where the scandal threatened to highlight the shabby business practices of Sheikh Mansour, were similarly keen not to air their dirty laundry in public. It was one thing to quietly remove Al Qubaisi from his position, but quite another to launch a full-blown probe that could embarrass a senior royal figure.

The broad contours of the scheme had appeared in the pages of *Sarawak Report* and the *Wall Street Journal*, but only the first heist, involving the \$1.5 billion taken from 1MDB starting in 2009, was clearly drawn. The *Journal* began to focus on exactly how Prime Minister Najib had gotten paid in 2013, and the money trail led to Abu Dhabi.

Jho Low was perturbed by questions the prime minister had received from the *Journal*. Focusing on the money flows, we had figured out discrepancies between 1MDB’s financial reports and those of IPIC. The Abu Dhabi fund had guaranteed \$3.5 billion in 1MDB bonds sold by



Goldman Sachs in 2012, and, in return, the Malaysian fund's financial statements showed it had transferred \$1.4 billion in "collateral" to IPIC. The collateral was accounted for in 1MDB's accounts as a "non-current deposit," meaning it would be repaid by IPIC in the future, but was not at that moment available in cash. This struck us as strange. Why issue bonds and then pay almost half of the proceeds in "collateral" to the guarantor of the bonds? But what we discovered next deepened the mystery: IPIC's financial reports made no mention of receiving the money.

Around this time, we developed a crucial deep-throat informant. Referred to internally at the *Journal* as "Malaysian Source," or MS, the person had intimate knowledge of the workings of every aspect of what had transpired, yet because of personal involvement was also motivated to mislead us. The person passed wire-transfer documents to the *Journal* that appeared to show the \$1.4 billion indeed flowed from 1MDB to Aabar, the IPIC subsidiary. MS was hoping we would accept this at face value and move on.

But the documents in fact showed the money had been sent to Aabar Investments Ltd.—the look-alike British Virgin Islands-based shell company controlled by Al Qubaisi and Al Hussein. We searched offshore company databases and took the information to government sources in Abu Dhabi, who confirmed that IPIC and Aabar did not formally control this company. Although Abu Dhabi authorities didn't want to embarrass Sheikh Mansour, it was evident to IPIC's new management that Al Qubaisi could not bear the blame alone. The Persian Gulf suspected Jho Low and began investigating the matter.

Malaysian Source's efforts to mislead us had backfired, handing the *Journal* a scoop about the existence of this look-alike shell company—one of Jho Low's trademark methods for siphoning cash. We then wrote to Najib asking why IPIC had not received money that 1MDB claimed to have sent, citing Abu Dhabi investigators. The PetroSaudi fraud already had been laid bare, and now Low feared the uncovering of another major part of his scheme, the removal of cash from the 2012 power-plant bonds. He moved fast to keep a lid on the truth. Turning to Ambassador Otaiba and Al Mubarak of Mubadala, Low worked to stop the *Journal's* story in its tracks.

He was particularly worried by our discovery that Abu Dhabi "investigators" had found no trace of the money. He was losing control of

events, worried by our ability to communicate with Abu Dhabi officials. In an email, Low, using a pseudonym, sent across to Otaiba and Al Mubarak the questions we had asked Prime Minister Najib, attached to which he made his own request.

“Malaysian side is extremely concerned and wants to ensure strategy to [be] consistent and coordinated,” Low wrote.

Najib was keen, he went on, to make sure Abu Dhabi did not formally investigate the missing cash. Instead the emirate should stick to the agreed story. Al Qubaisi was to blame, and a deal was in place for Abu Dhabi to cover the \$3.5 billion in bonds, with Malaysia later repaying the Persian Gulf state with cash or other assets.

“Note: There are enough reviews on 1MDB being done by various regulators. There is a concern that an additional review done by an Abu Dhabi investigative team will open another unnecessary attack avenue for detractors,” Low wrote.

Neither the Prime Minister nor the 1MDB fund, now headed by Arul Kanda, a slick financier in his early forties, who previously had worked at an Abu Dhabi bank and knew Jho Low, responded to the *Journal’s* queries. But after the newspaper reported about the missing Abu Dhabi money, the Malaysian fund reacted aggressively. A former high school debate champion, Arul Kanda took on the *Journal’s* stories with sharp-worded tirades that claimed the newspaper was part of a wide political conspiracy against Najib.

“The inability to substantiate clearly shows the shallow nature of its assertions and casts serious doubt on whether or not the *Wall Street Journal* editors themselves believe in the weak story, cobbled together by its reporters,” 1MDB said in one statement.

Foreigners working as spin doctors for the prime minister’s office and 1MDB took a similar tone. Paul Stadlen, a young British man who worked for Najib in communications, played a vital role in a strategy aimed at discrediting our pieces.

“The WSJ continue to report anonymously-sourced lies as facts,” read one statement. “They are a disgrace to journalism.”

Arif Shah, who was working for 1MDB, on a sabbatical from British public relations firm Brunswick Group, took us to task for taking sides in Malaysian politics, without proffering any evidence.

“I question the veracity of your sources, their intentions, and the documents they provide. A question for you—Do you think that you are being used to help oust the Malaysian Prime Minister,” he wrote in an email.

Added to the money taken via Good Star, the *Journal* at this time estimated that at least \$3 billion had gone missing from 1MDB. In the prime minister’s office, there was discussion over what to do about our coverage. Threats of a lawsuit were not having the desired effect—in fact the *Journal* appeared to be going deeper, obtaining reams of documents, from 1MDB’s board minutes to the National Audit Department’s draft report into the fund, as well as copies of BlackBerry chats between Jho Low and conspirators like Joanne Yu at AmBank.

Some of these documents came from Malaysian Source, who wanted to show the scheme enjoyed the backing of Najib, Rosmah, and Al Qubaisi; others were provided by frustrated Malaysian civil servants and politicians, as well as Abu Dhabi officials and other sources.

The *Journal*’s stories illustrated how Najib was a central decision-making figure at 1MDB, and painted in detail how Jho Low ran the show. To shut our reporting down, the prime minister needed to scare us.

At 3 a.m. in late November 2015, Tom Wright’s phone woke him as he slept in the Shangri-La Hotel in Kuala Lumpur. It was his colleague and fellow author, Bradley Hope, calling from the *Wall Street Journal*’s offices in Midtown Manhattan. Just minutes earlier, Hope had gotten a call from Malaysian Source, who had some alarming news: Najib’s office was about to send the police to arrest Wright at his hotel.

The *Journal* was investigating Low’s role in the 2013 elections, and Wright had flown into Kuala Lumpur from Penang the night before. While in Low’s home state, he’d left his *Journal* business card, with his cell phone number, at the homes and offices of the Malaysian’s associates. One of them alerted Low, who in turn told Prime Minister Najib. Malaysian Source told Hope that the government had tracked Wright down to the Shangri-La, a resort-like hotel near the Petronas Towers.

The police would soon make an arrest at the Shangri-La, MS informed him, feigning worry. It was a threat, dressed up as a warning, and the

*Journal* decided to pull the plug on the reporting trip. After being woken in the middle of the night, Wright left Malaysia early the next morning, avoiding Kuala Lumpur's international airport, and traveling overland by taxi to Singapore's border with Malaysia instead.

At the border crossing, Wright worried he might get stopped, but he walked easily over into Singapore. Had MS misled Hope on purpose, hoping to scuttle our investigations into the scheme? Or had Najib, learning Wright had checked out of the Shangri-La, decided he had done enough to derail our coverage?

But the *Journal* had what it needed, and in December it published a detailed story about the role of 1MDB money in the 2013 elections, especially in Penang. Even ruling-party politicians had been willing to talk for the piece. Low clearly was not popular in his home state.

With no credible probe in Malaysia, the government and 1MDB could say what it wanted about the *Journal's* coverage. But Najib was unable to stop the tide of investigations from the United States to Singapore and Switzerland. As the probes spread, Low's associates panicked.

In October, as the *Journal* dug into Low's activities, Patrick Mahony, the investment director of PetroSaudi, spoke on the phone with Laura Justo. She was angry, and she wanted her husband released from jail in Thailand. A judge in the Southern Bangkok criminal court had sentenced Xavier Justo in August to three years in prison for blackmailing PetroSaudi, and he was languishing in a dank cell with twenty-five other people.

The trial and sentencing had lasted only five minutes, but Laura believed Mahony could pull strings to get him out. In her view, Justo had played his part, signing a "confession" and telling a Singapore journalist, without evidence, that the *Edge* and *Sarawak Report* had planned to doctor the PetroSaudi server documents. She was alone with their baby, and urged Mahony to act. But Mahony wanted more.

"The only way that you can show you're ready to be team players is to go to the media, and to show that you're ready to denounce everyone who's conspiring against him," Mahony said.

He wanted her to say Clare Rewcastle-Brown was working against PetroSaudi.

“But are there guarantees he will get out earlier?” Laura Justo replied.

“You can help or not help,” Mahony snapped, his voice visibly tense. “I feel for you. But I’m also in the shit. We’re all in deep shit. There’s a prime minister of a country who is in the shit.

“Who put us in this shit? Don’t forget that. I can’t give you any guarantees.”

“For you it’s a matter of money. But for us, it’s a question of our lives, our family, everything,” Laura replied.

“It’s not just a matter of money, Laura. It’s a matter of my future, my life,” Mahony broke in. “I won’t ever be able to do deals anywhere because of all this, okay!”

“But that’s just work, money, I’m sure you have enough of that, so what’s the problem? You’re talking of the life of someone who’s locked up in a hole.”

“But, Laura, all my assets have been confiscated. I have nothing at the moment. What do you think, that I’m living the sweet life? That I’m not paying for this? I’m borrowing money left and right to pay my bills, to pay for my kids’ school, okay. That’s what my life’s like at the moment.”

The next month, with Justo still in jail, Mahony told Laura that tensions were mounting because of the probes into 1MDB in Switzerland and the United States. Investigators were wading through piles of material—bank transfer documents, property records, shell company registrations, and mountains of emails—to piece together what had happened.

They had no access to Jho Low, or even any of his inner circle, many of whom had gone to ground in places like Taiwan and Indonesia, but they were interviewing people on the periphery of events and were building up a picture. Mahony told Laura that Swiss investigators had nothing, that it was all for show.

But she had lost faith in Mahony’s promises to secure her husband’s release. In January 2016, Laura contacted the Swiss ambassador in Bangkok. A few weeks later, she submitted a dossier to Swiss authorities and the FBI detailing what had transpired. The file included secret recordings she had made of her conversations with Patrick Mahony.

Despite his show of bravado, Mahony clearly was troubled. The *Journal* had reported that the FBI was formally investigating 1MDB and Najib Razak. Soon Mahony would receive a subpoena from U.S. authorities to

testify. Fearing the worst, Prime Minister Najib and Riza Aziz hired Boies, Schiller & Flexner, cofounded by the well-known U.S. lawyer David Boies, to represent them. The firm assigned a tough young lawyer called Matthew Schwartz to the new clients.

Schwartz knew something about financial crime. In a former life, he'd been a key member of the crack team that successfully prosecuted Bernie Madoff.

As Mahony appeared to panic, and Najib braced for the worst, Low was doing all he could to keep up appearances. And that meant continuing to party with his famous friends.

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