



Wild and breathtakingly beautiful: Rainforest in Sabah, Malaysia. Agency: Mauritius

# UBS in the Jungle

The chief minister of a state in Malaysia is suspected of having embezzled millions from logging the rainforest. The money was laundered through a web of offshore companies and ended up in UBS accounts.

By [Mark Dittli](#) (Text), Charles Hawley and Daryl Lindsey ([Translation](#)), 26.03.2018

## Prologue: A Smile

**A traffic circle on the outskirts of Kota Kinabalu; Late February 2018.**

The man smiles down from a height of 5 meters (16 feet). He's wearing a bright red shirt and the top button is unbuttoned. His hands are folded in front of his chest and he is wearing a watch on his left wrist, one that is intended to convey power and determination. His black hair is slicked back, and he wears a thin, wispy mustache. His smile seems slightly forced, as though he has just been told a joke but didn't quite get the punchline.

The tentative smile – plastered on this billboard on the northern edge of Kota Kinabalu – is intended to welcome visitors to the capital of the Malaysian state of Sabah. He is wishing them a happy Chinese New Year, the

Year of the Dog. The man's name is Musa Aman. He has been chief minister of the state for the last 15 years.

Sabah is the easternmost state of Malaysia and is located on the island of Borneo. Surrounded on three sides by the South China Sea and the Sulu Sea, the shape of the state is reminiscent of a dog's head looking eastward to the islands of the Philippines. Slightly more than 3.5 million people live in an area that is roughly twice the size of Switzerland. Most of them live in coastal cities, while the interior is verdant, wild and breathtakingly beautiful, with mountains jutting up to 4,000 meters (13,100 feet) into the sky.

But Sabah is also the setting for a story about fraud and treachery, of the destructive overexploitation of the rainforest and of a suitcase full of money. Of a fearless blogger in London and a murdered prosecutor. Of a bank, UBS, in Zurich. And at the center of it all, the smiling man in red: Musa Aman.

Republik has dug into the background of the story, examining more than one thousand pages of bank statements and court documents and carrying out extensive interviews with more than a half-dozen people involved in Europe and Asia. Some of our sources have to remain anonymous for their protection.

The story begins in March 2003.

## 1. The Chief Minister

**Kota Kinabalu, March 27, 2003.** Musa Aman, then 51, began his tenure as chief minister of Sabah in spring 2003 in the state capital of Kota Kinabalu. The career politician immediately presented a three-point plan for the economic development of his state: First, he wanted to promote tourism; second, he intended to boost the agricultural sector by expanding palm oil production; and third, he hoped to attract industry and manufacturing jobs to the state.

At the time, Musa was a rising star in his party, United Malays National Organization (UMNO). The party has been the senior partner in all the ruling coalition governments since the founding of Malaysia in 1963 and the dominant political power in the country.



Efficient businessman: Musa Aman, Chief Minister of Sabah. Shutterstock

Sabah is poorer than the states in the western half of Malaysia; the capital city of Kuala Lumpur is three hours away by plane. The state survives on tourism, fishing, oil and natural gas exploitation, palm oil production and, most importantly, logging. A state-run foundation called Yayasan Sabah manages vast areas of forestland and issues logging concessions with the approval of the chief minister. Musa Aman knows the business: He has been a director of the foundation since 1995 and later assumed the chairmanship of the board of trustees of Yayasan Sabah.

«Because of this experience, he knew very well how much money was in play in the timber business», says a well-informed source in Malaysia.

Musa Aman also likely noticed that Abdul Taib Mahmud, who had been chief minister of the neighboring state of Sarawak since 1981, became unathomably rich during his tenure.

A few months after his election, Musa Aman hired a young businessman named Michael Chia to manage the allocation of logging concessions for him using unofficial channels. Pictures from the time show Chia as a haggard-looking man in his early 30s who often wore shirts cut too large for him.

Musa had known Chia's father for years through connections in the tightly linked Sabah lumber industry. The Chias are part of the Chinese ethnic minority in Sabah, which controls much of the business world. Michael Chia, who sometimes goes by his Chinese name Chia Tien Foh, publicly referred to himself as the «adoptive son» of Musa Aman.

From the moment of his hire onwards, logging companies were told by the chief minister to negotiate concessions with Michael Chia. In return for a bribe equal to around \$1,000 per hectare of forestland, Chia made sure that the chief minister granted his approval. And for the right amount of money, logging companies could even obtain access to virgin forest parcels in protected areas.

When he started working for Musa Aman, Michael Chia hired two other young businessmen from Sabah as front men. They opened accounts with the British bank HSBC in Singapore, which they used to process the bribery payments for the logging concessions. Some of the money went from there into Musa's pockets or into the coffers of his political party, the UMNO.

The system worked well for around two years, but in spring 2006, the risk management team at HSBC began growing suspicious. The bank suspected that the accounts were being used to launder money and it informed Chia and his partners that HSBC was terminating the business relationship. But it didn't take long before the client relationship manager at HSBC, a young Singaporean banker named Dennis Chua, came up with a solution. He told the Malaysian businessmen that he was switching to UBS and he could continue to serve them there. On April 10, 2006, HSBC issued eleven checks to Michael Chia with a total equivalent value of 15.5 million U.S. dollars and liquidated the accounts.

For the British bank, the chapter came to an end. And for UBS, it was the beginning. «With the change in banks, the system of corruption accelerated», says a witness in Malaysia.

## 2. The Bank

**Singapore, Suntec Tower Five, April 11, 2006.** Michael Chia and one of his business partners met on that day in April 2006 in the offices of UBS on Temasek Boulevard in downtown Singapore with their relationship manager Dennis Chua. They opened several accounts that were managed by the UBS branch in Hong Kong, with correspondence sent onward to Singapore. There wasn't much of an effort made to disguise their background: In the forms they filled out to open the accounts, they listed their business activity as «plantation» and «timber trading».

The men brought along the checks that had been issued by HSBC the day before, worth around \$15.5 million, for deposit. Dennis Chua stamped the checks and confirmed that UBS had received the payment.

**The Hongkong and Shanghai Banking Corporation Limited**  
Incorporated in the Hong Kong SAR with limited liability  
C# TIER'S ORDER H-CO001(5) Account No. 141-918540-001 Date 10Apr2006

Pay to the order of CHIA TIEN FOH\*

The sum of SGD FIVE MILLION TWO HUNDRED AND TWENTY NINE THOUSAND EIGHT HUNDRED AND EIGHTEEN .91 ONLY SGD5,229,818.91\*\*

To: The Chief Cashier  
Collyer Quay Branch  
21 Collyer Quay #01-00  
HSBC Building  
Singapore 049320

NOT NEGOTIABLE  
AC PAYEE ONLY

Wong Sze Keed  
Patrina See  
3933

UBS AG  
Singapore Branch

RECEIVED  
Dennis Chua

UBS AG  
Singapore Branch

⑆ 7 9 8 3 6 7 6 9 4 ⑆ 7 2 3 2 ⑆ 1 4 1 ⑆ 9 1 8 5 4 0 ⑆ 0 0 1 ⑆ 0 2

One of 11 checks issued to Chia Tien Foh by HSBC. On the bottom right the stamp of UBS, signed by relationship manager Dennis Chua.

From the documents and conversations pertaining to the case, it isn't apparent that this multimillion-dollar deposit raised any questions within the bank. At UBS, 2006 wasn't a time for questions. It was a time when the Swiss bank was pushing its way to the top of the banking world with a high degree of self-confidence. Under the leadership of Marcel Ospel, who was chairman of the board of directors at the time, and CEO Peter Wuffli, the bank aimed to become the undisputed leader in the industry. That ambition included the Far East. Kathryn Shih, who was head of wealth management for the Asia Pacific region, had set a goal of doubling the client assets under management within three years: It was the perfect atmosphere for an ambitious client relationship manager like Dennis Chua.

Just a few days after they were opened, in May 2006, the accounts started to show some peculiar transactions. Every month, payments generally worth several thousand dollars were sent to Australia to two individuals named Mohammed Hayssam Musa and Hazem Mubarak Musa, the two sons of Chief Minister Musa Aman, both of whom were studying in Perth.

Copy

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Fax +852-2868 1510

3/1187

ACCOUNT 231183

RETAINED MAIL  
SINGAPORE BRANCH

3



## Statement of Account , May 1 - May 31, 2006

Account Number: 0/231,183/03,04

Account Name: [REDACTED]

## Monthly Statement

May 31, 2006

Page 1 of 1

Currency: Australian Dollar

DATE	TRANSACTION	DEBIT	CREDIT	VALUE	BALANCE
09/05	OUTGOING PAYMENT: IMBARINE BUJANG	780.00		09/05/2006	-780.00
11/05	YOU SOLD USD 605.13 @ 0.7758		780.00	11/05/2006	0.00
17/05	OUTGOING PAYMENT: HAZEM MUBARAK MUSA	1,850.00		17/05/2006	-1,850.00
17/05	REMITTANCE CHARGES	5.00		17/05/2006	-1,855.00
17/05	OUTGOING PAYMENT: MOHAMMED HAYSSAM MUSA	1,500.00		17/05/2006	-3,355.00
17/05	YOU SOLD USD 2,567.49 @ 0.7664		3,350.00	17/05/2006	-5.00
19/05	OUTGOING PAYMENT: MOHAMMED HAYSSAM MUSA	1,500.00		19/05/2006	-1,505.00
19/05	REMITTANCE CHARGES	5.00		19/05/2006	-1,510.00
22/05	INCOMING PAYMENT: FUND RETURN D/136:34376.00		1,500.00	22/05/2006	-10.00
31/05	DEBIT INTEREST	1.56		31/05/2006	-11.56
	<b>END OF STATEMENT</b>				
<b>TOTAL</b>		5,641.56	5,630.00		
<b>CLOSING BALANCE</b>				31/05/2006	-11.56

Remarks: For details of individual transactions, please refer to the relevant confirmation.  
This is a computerised statement and needs no signature.  
Please check it carefully. If we do not hear from you to the contrary within 90 days of the production date of this statement, the contents of this statement will be deemed to be complete and accurate.  
Incorporated in Switzerland with limited liability

S.E. &amp; O.

3/1187

Every month there have been payments from the UBS account to the sons of chief minister Musa Aman. They are studying in Australia.

But those weren't the only peculiarities. There were also regular transactions suggesting that the UBS accounts opened in Singapore were merely being used to cycle payments through them. On Aug. 16, 2006, for example, two companies named Wayco Enterprises and Hillywell paid a sum of \$4.04 million into one of the accounts. Six days later, the exact same amount was wired to a UBS account in Hong Kong belonging to someone named Richard Christopher Barnes.

Wayco and Hillywell belonged to two Malaysian logging tycoons named Freddy and Andrew Lim. The recipient of the payments, Richard Barnes, was a lawyer in Sabah and a close confidant of Chief Minister Musa Aman.

During the summer of 2006, UBS client relationship manager Dennis Chua and his superior Derrick Tan established at least three offshore companies with the help of the Singapore-based law firm Portcullis TrustNet, which specialized in such structures. The companies were called CTF International, Zenique Investment and Blisstop Corporation. They were all domiciled in the British Virgin Islands (BVI). And all of them were provided with a UBS bank account.

From that point onward, all payments passed through several layers, always following the same pattern: A payment would come from a company in the timber trade like Wayco, Multilink Star or Well Capital into the UBS account belonging to the shell company Zenique. On bank documents, the reason for payment is frequently listed as «deposit for logging concession».

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ZENIQUE INVESTMENTS LTD

2/ 858451

ZENIQUE INVESTMENTS LTD  
BLK 122 JURONG EAST STREET 13  
#09-37 SINGAPORE 600122

HONG KONG, 23 JAN 2007 1

OUR REF. D/023,20964,00

CREDIT ADVICE

WE HAVE CREDITED YOUR ACCOUNT  
AS FOLLOWS

	AMOUNT	RATE	EQUIVALENT	VALUE
USD	227,845.20			23.01.2007

ACCOUNT NO. 280,999/01,06

BY ORDER OF  
MULTILINK STAR PTE. LTD.  
190 CLEMENCEAU AVENUE  
03-19/20

THROUGH  
UBS AG  
STAMFORD BRANCH  
P. O. BOX 120300  
STAMFORD, CT 06912-0300, USA

PAYMENT DETAIL  
DEPOSIT FOR LOGGING CONCESSION  
LESS CHGS USD25.00

THEIR REF:

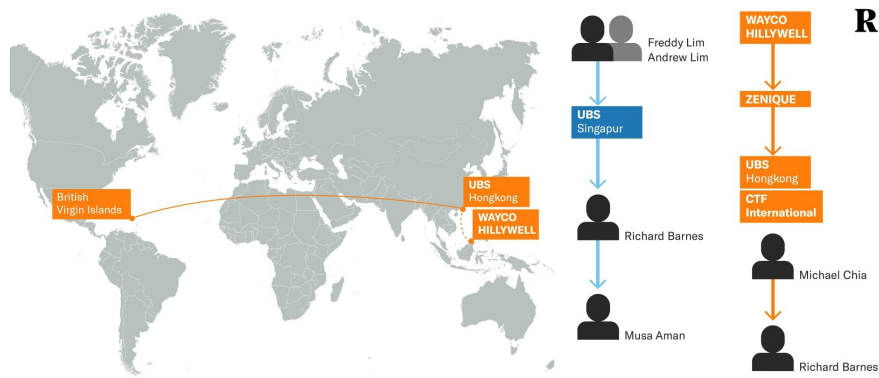
IF WE DO NOT HEAR FROM YOU TO THE CONTRARY WITHIN  
14 DAYS FROM THE DATE OF THIS CONFIRMATION, IT WILL  
BE DEEMED TO HAVE BEEN ACCEPTED BY YOU.

UBS AG  
HONG KONG BRANCH  
FORM WITHOUT SIGNATURE

Payment from the timber company Multilink Star to the UBS account of the offshore company Zenique. Reason for the payment: «Deposit for Logging Concession»

A few days later, a payment of the same amount would be wired from Zenique to the UBS account belonging to the offshore company CTF International. Behind CTF was Michael Chia, the frontman for Chief Minister Musa Aman. It was a carefully constructed effort at concealment, but one hampered by a degree of carelessness. The shell company's initials, after all, stood for Chia's Chinese name: Chia Tien Foh.

From there, as anti-corruption officials in Hong Kong and Malaysia later determined, the money would flow onward into the UBS account belonging to the lawyer Richard Christopher Barnes in Hong Kong. And from there, it would finally reach Musa Aman, who held two accounts with UBS, one in Hong Kong with the No. 210109 and one in Zurich with the No. 230-750692.01.



Video

Documents in Republik's possession and conversations with knowledgeable sources suggest that some people within UBS must have been aware at the time that the accounts were being used to launder money. The establishment of the offshore entities on the British Virgin Islands came at the specific suggestion of Dennis Chua and his boss Derrick Tan as a way of disguising the payments, a practice known in the industry as «layering».

It must also have been obvious that large sums were regularly passing through several accounts on their way to the lawyer Richard Barnes' account in Hong Kong and from there to Musa Aman. Verified information obtained by Republik reveals the existence of a document dated May 23, 2007, which confirmed to UBS that Barnes held his accounts in Hong Kong «on trust» for Musa Aman. There is also said to be an internal bank document in which a UBS employee confirms that arrangement.

The system worked. The money flowed and the trees in the Sabah jungle fell. Michael Chia lived a rock star lifestyle in the party scenes of Kota Kinabalu, Singapore and Kuala Lumpur. Investigative reports would later reveal that he owned two Lamborghinis, a Ferrari F430, a Hummer H2, a BMW X6 and a half-dozen other sports cars. And that he spent significant amounts of money on jewelry, watches and residences for his mistress.

But at some point in 2007, anti-corruption officials in Kuala Lumpur and Hong Kong became aware of the payments within the network surrounding Michael Chia. Investigators began putting the clues together. And then they sprung their trap.

### 3. The Arrest

**A hotel room in Hong Kong, Aug. 14, 2008.** Investigators from the Independent Commission Against Corruption (ICAC), the anti-corruption agency in Hong Kong, arrested Michael Chia as he was preparing to travel to Kota Kinabalu. In his suitcases were 40 million Malaysian Ringgit in cash, the equivalent of around 12 million U.S. dollars. It was the second time Chia had been arrested. Just under a year before, in September 2007, the Malaysian Anti-Corruption Commission (MACC) had temporarily detained and interrogated Chia and several of his partners before releasing them again.

Anti-corruption officials in Hong Kong and Kuala Lumpur began examining the flows of money that had been coursing through the UBS accounts since 2006 – from the logging companies via offshore companies in the British Virgin Islands and onward to Richard Barnes in Hong Kong. And from

there to Chief Minister Musa Aman. All of which took place within UBS. A total of US-\$90 million in less than two years.

Michael Chia panicked after his first arrest. With a single telephone call to his adviser Dennis Chua, he had all the UBS accounts closed, including those of the offshore companies which were not in his name. The balances were wired to his wife. But it was too late. Investigators from the Malaysian anti-corruption agency, led by a state prosecutor named Kevin Anthony Morais, charged Musa Aman on 42 counts. The ICAC in Hong Kong had the UBS accounts belonging to Musa's trustee Richard Barnes frozen.

The chief minister of Sabah, it seemed, had been caught. But then: nothing happened.

Malaysian Attorney General Abdul Gani Patail simply ignored the legal charges filed by his own anti-corruption officials and refused to provide any assistance to Hong Kong. Instead, he informed officials there that the money that had been seized didn't belong to Musa Aman but was merely intended to finance the political party UMNO. As such, there was no corruption involved. The investigators in Hong Kong closed their investigation and unfroze the accounts.

Musa Aman got away. He was protected at the highest levels in Kuala Lumpur: His younger brother Anifah Aman is Malaysia's foreign minister. Attorney General Abdul Gani Patail, the man who ignored the charges against Musa, is also from Sabah and related to Anifah by marriage.

That could have been the end of this story. If the documents, bank statements and cash flow diagrams that had been secured by the anti-corruption authorities in Malaysia and Hong Kong hadn't made their way to a dauntless journalist in London.

#### **4. The Journalist**

**London, April 2012.** Clare Rewcastle Brown loves Malaysia. So much so that she would be immediately arrested the moment she set foot in the country. The Malaysian police have issued a warrant for her arrest: The red-haired British woman with the sharp pen is a bitter enemy of the powers that be in the country.

Clare Rewcastle was born in 1960 in what was then the British crown colony of Sarawak on the island of Borneo. Her father was a senior officer in the secret police force. Her mother, a Nightingale nurse, had helped set up the first modern hospital in Brunei. When she was eight, Clare and her family returned to London, where she studied history and completed her master's degree at the London School of Economics. Subsequently, she worked as a journalist for the BBC for several years. Her husband Andrew is the brother of former British Prime Minister Gordon Brown.

In 2010, after a trip to her old home, she began writing a blog from London called the Sarawak Report.

It isn't a pleasurable blog. When Clare Rewcastle Brown writes about Malaysia, she doesn't write about beaches, the sun and palm trees. Rather, she publishes investigative pieces on thievery, murder, power and money. In the first two years of the Sarawak Report's existence, Rewcastle Brown wrote several entries exposing the superrich head of government in the province where she was born, Chief Minister Taib Mahmud.



In spring 2012, Rewcastle Brown received files pertaining to the Musa Aman case. Starting in April, her blog published several scoops about the questionable business dealings of the chief minister from Sabah. In those reports, she relied on bank statements and cash flow diagrams that had apparently been leaked to her from sources within the anti-corruption agencies. An additional fount of information was a civil case before the High Court in Singapore, in which Michael Chia, his former business partners and UBS were busy accusing each other misdeeds pertaining to Chia's sudden closure of his accounts following his first arrest.

From Rewcastle Brown, the documents reached Switzerland in spring 2012. The recipient was the historian Lukas Straumann, who heads up the Bruno Manser Fund in Basel. Manser was an environmental and human rights activist who lived with the indigenous Penan tribe in the Sarawak rainforest from 1984 to 1990 and later fought against the logging companies on Borneo. Manser was last seen in May 2000 when he set off for a several-day trek through the jungle of Sarawak. He has been missing ever since.

By the spring of 2012, Rewcastle Brown and Straumann had been working together for several years to expose corrupt politicians in Malaysia. Straumann hired the Basel-based lawyer Monika Roth to file a criminal complaint in the name of the fund against UBS in accordance with Article 305 of the Swiss criminal code (money laundering) and Article 102, which pertains to corporate liability.

In late May 2012, the complaints were filed with the Swiss Financial Market Supervisory Authority (FINMA) and with the Office of the Attorney General of Switzerland (OAG). On Aug. 29, the OAG declared jurisdiction and opened a formal investigation into UBS.

Musa Aman may be untouchable in Malaysia. But the same cannot be said of the bank that helped him launder his bribe money.

## 5. Switzerland

**Bern, Summer 2012.** After receiving the criminal complaint, FINMA ordered UBS in July 2012 to produce a so-called risk assessment. It requested information about internal controlling mechanisms in Singapore, Hong Kong and Zurich. Because Musa Aman was a high-ranking government official – referred to as a «politically exposed person» or PEP – the controls in the Musa case should have been even stricter than normal. Special standards apply to such people in order to limit money laundering risks.

FINMA received the report a few weeks later and was apparently satisfied. The authority decided not to continue to pursue the case, filing the UBS report away and electing not to share it with the Office of the Attorney General of Switzerland. «FINMA thoroughly reviewed the case at the time, took it very seriously and also coordinated its activities with the Office of the Attorney General», assures FINMA spokesman Tobias Lux.

But prosecutors at the Attorney General's office didn't give up and during a police raid of UBS offices in November 2014, they seized the report that UBS had produced for FINMA. The bank's lawyers immediately sealed the files that had been seized in envelopes, citing the bank's right to avoid self-incrimination in the event of a possible criminal trial. A legal cat and mouse game ensued between UBS and the Office of the Attorney General, one that didn't end until the Federal Supreme Court ordered the bank to unseal the FINMA memorandum at the end of May 2016.

Since then, the case has gone quiet. The Office of the Attorney General is still investigating UBS, as it has been for almost six years, but it still hasn't decided which of its three options it will pursue: Issue an order of summary punishment; bring the case to the Federal Criminal Court in Bellinzona; or close the proceedings.

But why is the decision taking so long? There are a number of reasons for the protracted investigation. The first is the fact that the Swiss authorities haven't been provided with any international legal assistance from Malaysia and Singapore. Hong Kong authorities have been the only ones to provide any assistance to the Office of the Attorney General.

The second is that the case enters somewhat uncharted territory for the judicial system. No Swiss court has ever produced a judgement against a financial institution in connection with the provisions outlined in Article 102 (corporate liability) of the Swiss Criminal Code.

The question of corporate liability is a tricky one: A money laundering charge requires a predicate offense like corruption in the form of taking illegal bribe payments. Once these facts are established, then it also has to be proven that the bank in question has organizational shortcomings. The institution must have been aware of deficiencies in its controlling mechanisms and have done too little to remedy them. Or, as the text of the law states, it must be proven that the institution «has failed to take all the reasonable organizational measures that are required in order to prevent such an offense».

Whether or not the corruption and money laundering, the actual crime committed, took place in another country is irrelevant. The parent bank in Switzerland is responsible for adhering to legal standards around the globe.

In the concrete case of UBS and Musa Aman, the money laundering and its predicate offense took place abroad – in Malaysia, Singapore or Hong Kong. From a Swiss legal perspective, it is imperative that the Office of the Attorney General be able to prove organizational deficiencies on the bank's part and that the company didn't do enough to rectify them. An internal audit by Ernst & Young apparently provides some evidence that that might have been the case: According to sources with knowledge of the situation, the report found fault with the bank's internal organization and controlling structures during the period in question. Republik is not in possession of the report.

A third reason for the lengthy duration of the investigation is the strength of the bank's own legal department and its ability to enforce UBS' procedural rights. Just the effort to unseal the FINMA memorandum occupied the parties involved for two years. According to information obtained by Republik, senior UBS management even wrote a letter to Attorney General Michael Lauber in spring 2017 and intervened in the case. «That demonstrates that the bank has a peculiar understanding of Swiss rule of law and comes across as rather unprofessional», says a well-informed source.

Republik has sent a detailed list of questions regarding the case to UBS. A spokesperson, Anita Greil, responded that «due to legal reasons, UBS cannot comment whether certain individuals were employees or clients of the bank at any given time. In addition, we cannot comment on a pending legal case.»

Asked by Republik as to what the status of the investigation is and why it takes so long, a spokesman of the Office of the Attorney General, André Marty, commented: «The investigation by the Office of the Attorney Gene-

ral against UBS and other unknown actors is ongoing. This is a dynamic process, therefore we are unable to give an estimate concerning the further proceedings. It is our aim, though, to come to a conclusion within a reasonable time frame. All the options are valid: Issue an order of summary punishment; bring the case to the Federal Criminal Court; or close the proceedings. The duration of the investigation so far is rather normal for a complex, international case of economic crime.»

«The body of evidence in the case is extremely well documented», says Lukas Straumann of the Bruno Manser Fund. «We expect the Office of the Attorney General to enforce Swiss law, even if the bank in question is the biggest and most powerful in the country».

The wheels of justice in Switzerland may have been turning slowly since 2012, but they are turning. During the same period, Malaysia has been shaken by a political earthquake in the form of a new corruption scandal. One that is much bigger than all the country's previous scandals and which reaches right to the very top of the government.

## 6. The Prime Minister

**Kuala Lumpur, March 2015.** Najib Razak, Malaysia's 61-year-old prime minister, was falling deeper into the swamp of the 1Malaysia Development Berhad (1MDB) sovereign wealth fund. The fund had been in the media for months after several hundred million dollars disappeared through investments in obscure infrastructure projects. In March 2015, Clare Rewcastle Brown reported in an exposé on the Sarawak Report that US-\$700 million had flowed to a 29-year-old businessman named Jho Low, the buddy of the stepson of Prime Minister Najib. A short time later, the «Wall Street Journal» reported that an additional US-\$700 million had been channeled directly to a bank account belonging to Najib.



Deeply involved in the 1MDB scandal: Najib Razak, Prime Minister of Malaysia. Chris Jung/NurPhoto/Getty Images

As always when large sums of money are in play, it didn't take long for the names of large banks to pop up. Goldman Sachs had floated bonds for 1MDB and charged horrendously high fees to do so. The money that Najib and his network were suspected of having embezzled was found in Singapore, Australia, Switzerland, Britain and in the United States. Banks like Coutts, J.P.

Morgan, Singapore's DBS and Switzerland's BSI, Falcon Private Bank and also UBS were deeply involved.

The U.S. Justice Department, the Swiss Office of the Attorney General and the authorities in Singapore all launched investigations. In July 2016, Loretta Lynch, Attorney General under President Barack Obama, called 1MDB the «largest kleptocracy case» in U.S. history.

But in Malaysia, Najib repeatedly succeeded in neutralizing his opponents. In summer 2015, he dismissed Attorney General Abdul Gani Patail and his Deputy Prime Minister Muhyiddin Yassin, both of whom had planned to take up the 1MDB case and press charges against the prime minister. Najib then proceeded to defang Malaysia's anti-corruption authority.

Kevin Anthony Morais, the same deputy public prosecutor who led the investigation into Musa Aman's corrupt network in 2007, disappeared in September 2015 near Kuala Lumpur. Twelve days later, his body was found in a barrel filled with concrete. His murder still hasn't been solved to this date.

Clare Rewcastle, who started focusing more intently on 1MDB on her blog and regularly published fresh revelations, began receiving death threats. Hackers attacked the servers of the Sarawak Report and she was shadowed when she met with informants in Singapore. The Malaysian government issued an entry ban against Rewcastle and a warrant for her arrest. «Malaysia's government engaged expensive PR people and lobbyists in Europe, also in Switzerland, in order to defame me», Rewcastle says.

There is one person, however, who was rather pleased about the 1MDB scandal: Chief Minister Musa Aman in Sabah. His money laundering scandal surrounding the logging concessions in the Sabah rainforest was no longer in the headlines. His political network remained stable. Both politicians – the prime minister in Kuala Lumpur and the chief minister in Sabah – provide cover for each other. They share the same goal: They want to make sure that the UMNO party remains in power.

Soon, it will be all or nothing for the two of them: Elections are approaching.

## 7. Politics

**Kota Kinabalu, Sabah, Early March 2018.** The just under 32 million residents of Malaysia will soon vote for their next government. Parliament is to be dissolved at the end of March and national elections must be held by August at the latest.

Two mortal enemies have aligned to run against Prime Minister Najib. One is the 92-year-old Mahathir Mohamad, who served as Malaysia's prime minister from 1981 to 2003. The other is a prison inmate: Anwar Ibrahim, the former deputy prime minister who was thrown in jail by Mahathir in 1999 on spurious charges of corruption and homosexuality. Now the two have joined up in a marriage of convenience, united by their goal of unseating Najib Razak. Muhyiddin Yassin, the former deputy prime minister fired by Najib in 2015, has also joined the political opposition.

A Mahathir victory presents the best opportunity for shedding light on Malaysia's corruption cases. A new government would likely open investigations and also provide international legal assistance in related cases, including the one in Switzerland.

«It's an open secret in Sabah that Musa Aman's corruption network has continued through other banks in the years following the closure of the UBS accounts», says one well-placed source in Kota Kinabalu.

According to one source close to the matter, two board members of the Yayasan Sabah foundation are part of the corruption scheme and provide cover for the chief minister when granting logging concessions.

The source recounts repeated cases of the granting of logging concessions in areas of the Sabah rainforest that were later declared as protection zones. «In one publicity stunt, the chief minister added one tract of rainforest to the Heart of Borneo protection zone – but at that time, the land had already been completely logged», the source says.

Detailed questions sent to the chief minister's press secretary remained unanswered.

So far, the man on the billboard at the edge of Kota Kinabalu offering his congratulations on the Chinese New Year has cemented his position of power. And he can only lose if, after the elections in Kuala Lumpur, a new Attorney General takes over.

## **Epilogue: The Forest**

**Off the highway from Kota Kinabalu to Sandakan, Sabah, in March 2018.** Deep green hills stretch out to the left and right along Route 22, which crosses Sabah. Billowing, ominous-looking clouds loom in the distance where the Sulu Sea begins. The countryside here is verdant, wild and breathtaking in its beauty.



Beautiful but ecologically dead: Palm oil plantation in Sabah. Justin Guariglia/Mauritius

It's only at second glance that you notice the hills are no longer covered with rainforest. All the trees are organized in neatly terraced rows, all are the same height and all are the same dark green color of empty wine bottles: Oil palms.

Palm oil plantations now stretch across the land once occupied by rainforests – just as Musa Aman had promised when he came into office 15 years ago. A [recent report](#) by the World Wildlife Fund found that palm oil plantations now cover more than 14,000 square kilometers, about 20 percent of the entire state of Sabah: That's an area roughly the size of Connecticut in the United States. Palm oil has replaced wood as Sabah's most important export good.

Large piles of freshly cut oil palm fruits, red, damp and shiny, line the edges of the road. The odor they emit is reminiscent of rotten grapes. A truck will soon collect them and drive them to the mills in Sandakan before the resulting palm oil is shipped by freighter all around the world, where it will be processed for use in skin creams, detergents, shampoo, breakfast cereals and Nutella – all the cozy necessities of a Western middle-class household.

It takes a while before your ears and eyes recognize that something isn't right here: There is absolute silence in the palm orchards. No insect sounds, no bird songs, none of the noises you would normally hear in a tropical rainforest. A single thick, black beetle is lying on its back on the red ground, its legs churning slowly.

Ecologically speaking, the plantation is dead. And the jungle is gone. Soon, the only place where the jungle still exists will be in the world of politicians and bankers.