



In the [largest action](#) brought under the Kleptocracy Asset Recovery Initiative, the DOJ seeks to recover over \$1 billion in assets bought with laundered funds misappropriated from 1Malaysia Development Berhad ("1MDB"), a Malaysian sovereign wealth fund.

1MDB was created by the Malaysian government to promote economic development through international partnerships and foreign direct investment. The fund was allegedly controlled by "Malaysian Official 1," who was not named by the DOJ but widely believed to be Malaysia's Prime Minister Najib Razak. Najib and his associates are alleged to have misappropriated more than \$3.5 billion from the fund from 2009 through 2015, \$1 billion of which is alleged to have been laundered through the United States through a series of complex transactions and fraudulent shell companies with bank accounts located in Singapore, Switzerland, Luxembourg,

and the United States. The DOJ alleges that the conspiracy occurred in three principal phases. The first phase involved a joint venture between 1MDB and PetroSaudi International, a private Saudi oil extraction company. The joint venture was allegedly used to transfer funds from 1MDB to a Swiss bank account controlled by Najib's associate who, in turn, transferred funds to Najib and others involved in the conspiracy. The second and third phases involved bond offerings arranged and underwritten by Goldman Sachs in 2012 and 2013, the funds from which were transferred to bank accounts of shell companies controlled by Najib and his associates. The misappropriated funds were used to buy [real estate, artwork, and interests in companies in the United States](#), including an interest in Red Granite Pictures, which financed the production of *The Wolf of Wall Street*. According to [The Guardian](#), Najib responded to the Malaysian government's investigation by clamping down on free speech, firing the country's attorney general, suspending the work of the parliamentary accounts committee handling the investigation, and authorizing martial law. Despite Najib's control in his home country, the DOJ's action "should send a message to kleptocrats and other criminals that the United States is not a safe haven for their stolen property," according to [remarks](#) by Assistant Attorney General Leslie Caldwell. The DOJ's Kleptocracy Asset Recovery Initiative was created in 2010 to combat large-scale foreign official corruption and to recover public funds. The Initiative is run out of the DOJ's Asset Forfeiture and Money Laundering Section of the Criminal Division and draws on civil forfeiture laws to recover assets linked to criminal acts.

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