1MDB and the Singapore banks

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The fund and the scheme

1Malaysia Development Berhad was created in 2009, the first year of Najib Razak as Prime Minister of Malaysia, as a state investment fund intended to promote the economic development of the country.[1] Within a few years it had raised billions of dollars through bond issues and loans. American prosecutors later alleged that the financier Low Taek Jho, known as Jho Low, and his associates had diverted more than 4.5 billion US dollars from the fund. The Department of Justice called the matter the largest kleptocracy case it had ever brought.[2]

The scheme used the infrastructure of international finance at every stage. Bonds arranged by Goldman Sachs raised 6.5 billion dollars for the fund. Tim Leissner, the bank's former partner in charge of Southeast Asia, was sentenced in New York in May 2025 to two years' imprisonment for his part in the bribery of officials.[3] In Malaysia, Najib was convicted in July 2020 in a first case concerning SRC International, a former subsidiary of 1MDB. On 26 December 2025 the High Court in Kuala Lumpur found him guilty on all 25 counts in the main 1MDB trial and sentenced him to fifteen years' imprisonment, against which he has announced an appeal.[4]

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Why the money passed through Singapore

Singapore was a natural channel for the money. It lies next to Malaysia. Its private banks served many wealthy Malaysian families, while its financial system offered the dollar accounts, investment funds and corporate services that a scheme of this size required. Funds diverted from 1MDB moved through accounts held by offshore companies, through investment funds and through the accounts of individuals, often in amounts of tens or hundreds of millions of dollars. Several of these accounts were held at banks in Singapore, where relationship managers opened them, processed the transfers and in some cases advised on the structures.

The Singapore authorities investigated the flows over two years, as the following section shows. MAS and the Commercial Affairs Department of the police froze bank accounts in Singapore, including an account belonging to the relationship manager who had served 1MDB Global Investments, Aabar, SRC International and Jho Low. Assets of about 240 million dollars were eventually seized, of which about 120 million dollars were linked to Jho Low and his family. In September 2018 the State Courts ordered 15.3 million dollars to be returned to Malaysia.[5]

The private bankers

The Singapore investigations soon showed that the weaknesses lay as much in individuals as in systems. The relationship managers who served Jho Low and the entities around him were among the most profitable bankers of their institutions. They had every incentive to keep the money flowing and few incentives to ask questions. Some of them also profited personally. A wealth planner of BSI Bank, Yeo Jiawei, set up structures through which part of the money passed and, according to the prosecution, earned more than 3.5 million US dollars in illicit profits.[6]

The pattern is familiar from the Geneva cases. A large client brings large fees and turns the relationship manager into his advocate inside the bank. Compliance functions then find it difficult to challenge a client whom senior management is pleased to have. In the 1MDB case the transfers themselves carried obvious warning signs. Payments of hundreds of millions of dollars from a state fund to private

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companies in offshore jurisdictions, with no visible commercial purpose, are exactly the transactions that rules on money laundering require banks to examine. The question was why so many banks examined them so poorly.

The criminal cases in Singapore

The Public Prosecutor brought charges against several bankers. Yeo Jiawei was convicted in December 2016 of attempting to tamper with witnesses and sentenced to thirty months' imprisonment. In July 2017 he pleaded guilty to money laundering and cheating and received a further term of fifty-four months, to run concurrently with the first.[7] His former colleague Yak Yew Chee, the relationship manager of Jho Low, was sentenced in November 2016 to eighteen weeks' imprisonment and a fine of 24,000 dollars for forgery and for failing to report suspicious transactions.[8]

The branch manager of Falcon Private Bank in Singapore, Jens Sturzenegger, was sentenced in January 2017 to twenty-eight weeks' imprisonment and a fine of 128,000 dollars.[9] The sentences were modest by the standards of the sums involved. The offences charged, however, were offences that Singapore could prove with evidence available in Singapore: forgery, cheating, failure to report and obstruction of justice. The great frauds behind them were committed elsewhere and were prosecuted, where they were prosecuted at all, in Malaysia, Switzerland and the United States.

Notes

1. Wikipedia, "1Malaysia Development Berhad scandal" (accessed November 2026): Najib Razak established 1MDB during his first year as Prime Minister, which began in 2009. ↩
2. Wikipedia, "1Malaysia Development Berhad scandal" (accessed November 2026): the United States Department of Justice stated that Jho Low and co-conspirators diverted more than US$4.5 billion from 1MDB and described the matter in 2016 as the "largest kleptocracy case to date". ↩

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3. NBC News, "Ex-Goldman Sachs banker gets 2 years in prison for plot to fleece billions from Malaysia's 1MDB fund", 30 May 2025: Goldman bankers helped 1MDB "raise $6.5 billion through bond sales"; "more than $4.5 billion of the funds were stolen"; Leissner "sentenced Thursday to two years in federal prison". ↩
4. Wikipedia, "1Malaysia Development Berhad scandal" (accessed November 2026): conviction on all seven SRC charges on 28 July 2020 with a sentence of twelve years; conviction on 26 December 2025 on all 25 counts relating to over US$1.0 billion of 1MDB funds, a sentence of fifteen years and a fine, against which he will appeal. ↩
5. Wikipedia, "1Malaysia Development Berhad scandal" (accessed November 2026), section on Singapore: MAS and the Commercial Affairs Department seized several bank accounts, including one belonging to Yak Yew Chee, relationship manager for 1MDB Global Investments, Aabar, SRC International and Low; assets of S$240 million seized, including S$120 million tied to Low and his family; in September 2018 the State Courts ordered S$15.3 million to be returned to Malaysia. ↩
6. Reuters, 12 July 2017, reporting the prosecution's statement in *Public Prosecutor v Yeo Jiawei* that he earned in excess of US$3.5 million in illicit profits. ↩
7. Press reports of the proceedings in the State Courts, *Public Prosecutor v Yeo Jiawei*: thirty months' imprisonment for attempting to tamper with witnesses, December 2016; fifty-four months for money laundering and cheating, 12 July 2017, to run concurrently (Reuters, *The Malaysian Insight*, *Malay Mail*, 12 July 2017). ↩
8. Press reports of November 2016 on *Public Prosecutor v Yak Yew Chee*: eighteen weeks' imprisonment and a fine of S$24,000 for forging documents and failing to report suspicious transactions. ↩
9. *Malay Mail*, 11 January 2017, "Ex-Falcon Bank Singapore branch manager jailed 28 weeks, fined S$128,000". ↩

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