

Swiss private bank linked to Malaysia scandal

By John Aidan Byrne

August 13, 2016 | 10:30pm



Malaysia's Prime Minister Najib Razak speaks to members of the media after an event in Kuala Lumpur on July 21, 2016.

AFP/Getty Images

A former unit of US insurance giant AIG is in the crosshairs of global regulators on an international hunt for billions of dollars — hot money misappropriated, they suspect, from the controversial Malaysian sovereign wealth fund 1MDB in a scandal that has rocked Goldman Sachs, The Post has learned.

Falcon Private Bank, once a sleepy outpost of American International Group, is in the spotlight as reports have emerged of its dealings with 1MDB, or 1Malaysia Development Berhad.

Authorities are now looking more closely at Falcon — a small Zurich-based manager for wealthy clients acquired in 2009 by an Abu Dhabi sovereign wealth fund — and its ties to Malaysian Prime Minister Najib Razak, people familiar with the matter told The Post.

Money laundering and corruption of foreign officials have been long suspected by investigators probing Falcon.

But regulators worldwide raised the stakes recently after eyeing the often-secretive world of Swiss banking, people say.

“There is a laser-like focus on Falcon Bank from the authorities in the United States, Singapore and Switzerland,” according to one source in Singapore. Another source said regulators may crimp Falcon’s operations by “dumping them out of the Fed wire system,” for example, if the bank is nabbed for rogue activity.

Among the big Falcon issues: Law enforcement brass in Switzerland and Malaysia are probing the mysterious Singapore branch transfer of a \$681 million cache tied to 1MDB to the private account of Prime Minister Najib days before a tight election.

The prime minister helped establish 1MDB to foster economic development in Malaysia. Malaysia’s attorney general has cleared Najib, saying funds were a legal donation by a Saudi prince. The money is said to have been later returned. Najib says there was no wrongdoing.

Falcon Bank did not respond to The Post’s request last week for comment. Falcon Bank earlier said it is “fully transparent and cooperative with the current investigations.”

The bank is not accused of wrongdoing.

The Falcon imbroglio is the latest in the continuing fallout in the Malaysian 1MDB scandal.

New cracks appeared earlier this month. L. Burke Files, who heads up a private anti-fraud agency, raised questions about a Cayman fund for 1MDB, the Bridge Global Absolute Return Fund.

“It was less than a month old when billions were deposited in into its accounts,” he told The Post. “The issue is that when the funds were deposited, the company had been formed, but it was not yet registered and licensed as a fund.”

The scandal has seen the exit of one key Goldman executive linked to 1MDB.

In a high-profile departure, Tim Leissner, Goldman’s Southeast Asia chairman, left Goldman under a cloud in February after questions began being raised about the Malaysian fund’s operations.

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