



Money Laundering and the Movie Business: *“The Wolf of Wall Street”*

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Gary S. Wolfe has over 34 years of experience, specializing in IRS Tax Audits and International Tax Matters including: International Tax Planning/Tax Compliance, and International Asset Protection.

As of July 2016, Gary Wolfe has internationally published 15 books and 28 articles. Gary has received 14 international tax awards from five different Global expert societies in LONDON/UK including being voted one of the 100 leading world's law firms with votes from over 150,000 voters in over 160 countries with the following award: Global 100 (2016) (KMH Media Group) - CA/US International Tax Planning Law Firm of the Year.

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Money Laundering & The Movie Business: "The Wolf of Wall Street"

On 7/27/17 the US Dept. of Justice moved to seize \$1B in assets including future proceeds from the 2013 film the Wolf of Wall Street, US luxury real estate and Old Masters art work in an international corruption investigation targeting officials who allegedly profited from misappropriating \$3.5B from a Malaysian sovereign wealth fund (including possibly the country's Prime Minister). This asset seizure by the US DOJ is the largest ever and is authorized under the Kleptocracy Recovery Initiative. The complex case accuses corrupt Malaysian officials of conspiring to divert funds from a sovereign wealth fund, that was supposed to benefit Malaysia's economy, as assets for their personal enrichment, entertainment and daily comfort.

Conspirators allegedly stole more than \$3.5B from 1Malaysia Development Berhad (1MDB) in a vast money laundering scheme from 2009-2013. They used a network of shell companies in Singapore, Switzerland, Luxemborg and the US to buy US real estate (Beverly Hills Hotel L'Ermitage, New York hotel Park Lane, mansions in Beverly Hills, luxury condominiums in NYC) rights to EMI Publishing songs, and a bombardier jet. In addition they purchased paintings by Van Gogh and Monet and paid gambling expenses at Las Vegas casinos.

The co-founder of Hollywood Studio Red Granite Pictures, Riza Aziz, allegedly financed the Wolf of Wall Street using \$64m in 1MDB assets. The US DOJ is seeking to seize future profits from the film. LA based US Attorney Eileen Decker stated: "We will not allow the US to become a playground for the corrupt". Balance Sheets for Red Granite Pictures allegedly showed no payments indicating any investment return to 1MDB from the Wolf of Wall Street (which as an irony the film depicted the real-life downfall for corruption of Wall Street stockbroker, Jordan Belfort).

Luxury real estate included: a Beverly Hills mansion with a 120 foot pool, a 7 bedroom duplex overlooking Central Park (\$35m), a 6 bedroom home on Oriole Drive in the Hollywood Hills (\$39m).

The funds stolen initially involved a purported investment in a joint venture between 1MDB and a private Saudi oil extraction company called PSI. An estimated \$1B in 1MDB funds allegedly flowed to a Swiss bank account held in the name of Good Star Limited. The account was beneficially owned by Low Taek Jho, a Malaysian national who laundered more than \$400m into the US for his personal gratification which included the purchase of L'Ermitage Hotel in Beverly Hills, \$12m to Caesars Palace, \$13.4m to

Venetian hotel (Las Vegas).

Subsequent alleged diversions included \$2.5B in proceeds that 1MDB raised through two bond offerings (total \$6.5B) arranged and underwritten by US investment bank Goldman Sachs. The bonds were guaranteed by the Malaysian fund and an investment entity owned by the government of Abu Dhabi.

Officials of 1MDB wired approximately \$1.367B to a Swiss bank account belonging to a British Virgin Islands entity known as Aabar Investments, some of which funds were diverted to a Singapore bank account controlled by Tan K. Loong an associate of Low T. Jho and "distributed for the personal benefit of individuals".

In addition, officials of 1MDB and others allegedly diverted more than \$1.26B from a third bond offering Goldman Sachs arranged in 2013 which funds were diverted through a complex series of transactions involving shell companies and bank accounts in the US, Singapore, Luxemborg and Switzerland.

US Attorney General Loretta Lynch stated: "It should make clear to corrupt officials around the world that we will be relentless in our efforts to deny them the proceeds of their crimes" Lynch said the US government is currently seeking only about \$1B in assets because that's how much investigators have been able to conclusively trace while the rest may be traceable elsewhere or have been already dissipated.

FBI Deputy Director Andrew McCabe stated that the investigation is ongoing and others may be subject to civil or criminal charges.

