

SUBMISSION ON POLICY ISSUES IDENTIFIED IN THE INTERIM REPORT

Introduction

We have followed the progress of the Commission of Inquiry into the misconduct of the banking and financial services with great interest. We have reviewed the interim report and are disappointed that money laundering, a critical issue which the banking and financial sector plays a key role in facilitating, has not been addressed at all. This is despite numerous media *exposé* critical of the banking and sector and the Government for their failures to take tough action against this kind of illegal transboundary financial transactions, not forgetting the implications for developing nations in the Asia-Pacific region. Australia, by not clamping down on money laundering, has in reality help to encourage massive amount of public funds from being stolen from the people who have been struggling to tackle corruption and good governance in their respective countries.

In this submission, we present some of the money laundering problems already covered by the media and provide recommendations for reform in Australia through this Inquiry

The submission is made on behalf of concerned Malaysian diaspora in Australia through a collective known as Bersih Australia. We are the Australian working group linked to the **Bersih** (meaning *clean* in Malay) movement in Malaysia. Bersih is a coalition of [non-governmental organisations](#) (NGOs) which seeks to reform the current electoral system in [Malaysia](#) to ensure free, clean and fair elections.

Case Study relevant to Bersih Australia

██████████ through its extensive profit-seeking network and operations in the Asia-Pacific region has become complicit in corrupt and illicit activities. Specifically, ██████████ is complicit in the financial scandals and possibly other money laundering transactions through ██████████ in Malaysia in that:

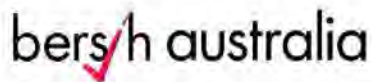
- its current CEO, ██████████ was a director of ██████████ between ██████████ ██████████
- as the major shareholder, ██████████ has the right to appoint up to four representatives on the 12-seat ██████████ board and to install staffers into key positions such as Chief Risk Officer and Chief Financial Officer.¹
- according to SBS report, ██████████ senior officials sitting on the ██████████ board were aware of the suspicious transactions going into Najib's personal account as early as September 2014 when the full board was briefed.

As Malaysian diaspora, we are especially concerned with the following issues:

- I. ██████████ through its 24.9% stake acquired in 2006, as the largest shareholder in ██████████ in Malaysia should be held responsible for its role in some of the scandals in Malaysia that have shocked the international financial world, where
 - a) An estimated US\$1.9billions alleged stolen from Malaysia's sovereign trust fund, 1Malaysia Development Berhad (1MDB) had been deposited into the private account in ██████████ of the now ousted former Prime Minister of Malaysia, Najib Razak². The 1MDB scandal has been investigated by the US

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Department of Justice (DoJ)³, the Swiss Attorney-General⁴, Singaporean authorities⁵ and several other countries. Razak is now facing several criminal charges in Malaysia⁶.

- b) Four months after the first alleged transactions involving Najib's bank accounts, [REDACTED] was assassinated by a hired gunman who fatally shot him at close range in a car park in Kuala Lumpur, capital city of Malaysia. According to Najadi's son, Pascal, his father, [REDACTED] was murdered because he knew too much and had started to alert regulatory authorities of high-level corrupt transactions through [REDACTED]. Pascal has started an international campaign to seek justice for his late father via social media eg <https://www.facebook.com/pascalnajadi/>
2. [REDACTED] continue to provide financial and banking services for controversial Malaysian logging corporation [REDACTED] which has been found to have unsustainably and/or illegally logged rainforest of Papua New Guinea – see the joint NGO complaint to the National Contact Point on OECD Guidelines on Corporations in Australia⁸ and New Zealand⁹.

The above events happened:

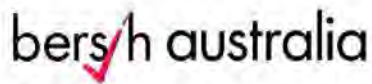
1. (a) Between late 2011 and 2015 but the scandal has been kept under wrap until documents began to be leaked to the media from 2015, first through a popular blog Sarawak Report based in the UK and then through the US-based Wall Street Journal
(b) on July 29, 2013
2. From 2000 to the present time¹⁰

The above events happened because:

1. In seeking profit from rich clients, [REDACTED] has not adhered to high standard of integrity, even though it has signed onto voluntary code of corporate conduct such as The Equator Principles – an established risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk in project finance. It is primarily intended to provide a minimum standard for due diligence to support responsible risk decision-making.
2. A lack of effective anti-money laundering regulation in Australia is also a contributing factor. The Australian Transaction Reports and Analysis Centre (AUSTRAC), the Government financial intelligence agency has either not been effective in preventing money laundering through [REDACTED]-owned operations overseas or that [REDACTED] has failed to inform AUSTRAC of suspicious transactions and activities of its overseas operations.



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Policy related Recommendations

More far reaching anti-monetary laundering (AML) legislation should be introduced to hold Australian banks responsible for facilitating laundering money from illegal or corrupt sources to promote and enforce good governance in the banking and financial sector in Australia.

Specifically, Australia should join force and collaborate with the US DoJ, Singaporean and Swiss Governments and utilise AUSTRAC to investigate [REDACTED] for its roles in the 1MDB scandal and other suspicious transactions; and that of other Australian banks and financial services linked to corruption in Malaysia. There have been several media exposés on senior Malaysian officials using Australia as haven to launder funds obtained through corrupt means in Malaysia through real estates and banking services in Australia¹¹. This must be stopped, and wrong doers reprimanded accordingly to regain public trust and integrity.

Other Comments

Australia's AML legislation is inadequate, and it needs strengthening to cover a wide range of ways dirty money has been laundered through Australia. Australia needs to crack down on money laundering and bribery facilitated by banks, real estate agents, lawyers and other facilitators of property sales. Australian real estates have been conveniently exploited by Malaysian government officials to launder ill-gotten money. According to the Fairfax investigative articles¹², at least four different properties – all of which were purchased at inflated prices in return for kickbacks and commissions. Voluntary measures such as the Equator Principles and OECD Guidelines on Corporations have not been effective in preventing money laundering and banks profiting from ill-gotten gains of corrupt officials or the exploitation of rainforest.

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