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Episode #080

1MDB & The Missing Malaysian Billions

14 August, 2020



[00:00:00] Hello, hello, hello, and welcome to English Learning for Curious Minds by Leonardo English, the show where you can listen to fascinating stories and learn weird and wonderful things about the world at the same time as improving your English.

[00:00:21] I'm Alastair Budge and today we are going to be talking about the 1MDB [scandal¹](#), and the group of people who [allegedly²](#) stole billions of dollars from the Malaysian government.

[00:00:35] The [tale³](#) of 1MDB takes us from Malaysia to the United Kingdom, from the Middle East to Hollywood, and involves everyone from greedy bankers, Prime Ministers, Paris Hilton and Leonardo di Caprio.

¹ a shocking event, often public

² used to say that people say something is true, without providing proof

³ a story



[00:00:50] It's an ongoing story, but it looks like it will go down as one of the biggest thefts in history.

[00:00:58] And at the centre of it all is a small, slightly overweight, young Malaysian man called Jho Low.

[00:01:06] Before we get right into it though, let me remind you that you can get all of the bonus episodes, plus subtitles, transcripts, and key vocabulary, over on the website, which is leonardoenglish.com.

[00:01:19] This is also where you can check out becoming a member of Leonardo English, and join a community of curious minds from all over the world, doing meetups, exchanging ideas, and generally, improving their English in a more interesting way.

[00:01:35] So if that's of interest, and I hope it is, then the place to go to is leonardoenglish.com.

[00:01:43] OK then, 1MDB.

[00:01:46] Our story starts in around 2009, shortly after Malaysia had just [appointed](#)⁴ a new Prime Minister, a man called Najib Razak.

⁴ officially chosen



[00:01:58] Malaysia was still a ‘developing country’, and still **lacked**⁵ a lot of the kind of **infrastructure**⁶ that was enjoyed by neighbours like Singapore.

[00:02:07] So Malaysia needed a lot of foreign investment to **pump**⁷ into things like power stations, roads, airports, and all the kinds of things that help a country develop economically.

[00:02:21] One way in which countries do this is by creating big **funds**⁸ where they borrow money from private investors.

[00:02:31] Investors are normally happy to lend money to a country, because they are pretty sure that they’ll get their money back, and for a country like Malaysia, doing something like this would be a way of raising money that could be invested into things like **infrastructure**, services, and industries that would help Malaysia develop economically.

[00:02:54] So, in 2009, shortly after Razak’s election, he created this kind of Malaysian **fund**, a development **fund** that would invest in Malaysian projects.

⁵ did not have

⁶ the basic systems and structures that a country needs to work properly

⁷ put (into)

⁸ collections of money



[00:03:07] It started out with a relatively small amount of money, just \$1 billion. Now, that obviously is a huge amount of money, but when thinking about it on a country level, it's not so huge.

[00:03:23] This new [fund](#) was to be called 1MDB, short for 1 Malaysia Development Berhad. Berhad is just a [suffix](#)⁹ that's used by Malaysian companies to show that they are limited companies, so like Ltd in the UK, or Gmbh in Germany.

[00:03:42] So, this 1MDB was set up, it hired employees and it had a [mandate](#)¹⁰ to invest in various different types of industries that would benefit the Malaysian people.

[00:03:55] All good so far.

[00:03:57] But there was a character who seemed to be involved with the [fund](#), who seemed to be managing everything and have the complete trust of Razak, the Prime Minister, but this man had no official role in the [fund](#).

[00:04:14] His name was Jho Low.

[00:04:15] Jho Low, at the time that the [fund](#) was set up, was only 27 years old.

[00:04:24] He came from a relatively wealthy Malaysian family, from an area of Malaysia called Penang.

⁹ a letter or a group of letters that are added to the end of a word

¹⁰ the authority to do something



[00:04:32] He had been educated at one of the most **elite**¹¹ private schools in the United Kingdom, called Harrow, and he then went to university at the University of Pennsylvania's Wharton School of Business.

[00:04:45] At both of these **institutions**¹², he got **acquainted**¹³ with the lifestyle of the super rich, **befriending**¹⁴ people from various Middle Eastern families.

[00:04:57] Low, although he was rich by any normal person's standards, was nothing compared to Middle Eastern royalty.

[00:05:05] Despite this, Low managed to get a reputation as a person who had access to a lot of money, and while he was at Wharton he would host large, **flamboyant**¹⁵ parties, and generally be seen to be spending large amounts of money.

[00:05:24] He **hung around**¹⁶ with princes and royalty, and fresh out of university he **carved**¹⁷ out a **niche**¹⁸ for himself as someone who was a bit of a **fixer**¹⁹ - he was good

¹¹ the most rich and powerful (in society)

¹² large and important organisations

¹³ know, or be familiar with

¹⁴ becoming friends with

¹⁵ very confident and noticed by other people

¹⁶ to be with, be friends with

¹⁷ found

¹⁸ a job that is very suitable for someone

¹⁹ someone who arranges for things to happen



at connecting people who had money to people who wanted investment, and of course, [pocketing](#)²⁰ a little commission when this happened.

[00:05:47] When 1MDB was formed, it was said that Low managed to get this strange [advisory](#)²¹ role partly because of his connections to the Middle East.

[00:05:59] He knew people in [high places](#)²², especially people with lots of money to invest in the [fund](#), and seemed to be trusted completely by Razak.

[00:06:10] Jho Low, and 1MDB got to work, and the main work they seemed to be doing was spending money, and then raising more money to add to their [fund](#).

[00:06:22] From its little initial investment of \$1 billion dollars, 1MDB managed to raise more and more money, and by March of 2014, under 5 years after it had started, 1MDB had reportedly raised \$10 billion dollars.

[00:06:42] Now, it's important to clarify that this money was money that foreign investors had lent to 1MDB because they thought that they would be able to make a profit. That 1MDB would make investments in Malaysia, and abroad, would make a profit on these investments, and everyone would make money.

²⁰ collecting

²¹ giving advice

²² important or rich (people)



[00:07:03] 1MDB, and Jho Low, had managed to raise all of this money because the debt was, effectively, guaranteed by the Malaysian government. People were happy to lend it more, and it had no problem [raking in²³](#) more and more money.

[00:07:21] There were a lot of question marks emerging about what this money was actually [going towards²⁴](#) though.

[00:07:29] 1MDB had made a series of investments in Malaysian [infrastructure](#) projects, from power stations to airports, but people were saying that it had paid far too much money for them, and that in exchange for paying too much money, politicians had received [kickbacks²⁵](#), they had received payments or favours from the sellers.

[00:07:54] There were rumours going around that Razak was using some of the funds himself, both that he was using them as a way to [bribe²⁶](#) other politicians and try to influence the [upcoming²⁷](#) elections, and that he was just stealing the funds and using them for himself.

²³ earning a lot of money

²⁴ being used to pay for

²⁵ money that is paid back to someone, usually as a commission

²⁶ to try to make someone do something by giving them money or presents

²⁷ future



[00:08:11] It didn't help that his wife, Rosmah, had incredibly [lavish](#)²⁸ taste in jewellery, and would go on huge [shopping sprees](#)²⁹ in Paris, London, and New York. We're not talking about a few thousand dollars here, we are talking millions.

[00:08:29] But what was perhaps more concerning was what was going on with the central character in our story, Jho Low.

[00:08:38] Jho Low had always been quite [a big spender](#)³⁰, but ever since he started to get involved with 1MDB, the spending hit new levels.

[00:08:50] There was a [headline](#)³¹ from the New York Post in November 2009, just months after 1MDB was launched, which read “*Big-spending Malaysian is the mystery man of city club scene*”, and talked about how this man, Jho Low, had spent \$160,000 in one night.

[00:09:11] But this was [small fry](#)³², it was [small potatoes](#)³³, compared to what Jho Low went on to do.

²⁸ expensive

²⁹ large shopping trips

³⁰ someone who spends a lot of money

³¹ a story in a newspaper

³² not important, not big

³³ not important, not big



[00:09:19] He bought [penthouses](#)³⁴, mansions, yachts, fine art, and threw huge parties with celebrities like Paris Hilton and Kim Kardashian.

[00:09:30] For his 31st birthday, in 2012, he threw the wildest party that Las Vegas has ever seen - and I imagine it has seen quite a few wild parties. For this party, Kanye West performed, Britney Spears [burst out](#)³⁵ of a cake, and there were performances from Jamie Foxx, Busta Rhymes, Pharrel Williams, Chris Brown, and Psy, the guy who sang Gangnam Style.

[00:09:57] This event apparently cost millions of dollars, and it was really just [a drop in the ocean](#)³⁶ for Jho Low.

[00:10:05] He had private jets, and bought art by Picasso, Van Gogh and Monet.

[00:10:11] He would fly around the world on a private jet, stopping to spend weeks on his yacht with Middle Eastern royalty, then jetting into Vegas to [gamble](#)³⁷ millions of dollars, and essentially just living the life of the world's biggest international [playboy](#)³⁸.

³⁴ expensive apartments at the top of a building

³⁵ suddenly come out

³⁶ very small compared to something else

³⁷ to risk money on a game

³⁸ a rich man who spends his time on leisure activities



[00:10:28] He invested in a film studio, and spent \$100 million to produce the film The Wolf of Wall Street, [ironically](#)³⁹ enough a film about financial fraud.

[00:10:40] If you remember The Wolf of Wall Street, there is a scene in it where the central character crashes a Lamborghini. While in most normal films, they wouldn't crash a real Lamborghini, they'd find a [model](#)⁴⁰ one or something like that, apparently Jho Low said it was fine to buy a real one, then completely [wreck](#)⁴¹ it.

[00:11:03] So, the question was, where did he get all this money?

[00:11:08] At the start, Jho Low said that it was all family wealth, and that he had [inherited](#)⁴² this money from his grandfather. Low had certainly [inherited](#) some money from his family, but it was a tiny percentage of what he was now spending.

[00:11:26] Strangely enough, it seemed that not that many people asked tough questions about where the money really came from.

³⁹ in a strange but funny way

⁴⁰ not a full, real version of something else

⁴¹ destroy

⁴² received from someone who has died



[00:11:35] Everyone was enjoying the ride - Jho Low was very generous, and would [shower⁴³](#) his friends with gifts and holidays. And of course, he would always pick up the [bar tab⁴⁴](#).

[00:11:47] Who wouldn't like a friend like that, right?

[00:11:50] But, as you might have guessed, the money didn't really belong to Jho Low.

[00:11:56] He had stolen billions of dollars from 1MDB in one of the largest financial thefts in modern history.

[00:12:06] Low, despite his young age, had developed a [sophisticated⁴⁵](#) understanding of how the global financial system works, and more importantly, how he could transfer large amounts of money from 1MDB into his own pockets.

[00:12:22] He used a variety of methods and tricks to achieve this.

⁴³ give (in large quantities)

⁴⁴ the bill at the bar

⁴⁵ very detailed and clever



[00:12:27] Firstly, he made sure that everyone who was involved in this theft was very [adequately⁴⁶ compensated⁴⁷](#). From [Emirati⁴⁸](#) businessmen to private bankers, he made sure that everyone was also making lots of money.

[00:12:44] Secondly, this whole [scheme⁴⁹](#) wouldn't have worked without [offshore⁵⁰](#) companies, which are very effective ways of hiding who actually owns something.

[00:12:55] Jho Low knew how [offshore](#) companies work, and how he could manage to transfer billions of dollars around the world without people noticing.

[00:13:04] He would create different [shell⁵¹](#) companies in places like the Cayman Islands or Curacao, which would often have names that were very similar to the companies that 1MDB was supposedly dealing with.

[00:13:18] Then he would [instruct⁵²](#) the bankers to make payments into these [shell](#) companies, which were ultimately controlled by him.

⁴⁶ in a way that is enough

⁴⁷ paid, given money

⁴⁸ from the United Arab Emirates

⁴⁹ plan

⁵⁰ in countries that are typically islands, where there is a lower tax rate

⁵¹ (of a company) that has been formed purely for tax or organisational reasons

⁵² tell (to do something)



[00:13:26] When that company received the money, he would then send the money on to various different [anonymous⁵³](#) bank accounts, or bank accounts that were held by [anonymous](#) companies, meaning that where the money came from, and whose money it actually was, was very hard to trace.

[00:13:46] Jho Low knew how to confuse the financial system, he knew all the [tricks of the trade⁵⁴](#). He knew how the ultra-rich often hide their money, even money that is legally acquired, but he [exploited⁵⁵](#) all of these tricks to the maximum.

[00:14:03] And finally, Jho Low had an [innate⁵⁶](#) understanding of human [greed⁵⁷](#).

[00:14:09] In the world of the ultra rich, he knew that people were always looking for more.

[00:14:15] If you make 10 million dollars, then you want to make 50, 10 million suddenly isn't so interesting anymore.

[00:14:23] If you make 50, then you want to make 100. For many people, there was no limit to their [greed](#).

⁵³ without an official, named owner

⁵⁴ methods or ways (to do something)

⁵⁵ used to the maximum

⁵⁶ a non-learnt characteristic

⁵⁷ the wish to continually get more (of something)



[00:14:31] Low realised this with one of the bankers that he used to help raise money for 1MDB, a man called Tim Leissner.

[00:14:40] Now, Leissner was a partner at the [prestigious](#)⁵⁸ Wall Street bank, Goldman Sachs.

[00:14:46] He was one of the senior [dealmakers](#)⁵⁹ in Asia, and had managed to [befriend](#)⁶⁰ Jho Low, and make Goldman Sachs the bank of choice for helping 1MDB raise money.

[00:14:59] Goldman Sachs made huge amounts of money from 1MDB, reportedly \$600 million in commission, and for his part in this, Leissner was paid millions of dollars a year by the bank.

[00:15:14] But, millions of dollars a year, when you are hanging around with people spending billions, makes you look like a bit of [a nobody](#)⁶¹.

[00:15:24] Leissner got greedy, and started [siphoning off](#)⁶², taking large amounts of money for himself, reportedly taking \$200 million dollars that he then spent on things like luxury property, yachts, and fine art.

⁵⁸ with a reputation for high quality

⁵⁹ people who make deals and bring in new business

⁶⁰ to become friends with

⁶¹ an unimportant person

⁶² taking (for yourself)



[00:15:40] When you hear this story, and think about quite how [brazen](#)⁶³, quite how open, this theft was, you might think ‘how did they ever think they’d get away with it?’

[00:15:52] Low and his associates were stealing literally billions of dollars every single year, spending very heavily and very much in the public eye.

[00:16:03] Surely someone, somewhere was going to find out?

[00:16:08] Of course, this is easy to say with [hindsight](#)⁶⁴, but at the time, I guess they felt [invincible](#)⁶⁵.

[00:16:15] And who knows, maybe the party would still be going on were it not for a Swiss man called Xavier Justo. Justo had been an executive at a company called Petrosaudi, which was a former partner of 1MDB’s, and was heavily [implicated](#)⁶⁶ in the theft of the money from the [fund](#).

[00:16:36] Justo had been [sacked](#)⁶⁷ by the company under circumstances that he felt were unfair, and had made copies of [incriminating](#)⁶⁸ emails that showed the huge

⁶³ obvious and without trying to hide

⁶⁴ looking back in the past

⁶⁵ impossible to defeat

⁶⁶ shown (that someone is involved in something)

⁶⁷ terminated from their job

⁶⁸ showing that someone is guilty



fraud that was going on. He had threatened to release the emails unless he was paid \$2 million, which was the money that he felt he was owed by PetroSaudi.

[00:17:00] [Long story short](#)⁶⁹, Justo released these emails to a journalist, and the story [broke](#)⁷⁰.

[00:17:07] The curtain was lifted on this mysterious [entity](#)⁷¹. The scale of the theft was bigger than anyone had imagined, and it looked like it wasn't just Jho Low, but Najib Razak, the Malaysian Prime Minister, who was directly [implicated](#).

[00:17:22] The emails revealed that a payment of \$681 million was made directly into Razak's personal bank account. Now, I should say that Razak denies that this was from 1MDB, and says that it was a personal donation from the Saudi royal family, but it does look very suspicious.

[00:17:45] There was a huge political scandal in Malaysia. Nabib Razak was kicked out of office after the general election of 2018, and just a few weeks ago, on July 28th, he was sentenced to 12 years in prison.

[00:18:00] Leissner, the Goldman Sachs banker, was made to pay a fine of 43.7 million in 2018, and is currently awaiting [sentencing](#)⁷².

⁶⁹ used when you condense the main parts of a story

⁷⁰ was released

⁷¹ organisation, thing

⁷² punishment (by a court)



[00:18:13] His employer, Goldman Sachs, is [on the hook](#)⁷³ for a huge compensation [payout](#)⁷⁴ to the Malaysian government for its role in the fraud, and on July the 24th agreed to pay 1MDB 3.7 billion dollars.

[00:18:30] And Jho Low, our [chubby](#)⁷⁵ [protagonist](#)⁷⁶?

[00:18:33] Nobody actually knows where he is, although he is [rumoured](#)⁷⁷ to be living in China. His [assets](#)⁷⁸ in the US have mainly been frozen, but he still likely has [assets](#) to tens, if not hundreds, of millions, if not billions of dollars that he stole from 1MDB.

[00:18:54] Unlike the bank account that you or I might have, Low's money is hidden all over the world, in secret accounts in different countries, held at law firms, private banks, and is very hard to [trace](#)⁷⁹.

[00:19:08] He protests his innocence, saying that this is all a mistake and a misunderstanding, and he has hired expensive PR agencies to try and tell his story, and

⁷³ liable to pay

⁷⁴ an amount of money that is paid (as compensation)

⁷⁵ fat, but in a pleasant way

⁷⁶ main character

⁷⁷ thought to

⁷⁸ money or valuable things

⁷⁹ found



portray himself as a [philanthropist](#)⁸⁰ and businessman, and not as the criminal that almost every government believes he is.

[00:19:29] So, this is a story that is ongoing. Jho Low is still [at large](#)⁸¹, his yacht, penthouses and mansions may have been captured, but the nature of the global financial system means that he certainly isn't without funds.

[00:19:45] And who, ultimately pays the price for all this?

[00:19:49] The sad thing is that it's the Malaysian people.

[00:19:53] This money didn't just come from nowhere. It's the Malaysian people who are [on the hook](#) for it, and they will continue to pay the price for Low and Razak's corruption for decades to come.

[00:20:06] Jho Low may have been the guy who always threw the best parties, and always [picked up the bill](#)⁸² at the end of the night. But unfortunately, with this story, this time, he has left the Malaysian people to [pick up the bill](#).

[00:20:21] OK then, that is it for today's episode on 1MDB, and the missing Malaysian billions.

⁸⁰ someone who helps the poor and needy, normally by giving financial donations

⁸¹ escaped, and the authorities do not know where they are

⁸² to pay the bill



[00:20:29] It is a fascinating story, and one that brings together high finance, greedy bankers, Hollywood celebrities, and politicians.

[00:20:38] It just makes you realise quite how [intertwined](#)⁸³ all of these things are.

[00:20:44] As always, I would love to know what you thought of the show. You can email hi - hi@leonardoenglish.com

[00:20:52] And as a final reminder, if you are looking to improve your English in a more interesting way, to join a community of curious minds from all over the world, and to unlock the transcripts, subtitles, and key vocabulary, then the place to go to is leonardoenglish.com

[00:21:10] You've been listening to English Learning for Curious Minds by Leonardo English.

[00:21:15] I'm Alastair Budge. You stay safe and I'll catch you in the next episode.

[END OF PODCAST]

⁸³ linked together



Key vocabulary

Word	Definition
Scandal	a shocking event, often public
Allegedly	used to say that people say something is true, without providing proof
Tale	a story
Appointed	officially chosen
Lacked	did not have
Infrastructure	the basic systems and structures that a country needs to work properly
Pump	put (into)
Funds	collections of money
Suffix	a letter or a group of letters that are added to the end of a word
Mandate	the authority to do something
Elite	the most rich and powerful (in society)
Institutions	large and important organisations



Acquainted	know, or be familiar with
Befriending	becoming friends with
Flamboyant	very confident and noticed by other people
Hung around	to be with, be friends with
Carved	found
Niche	a job that is very suitable for someone
Fixer	someone who arranges for things to happen
Pocketing	collecting
Advisory	giving advice
High places	important or rich (people)
Raking in	earning a lot of money
Going towards	being used to pay for
Kickbacks	money that is paid back to someone, usually as a commission
Bribe	to try to make someone do something by giving them money or presents
Upcoming	future



Lavish	expensive
Shopping sprees	large shopping trips
A big spender	someone who spends a lot of money
Headline	a story in a newspaper
Small fry	not important, not big
Small potatoes	not important, not big
Penthouses	expensive apartments at the top of a building
Burst out	suddenly come out
A drop in the ocean	very small compared to something else
Gamble	to risk money on a game
Playboy	a rich man who spends his time on leisure activities
Ironically	in a strange but funny way
Model	not a full, real version of something else
Wreck	destroy
Inherited	received from someone who has died



Shower	give (in large quantities)
Bar tab	the bill at the bar
Sophisticated	very detailed and clever
Adequately	in a way that is enough
Compensated	paid, given money
Emirati	from the United Arab Emirates
Scheme	plan
Offshore	in countries that are typically islands, where there is a lower tax rate
Shell	(of a company) that has been formed purely for tax or organisational reasons
Instruct	tell (to do something)
Anonymous	without an official, named owner
Tricks of the trade	methods or ways (to do something)
Exploited	used to the maximum
Innate	a non-learnt characteristic
Greed	the wish to continually get more (of something)



Prestigious	with a reputation for high quality
Dealmakers	people who make deals and bring in new business
Befriend	to become friends with
A nobody	an unimportant person
Siphoning off	taking (for yourself)
Brazen	obvious and without trying to hide
Hindsight	looking back in the past
Invincible	impossible to defeat
Implicated	shown (that someone is involved in something)
Sacked	terminated from their job
Incriminating	showing that someone is guilty
Long story short	used when you condense the main parts of a story
Broke	was released
Entity	organisation, thing
Sentencing	punishment (by a court)



On the hook	liable to pay
Payout	an amount of money that is paid (as compensation)
Chubby	fat, but in a pleasant way
Protagonist	main character
Rumoured	thought to
Assets	money or valuable things
Trace	found
Philanthropist	someone who helps the poor and needy, normally by giving financial donations
At large	escaped, and the authorities do not know where they are
Picked up the bill	to pay the bill
Intertwined	linked together

We'd love to get your feedback on this podcast.

What did you like? What could we do better?

What did you struggle to understand?

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