

Tracking the Money: The Case of 1MDB Scandal

Rizqi Shafira Chairunnisa¹, Lana Shabrina², Julia Rahma³, Zaidan Allaam⁴

Brawijaya University¹²³⁴

ABSTRACT

The UN estimated US\$800 billion to US\$2 trillion is laundered every year. But unfortunately, about 90% of this amount remains undetectable to this day. This money laundering activity performs money laundering services on behalf of other people as their core business and is usually carried out in a different country. In this case, of course, money laundering becomes a complex transnational crime. This crime is widespread throughout the world, including in Malaysia. Malaysia is a country with an upper-middle-income economy that is very open to exposure to various threats of money laundering. According to Money Laundering Risk in 2022 data by the Basel Institute of Governance, Malaysia ranks 54th out of 128 countries with a score of 5.33 where a score of 10 indicates the highest risk. Even though Malaysia has the instruments to detect criminal acts, unfortunately, cooperation and political will are still considered lacking, making it difficult to eradicate it. This paper was compiled to identify money laundering in transnational crimes, and also to analyze the model of condition and model of operation in the 1MDB corruption case.

Keywords: money laundering; malaysia; 1MDB

A. INTRODUCTION

Globalization creates national boundaries even more blurred, thus opening up greater opportunities for the entry and exit of goods, people, information, and so on. Unfortunately, globalization has also increasingly encouraged the occurrence of transnational crime activities, one of them money laundering or money laundering. Money laundering is an act of changing and hiding money obtained from illegal actions so that it appears as if it came from a legal source (Eleanora, 2022). The illegal money is put into the financial system so that it appears lawful. This then makes money laundering hard to detect. It should be underlined that money laundering cannot stand alone because it involves other previous illegal acts.

The UN states that an estimated US\$800 billion to US\$2 trillion is laundered every year. But unfortunately, about 90% of this amount remains undetectable to this day (Lazic, 2022). Money laundering, perform the money laundering services on behalf of others as their core business and carried out in a different country. In this case, of course money laundering becomes a complex transnational crime. This crime is widespread throughout the world, including in Malaysia. Malaysia is a country with an upper middle income economy that is very open to exposure to various threats of money laundering. According to Money Laundering Risk in 2022 data by the Basel Institute of Governance, Malaysia ranks 54th out of 128 countries with a score of 5.33 where a score of 10 indicates the highest risk (Kunaratnam, 2022). Even though Malaysia has the instruments to detect criminal acts, unfortunately, the cooperation and political desire are still considered lacking, and it makes it difficult to eradicate the crimes.

[*corresponding author: rizqishafirac@gmail.com]

One of the money laundering cases that rocked Malaysia was the 1MDB (1 Malaysia Development Berhad) scandal which began in 2015. Najib Razak, who at that time served as Prime Minister of Malaysia as well as on the Advisory Council of 1MDB, was suspected of having committed corruption, embezzlement and money laundering from 1MDB. About \$2.7 billion of funds flowed from 1MDB into the personal accounts of Najib and those associated with them before being laundered and transferred to other properties such as luxury yachts, works of fine art, and even Martin Scorsese's film project "The Wolf of Walls". Street" (Adam, et al., 2022). This money laundering also involves several other countries such as the United States, Saudi Arabia and the UAE.

The sequence of events in the 1MDB scandal was so complex that the Malaysian government then continued to investigate 1MDB and Najib Razak. After going through several trials, finally in 2020 Najib was found guilty of corruption and money laundering. Two years after this verdict, on August 23 2022 to be precise, Najib was officially sentenced to 12 years in prison after his previous appeal was rejected. Scandal money laundering 1MDB is interesting to discuss because it is a big scandal and has become worldwide trending because it involves large companies and countries whose assets are also then used for fancy projects. In addition, this scandal is also said to be the biggest kleptocracy scandal in the world. Finally, money laundering crimes disrupt economic and political stability in Malaysia, so it is interesting to discuss. Therefore, the author tries to analyze "How is the mapping of transnational crime money laundering at the global, regional, and national levels?"

B. ANALYTICAL FRAMEWORK

Money laundering is a criminal activity in which a large amount of money obtained illegally, whether it be from corruption, drug trafficking, terrorism, or other illegal activities is then disguised or hidden so that it appears as if it comes from a legitimate source (Kumar, 2012). Funds obtained from illegal activities when integrated into the financial system will appear as if the funds originate from legal sources. Criminals do this by hiding, moving the money to a place where it is less likely to attract attention. Money laundering generally involves a series of transactions used to disguise the source of a financial asset so that the asset can be used as a lawful asset. Money laundering has the potential to disrupt economic stability and security. This crime also risks increasing other crimes such as corruption, drugs trafficking, human trafficking, and others to further expand their operations. The technological advances and globalization have increasingly encouraged this crime to become increasingly international and involve many parties.

Money laundering is mostly done by white collar criminals and street level criminals. Illegally obtained money is laundered through currency exchange houses, stock brokerage houses, gold dealers, car dealers, insurance companies, trading firms, and the like (McDowell et al., 2001). Typically, criminals break up large amounts of cash into several smaller deposits and then spread them across different accounts to reduce the risk of exposure to detection. This illegal activity is also commonly carried out through the use of currency exchange, wire transfers, and cross-country smuggling of large amounts of cash and depositing the illegal money in offshore accounts, for which money laundering is not strictly enforced (Chen, 2022).

Money laundering is a transnational crime because the assets resulting from the illegal activity which are then laundered are usually assets from illegal activities carried out in one

country and then transferred to another country to be converted into a legal business so that the profits are enjoyed by criminals in their home country (Rusdi, 2016). Because this is a crime with an international dimension, its handling must be carried out in international cooperation as well. Generally, money laundering tends to look for countries or sectors where the risk of detection is low and where crime-fighting programs are weak or ineffective.

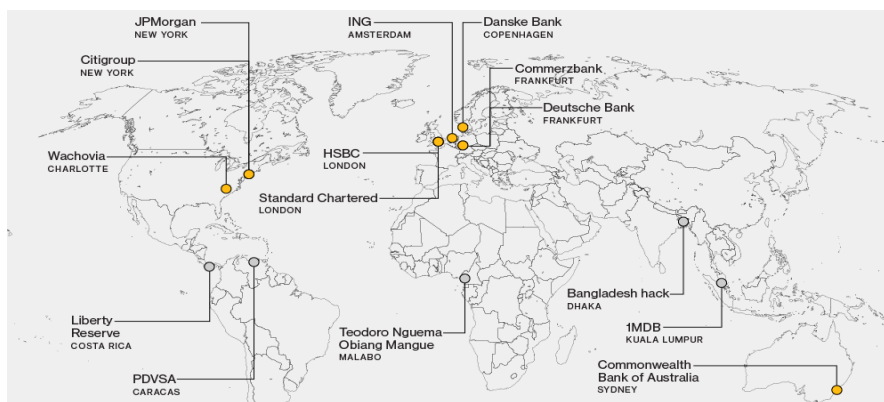
Money laundering is usually divided into 3 stages, placement, layering, and integration. At the level of placement, illegal money is introduced into the financial system. Reporting from Comply Advantage media, this is usually done by breaking large amounts of cash into smaller amounts to be deposited directly into a bank account or equipped with a monetary instrument such as a check or money order which is collected and deposited into an account in another location (2022). This also includes smuggling money from one country to another. Layering is the stage of deciding money from illegal activities that generate money. The analogy is, the more layers money passes through, the more difficult it will be to connect these funds with criminal activity. This stage is carried out through electronic transfers between countries, the use of shell companies, transfers of funds between several banks, transfers of funds between several accounts within an institution, and purchases of high-value valuables for personal use or placing them in real estate. The last stage is integration where money that has been laundered is mixed with legitimate sources making it difficult to trace. Through these stages, illegal funds are introduced into the legal economic mainstream. The criminals can then freely use the funds for their personal gain. Eventually, money laundering is a global problem so it must get attention from global parties. Without international cooperation, this crime will be difficult to eradicate.

C. RESULT AND DISCUSSION

Spread Trends

- Level Global

Figure 1. The Biggest Money Laundering Case in the World



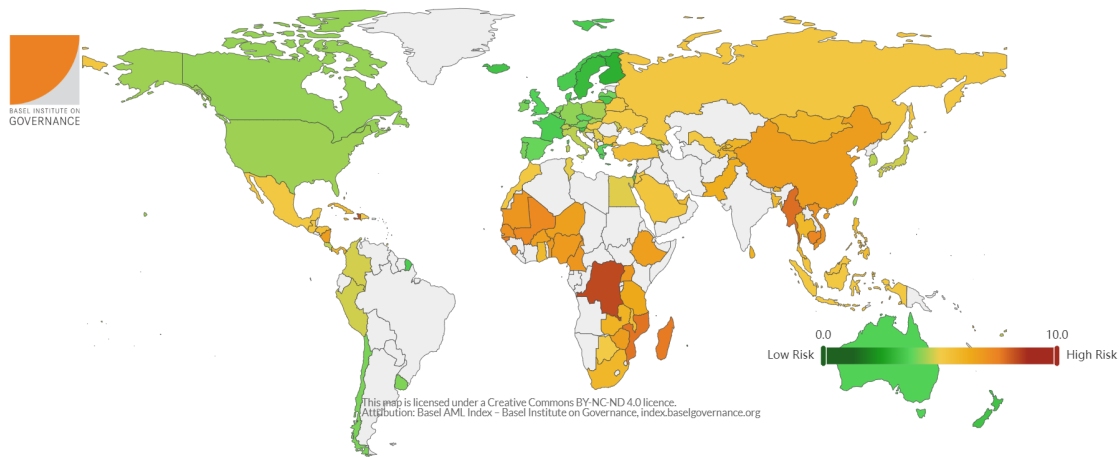
Source: Katz

The figure above is a map of the 15 biggest money laundering cases committed by an agency. The yellow dots indicate that embezzlement was committed by banks, while the gray dots indicate embezzlement by agencies other than banks. Based on Katz (2019), several cases include; Citigroup, of which Banamex is a Citi subsidiary, processes more than \$8.8 billion in transactions with virtually no supervision. JPMorgan Chase, ignoring the red flags surrounding the dealings of Wall Street financier Bernard Madoff, used his bank account to run

a \$65 billion Ponzi scheme. Wachovia, with cases that Mexican drug cartels use accounts in Wachovia to finance their operations and launder money. From 2004 to 2007, the bank, since its acquisition by Wells Fargo, processed at least \$373 billion in wire transfers from Mexican currency houses, according to a 2010 deferred prosecution agreement with U.S. authorities.

Next up is Liberty Reserve, with the digital currency platform case at the heart of an alleged \$6 billion money laundering operation. In 2016, US authorities sentenced its founder, Arthur Budovsky, to 20 years in prison for running a money laundering company through a Costa Rica-based platform. PDVSA, former banker Julius Baer Matthias Krull was sentenced by a US court to 10 years in prison for his role in helping launder \$1.2 billion embezzled from state-owned *Petróleos de Venezuela SA*. Standard Chartered, paid a fine of \$667 million for violating US sanctions in doing business with Iran. In 2014, the state of New York fined an additional \$300 million for lax anti-money laundering controls. HSBC, the bank that failed to properly monitor more than \$670 billion in wire transfers from Mexico and more than \$9.4 billion in purchases of US currency. Danske Bank, in September, said about €200 billion (\$230 billion) of potentially illegal funds flowed through the small Estonian unit over nine years. ING, the bank acknowledged "serious deficiencies" in failing to prevent illegal payments by VimpelCom to companies belonging to Uzbekistan government officials. Deutsche Bank, was fined by US and UK authorities for a series of mirror trading conducted through its Moscow offices.

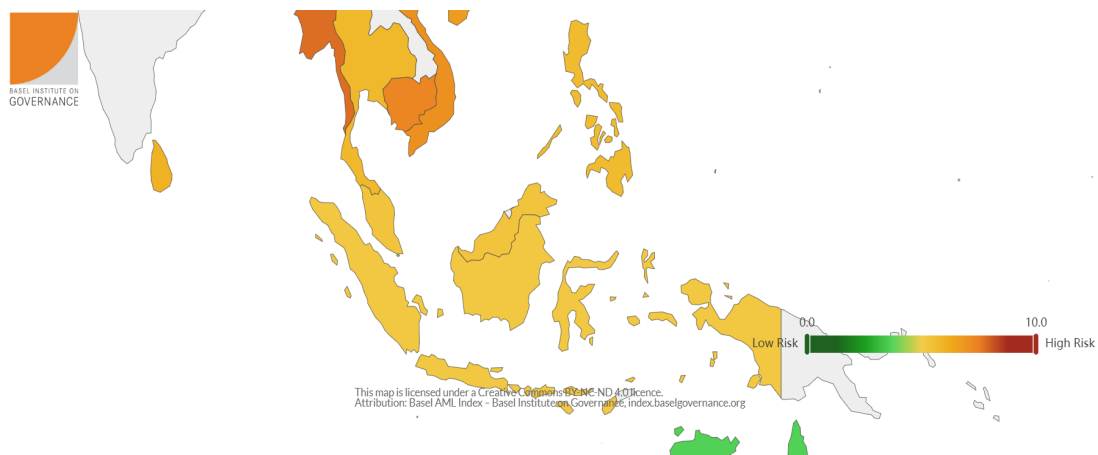
The next case is Commerzbank, which processed more than \$250 billion in transactions on behalf of Iranian and Sudanese entities. Teodoro Nguema Obiang Mangue, is the son of the president of Equatorial Guinea who made more than \$300 million from the country from 2004 to 2011, through bribes and money laundering. Bangladeshi hackers, who stole \$81 million from Bangladesh's central bank in 2016 and then laundered it in Asian casinos. Commonwealth Bank of Australia, bank pays the biggest civil fine after admitting to more than 53,000 violations of money laundering laws. Finally, 1MDB, from 2009 to 2015, more than \$4.5 billion flowed from this government fund into the hands of allegedly corrupt officials and their associates, according to a 2017 US Department of Justice complaint. Malaysia filed criminal charges against Goldman Sachs, which regulates sale of bonds to 1MDB; the bank said it would "strongly oppose" the allegations (Katz, 2019).

Figure 2. Map of the Distribution of Money Laundering Cases in the World

Source: AML Index

The map in the image above shows the distribution of the Basel AML Index. The green color on the map indicates that the country has a low risk of the practice of money laundering. The more orange and red those colors turn, the higher the risk the country is exposed to the practice of money laundering which exists. It is clear that orange and red colors appear more often on the African and Asian continents than on other continents, which means that these two continents are the continents most at risk of money laundering (AML Index, 2022).

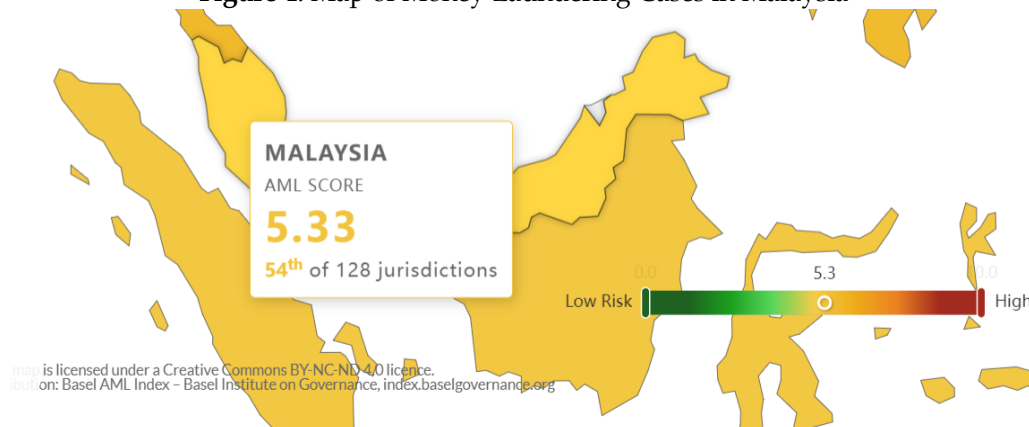
- **Regional Level**

Figure 3. Map of the Distribution of Money Laundering Cases in Southeast Asia

Source: AML Index

Countries in Southeast Asia according to the Basel AML Index data have an average middle to upper index which is indicated by the dominance of yellow on the distribution map. This shows that Southeast Asia has a fairly high risk of the existence of the practice of money laundering in the world (AML Index, 2022).

- **National Level**

Figure 4. Map of Money Laundering Cases in Malaysia

Source: AML Index

Malaysia is one of the countries in ASEAN that has an index anti money laundering which is quite high, reaching 5.33 and ranking 54th out of 128 countries registered in AML. That is, Malaysia is a country that has risks of money laundering quite high, marked in yellow on the available distribution map (AML Index, 2022). This is proven by one of the cases that shook Malaysia, namely the 1MDB money laundering scandal due to authoritarianism. This scandal was uncovered in 2015 and has given rise to investigations not only in Malaysia but in other countries where embezzlement and other illicit money is kept and laundered. This corruption case involved embezzlement and laundering billions of US dollars from his accounts along with profits from bribes and fixing of bond prices, which was facilitated by false statements by his officials and others, which were then transferred and laundered outside Malaysia.

This crime occurred as a result of the authoritarian regime of Najib Razak who abused his power to engage in corruption and money laundering. Money laundering involves receiving or withholding money from these sources, disguising or not investigating its origin and purpose. Those who receive either as intermediaries or ultimate beneficiaries are thus guilty of money laundering just like any bank (or law or finance firm) that holds money in one of its accounts on behalf of the sender or recipient without investigating the source. This often violates the anti-money laundering laws of the country to which the money is transferred, and in the case of banks, violates their own anti-money laundering compliance requirements. Of course, given the complex chain of transactions through which the illicit money transferred in the 1MDB scandal went through, it became easier for recipients to conceal their origin and purpose, and more difficult for banks to carry out proper investigations. As discussed below, enforcement actions against corruption at 1MDB include money laundering as one of the main offenses committed by money receivers and banks involved in the safekeeping and transfer of money (Ramesh, 2016).

According to the US Department of Justice, \$4.5 billion was taken from 1MDB, flowing through a complex network of shell companies to government officials and their partners to finance lavish outlays such as purchases yacht, Pablo Picasso's paintings, even for Martin Scorsese's film project "The Wolf of Wall Street". This scandal also ensnares Hollywood actors like Leonardo diCaprio where funds for the films he starred in also came from this scandal.

The 1MDB money laundering scandal involved PEPs such as government officials especially from Malaysia, namely Najib Razak as the main actor, followed by officials from Saudi Arabia, UAE and other countries, politicians, senior executives of government entities, a group of bankers, businessmen and senior government officials. Since 2016, the spotlight has been increasingly on the former Prime Minister of Malaysia, Najib Razak (who is also Chairman of the Advisory Council of 1MDB), his wife, Rosmah Mansor, and Low Taek Jho (or Jho Low) a Malaysian businessman and associate of Najib.

The 1MDB scandal bankrupted the organization in 2016, unable to meet major debt repayments. With so much money embezzled, the funds left for investment in many projects are not sufficient to pay interest on all borrowed funds. Furthermore, the Malaysian government stepped in to pay RM 6.98 billion (US 1.66 billion) in debt repayments in 2016 and 2017, these payments were met from cash generated from land sales by the Malaysian central bank, then the aftermath was loss of public and public trust in politicians and also in Malaysian government institutions, this was proven in a survey conducted on 1,000 people in Malaysia by civil society groups and they found only about 16% of people expressed confidence in politicians and only 29% expressed trust to the federal government (Tho, 2018).

Analysis of the Transnational-Scandal Crime Model *Money Laundering 1MDB*

- ***Model of Condition (Political Model: Strong Regimes Becoming Weak)***

The political model suggests that, strong authoritarian regimes can also act as an incubators for organized crime (William, et al., 2002). Malaysia is a country with a strong authoritarian regime, characterized by the victory of the UMNO and BN coalition parties over the last 60 years. There is no one-party rule in Malaysia, but this victory shows that the opposition from the state is weak. The dominance of the two parties has caused existing positions in Malaysia to revolve around the interests of the same party. Najib Razak is a prime minister from the UMNO party, the lack of supervision from the elite and the dominance of his party allows him to operate smoothly in his money laundering practices. The 1MDB case, which should have been overseen by public oversight and related institutions, was decided to be overseen by Prime Minister Najib Razak himself. Starting from 2009 where all 1MDB regulations were decided by Najib Razak until 2014, it was detected that many missing funds were detected and 1MDB was trapped in US\$ 11 billion in debt.

Political domination also forms a fairly strong barrier to this case. Instead of carrying out supervision, local officials, including officials from 1 MBD, participated in massive corruption and participated in money laundering practices. Najib Razak influenced 1MDB officials with bribes to help orchestrate the money laundering game. This is in line with what William and Godson said that government leaders and ruling parties use organized crime to enrich themselves and to provide funds for social control apparatus. In turn, they allow criminal organizations to operate with a high degree of impunity (William et al., 2002). So that, money laundering operation eventually expanded to three countries. In 2018, Najib Razak finally stepped down, defeated by his opposition team. After Najib Razak stepped down, law enforcement was only carried out in 2019, four years after there was a lot of suspicion and evidence regarding the 1MDB scandal (CNBC Indonesia, 2020). It proves that the lack of law enforcement, facilitates money laundering operations in Malaysia. The defeat of the party

coalition which has been operating for 60 years signals a new era for Malaysia and new hope for the political world in Malaysia.

Thus, all the events above prove that the domination of one party in Malaysia is used by officials and elites to open up the widest possible opportunities for crimes committed, especially corruption and money laundering across national borders. The Najib Razak regime and his officials beside him were also very neat in blocking public access to the operation of 1MDB and all the money management in it, including regulations which were ultimately overseen by Najib Razak personally. Although in this case the Prime Minister was not the only actor involved, his presence and behavior played a major role in the 1MDB corruption and money laundering case.

- ***Model of Operation (Risk Management Model)***

William and Godson explained that risk management models have logic if the position of transnational crimes is always opposite to law enforcement. This means that TOCs themselves exist not solely to maximize profits and maintain their criminal practices. However, there is a demand to go further in order to minimize the risk/threat of these TOCs being detected by law enforcement where they operate (William, et al., 2002). Furthermore, this model indeed emphasizes how TOC strives to secure their leaders, assets and financial integrity systems from law enforcement risks. There are at least 3 ways to minimize risk, (1). Being proactive here questions how TOC initiates its actions towards being entrepreneurial rather than countering law enforcement in the country/region concerned. (2) Defensiveness can be said as double swords or shields. (3) Mitigation, namely as a strategy to minimize the *worst case* relying on the strong network. Continue in the application of MOP in the following cases.

First, reiterating that the perpetrators of the TOC act here are the government officials themselves and the gang corporate others. The first preventive effort can be seen where Najib as the elected prime minister has a strong position to provide immunity (Multimedia, 2022). This logic makes sense because by making it as leader of this scandal certainly gave the jacket doubled impunity. This was stated in the 1MDB M&A, precisely article 117, that all forms of important decisions must be under Najib's instructions and approval (Hermes, 2021). This was made clear in the testimony of employees that indeed in the management of 1MDB high-level chairs were chosen to make decisions easier backdoor. Even further back in 2012, in order to strengthen a secure financial system, Najib used his power to promote the Tun Razak Exchange (TRX) as a financial district in Kuala Lumpur (Al Jazeera, 2020). It is proven that there is domination here that allows Najib to carry out money laundering practices seamlessly. Given the presence of 1MDB many got funding because of his discourse in building the district. It was recorded that there were around 5 million ringgit for the 1MDB program and 10 million ringgit for TRX, but testimony stated that none of these had entered into the TRX project itself (The Malaysian Reserve, 2019). This is closely related to William & Godson's presentation that there was an effort to protect against this crime by also sending money to the bank offshore or a bank with an international license for easy disguise.

Meanwhile, from the external body of 1MDB itself, it is the realm of strategy defensive 1MDB can be seen from the number of third party involvement. One of the actors exposed was Roger Ng, head of investment bank Goldman in Malaysia, where he was charged with theft, bribery and money laundering (US Department of Justice, 2020). According to The Guardian, Roger Ng saw an opportunity as a defendant to gain up to \$35 million through his actions, said

US Department of Justice attorneys. Even more detail explained Roger Ng helped co-conspirator the 1MDB Najib scandal, namely Timothy Leissner (boss of Goldman) and Jho Low (entrepreneurs who laundered funds by providing shell *companies*, dll.) (Rusche, 2022).

In fact, from the mitigation strategy to efforts to use the latest information technology, it can be said that 1MDB plays a large role in 'creative' and 'advance' way. Transfer of funds in many investments real *estate* to assets such as yacht and a film project is underway (Straits Time, 2019). Not only that, even when this case was rolling, Najib's mitigation strategy when the risk had already skinned his criminal acts was to dismantle the elite who were critical of this issue. Najib even did a reshuffle and removed Muhyiddin Yassin (deputy prime minister) (Al Jazeera, 2020). It's just that there was a failure when the system law enforcement turned out that it was also of the same quality in detecting the existence of this money laundering crime when in 2015. The Sarawak Report and The Wall Street Journal found irregularities in the 1MDB project's loss of 550 million dollars and up to 700 million funds entering Najib's account (Multimedia, 2022).

Methods of Handling Transnational Crime-Scandals Money Laundering 1MDB

- **Level Global**

The 1MDB case occurred because of an authoritarian regime that abused its power to commit acts of corruption and money laundering. Globally, there are actually regulations to deal with this problem which then become a reference. The FATF (Financial Action Task Force) has issued various provisions that have become standard for countries in the world against money laundering. Furthermore, to further emphasize the purpose of establishing the FATF itself, a list was issued *Non-Cooperative Countries or territories* (NCCTs) or commonly referred to as the Blacklist (FATF Blacklist). This list contains countries that are blacklisted because it was considered uncooperative or failed to comply with FATF provisions (Leatemia, 2019). In this case, Malaysia as a FATF member country that has clearly failed to implement FATF provisions, should be included in the list *Non-Cooperative Countries or territories* (NCCTs). If this step is taken, the Malaysian government will feel the need to evaluate and improve the authoritarian government system so that in the future, the abuse of power due to regime authoritarianism will not be repeated.

- **Level Regional**

Considering the root cause of this scandal, namely the authoritarianism of the Najib Razak regime. In 2017 Southeast Asia under the East Asia Summit has attempted to boost the declaration of Anti-Money Laundering and Countering the Financing of Terrorism (2017). Although not directly related to eradicating 1MDB due to regime authoritarianism, its *summit* was found as a response which could be carried out as an urgency of the importance of money laundering cases in ASEAN. The results of the meeting underlined that there will be an effort to detect and fight against all forms of money laundering. This is also part of the need to lower FATF regulations on a regional scale, such as one way to support ASEAN's efforts in implementing the ASEAN Comprehensive Plan of Action on Counter-Terrorism. In addition, in the ASEAN 1MDB case, specifically, there is no law capable of responding to money laundering cases under the conditions of Najib's authoritarianism (2017).

Furthermore, the role of the region in managing 1MDB is limited to building regimes to preserve the norm of anti-money laundering for member countries. Nguyen revealed that ASEAN is pushing for the application of Mutual Legal Assistance in Criminal Matters (MLAT) and then up to the deployment of ASEANAPOL as the main key to regional cooperation. ASEANAPOL has contributed to pursuing a fugitive named Brown for example, Sarawak media journalists who at that time under Najib's leadership criticized him when the 1MDB investigation began (Sari, 2015).

- **National Level**

Malaysia under the leadership of Mahathir, the regime took office after Najib conducted an investigation, forming a Special Task Force tasked with tracking and acquiring assets from *miss management* 1MDB. This Task Force consists of MACC (Malaysian Anti-Corruption Commission), Attorney-General's Chambers, Royal Malaysia Police, and Bank Negara Malaysia. Then there are also law enforcement efforts regarding the Anti-Money Laundering and Anti-Terrorism Financing Act 2001 and the Amendments to the Malaysian Anti-Corruption Commission Act 2018 as well as the Penal Code imposed on this scandal (Sari, 2015).

The result of this work is that during 2018-2019 perpetrators such as Rosmah, Najib's wife, were subjected to acts of tax *evasion-money laundering*. Followed by a claim to Goldman Sachs also disclosing the purchase of a yacht of 250 million dollars. In fact, many high-ranking officials were later arrested, such as Arul Kanda who was in charge of the audit report section on the deletion of data in 2016 so that they would not be detected. Besides, for Najib himself, in 2018 he was directly charged with 21 cases of money laundering and 4 times of abuse of powers (Sari, 2015). The point is handling by paying estimated losses from money laundering acts is the last resort after placing charges against the perpetrators. Not only that, there have been many extradition attempts, aka the surrender of suspects by one country to the country that demands surrender. This is due to the absence of other criminal acts committed by suspects in other countries. Ng Roger carrying out extradition then was banned as the financial industry actor by a US court (Arnold, et al., 2020).

Responding to the underlining that there is a lack of oversight of the domination of the ruling regime, once again Malaysia has finally launched a 5 year 2019-2023 program called the National Anti-Corruption Plan (NACP). The program would presumably oblige the prime minister and his ranks to transparently publish the assets they own. Then, also seek new regulations in the context of political finance. At least nationally this cleaning action has been attempted for the government and corporations. However, recent news has emerged that regime change has led the NACP to set aside priorities. Even under Prime Minister Yakoob, He initiated a new Mygovernance program which in general will focus on advancing & strengthening public service capabilities. The program will also correct the authority weaknesses. However, C4 Center was one of the draft committees. The NACP criticizes that the comprehensiveness of the NACP which has resulted in 115 initiatives has not been able to be completed properly (C4 Center, 2022).

Evaluation of Handling Transnational Crime-Scandals Money Laundering 1MDB

- **Global Level**

Returning to the essence of this paper's argument that the money laundering scandal at 1MDB was none other than because of the authoritarian ruling regime. Therefore, it is necessary to examine the role of the global regime, namely the Financial Action Task Force (FATF) as well as its relation to Anti-Money Laundering (AML) standards which play a major role in establishing global-scale financial norms and regulations, especially for banking. Also, the global regime should be able to reduce the characteristics of various countries. In other words, reflecting on the handling methods that have been described, it is true that there is a shortage of the FATF in responding to challenges when the 1MDB scandal occurred, aka the condition of an authoritarian state that prevented the implementation of global norms.

In fact, to end this case and prevent similar cases from happening in the future, the global regime as the key must be addressed. The results of interviews and intense discussions by the Hudson Institute on more than 100 law enforcement agencies in the US bring up interesting facts. They revealed that the FATF, as an institution that handles cases of money laundering, has drawbacks as a provider of the 21st century version of the financial system. There is an absence hole in the global regime in delimiting space "*self-management*" for the state and regulations to eradicate kleptocracy Curse (Judah, 2017). This study has an interesting argument that indeed in the TOC to operationalize the action there are not many credible human resources in laundering money. So the perpetrators hired enablers' According to World Bank data, US involvement in the 1MDB scandal is no longer surprising considering that it has been the main pioneer in many major corruption cases (Judah, 2017). This is in line with the findings of RUSI, that logically the FATF is a puppet for big countries (G7 as well as a permanent member of the UN Security Council which makes regulations). RUSI, in its analysis, revealed that FATF standards, which were not detailed, had been misused by law enforcers themselves in an effort to 'uproot' those who hindered their criminal acts (Reimer, 2022). In addition to the two global regimes above, there are many other bodies such as the INTERPOL Financial Crime and Anti-Corruption Center (IFCACC) whose role needs to be strengthened in the investigative process as well as providing information and warnings.

- **Regional Level**

Highlighting on a regional scale, it was found that once again there was a lack of power and participation from ASEAN regarding the 1MDB scandal. Especially if it is related to the root of the problem in the form of an authoritarian regime in power in Malaysia which clearly cannot be intervened by any party. It is none other than blaming the essence of ASEAN itself which upholds sovereign affairs in their respective hands. However, the presence of many regulations such as MLAT 2004 in ASEAN reflects the dispelling of similar crimes and money laundering. Simanjuntak (2016) stated that MLAT 2004 as an extradition treaty does not actually provide a bridge in the form of extraterritorial jurisdiction for countries in ASEAN. As a result, regional handling of the 1MDB scandal appears passive. However, institutions that have direct legitimacy in carrying out investigations, etc. in the case of 1MDB like ASEANPOL, it has been actively contributing as an 'external' police which seems to be free from the shackles of authoritarianism in Malaysia.

- **National Level**

The Center for Combating Corruption and Cronyism (C4 Center) is deeply concerned about the 2019-2023 National Anti-Corruption Plan (NACP) that has been shelved. The NACP is a comprehensive five-year plan developed through consultations between government, law enforcement agencies, experts and members of civil society. The C4 Center was part of the drafting committee and can attest to the research and consultations that were undertaken to see implementation of the country's first anti-corruption plan. This policy drew criticism from the C4 Center because 115 anti-corruption initiatives were not fully implemented. In fact, this plan was made with a target of 5 years, namely until 2023. The implementation of this plan is constantly being questioned. This is evidenced from the NACP mid-term review report published in May 2021 showing insignificant progress on the NACP timeline as well as a serious fall in the country's Corruption Perceptions Index, where Malaysia fell five places to number 62 (What Has Happened to the National Anti -Corruption Plan 2019-2023?, 2022).

The NACP that emerged from changes in government policy did not produce anything significant. Imperfect implementation in a very short period of time will not be able to solve the problems of corruption that exist in Malaysia in a sustainable manner. The lack of clarity on the achievement status of the NACP has drawn criticism from various C4s through Malaysian online media. One of them, Malaymail, noted that the incumbent government lacked the ability to implement the NACP and failed to fully commit to comprehensive change. One Hundred and Fifteen Initiatives exist only as things written on paper without any accountability for achievement and proper implementation from the government. In addition, the government-dominated management and lack of more transparent oversight by other institutions and civil society also caused this initiative to appear only as a discourse for change, not change itself (Razak, 2022).

- **Policy Recommendations Regarding Transnational Crime-Money Laundering in Malaysia**

Broadly speaking, it is necessary to increase the evaluation of the NACP plan which did not run optimally in its implementation. One of them is through collaboration with AMLA as a form of widespread and direct action in eradicating and overcoming the phenomenon of money laundering. Then, carry out intense supervision from the Malaysian supervisory body to officials because there is a possibility of criminality in an unexpected aspect. For example,

actors use the film industry as a place to practice money laundering. For this reason, the Malaysian government needs to review all the opportunities and laws of the country so that there is no more money laundering in the future. Therefore, the state is able to implement new policies according to the times.

A little review, money laundering is a transnational crime which is a global problem. This crime is increasingly widespread in all regions of the world, especially Africa and Asia. In Southeast Asia itself, Malaysia is a country which is open and vulnerable to money laundering. The money laundering case that rocked Malaysia was the 1MDB scandal which involved many actors, especially 1MDB officials themselves and several government officials from other countries. Assessment *model of condition* use political model regarding the 1MDB scandal, it proves that the domination of one party in Malaysia is used by officials and elites to open up the widest possible opportunities for crimes committed, especially corruption and money laundering across national borders. Whereas, *models of operation* which use risk *management models* see preventive efforts that can be seen where Najib as prime minister elected has a strong seat of office to confer immunity. The dominance of his regime even made the top management chairs of 1MDB the chosen ones to make decisions easier backdoor. Even though this case is rolling, Najib's current mitigation strategy *risks* already skinning the crime by cannibalizing the elite who are critical of this issue.

Furthermore, the efforts to deal with this scandal have been carried out starting from the global, regional, to national levels. The Malaysian government has formed a Special Task Force tasked with tracking and acquisition of assets from mismanagement related to this scandal. The explanation above shows that the 1MDB scandal occurred due to regime domination which resulted in a lack of oversight of vital bodies. Therefore, the Malaysian government needs to strengthen the oversight system for existing institutions or institutions solely for the sake of improving transparency to prevent crime. *money laundering* to improve elite capabilities there. In addition, the role of global external actors such as the FATF needs to be reviewed for effectiveness in providing financial system standards for countries. ASEAN, as a regional forum, also needs to evaluate Mutual Legal Assistance (MLA) to ASEANAPOL as the main key to regional cooperation against money laundering.

As a result, responding to these conditions, in more detail, there are several recommendations for the regime in Malaysia to respond to and prevent similar cases from happening in the future. The emergence of the NACP as an anti-corruption agency is good enough so there is no need for additional institutions to facilitate coordination. What needs to be done is to improve the internal system of the NACP and the government as well as the independence of the NACP as an anti-corruption institution. Therefore, the authors recommend two policies to improve the existence of the NACP and maximize the results to be achieved later. This is nothing but a suppression of transparency which is lost due to the authoritarianism of the regime in Malaysia.

First, namely the improvement of the internal system of the NACP program. In other words, the NACP and the government involve non-governmental organizations in setting clear targets and strategies for 1 management period. These targets and strategies must be implemented in work programs and accounted for in monthly reports through Malaysia's existing platform, MyGovernance. In addition to being implemented in the work program, targets and strategies must also be realistic according to the specified year period. It doesn't

stop there, the establishment of the NACP program as the mainstay of alleviating the issue of money laundering, it is also hoped that it will not continue to be confused and replaced by various other programs, alias following the wishes of regime change. Because, it can dispel the sustainability of both implementation and evaluation for the Malaysian government itself. That way, after the period is over, the next management can make targets that are far more progressive as an effort to increase the effectiveness and existence of the NACP.

Second, namely the independence of the NACP as an anti-corruption institution. The evaluation says that the government is too involved in NACP. Given that the goal is to eradicate the dark side of the authoritarianism of the regime in Malaysia. Therefore, it is necessary to rearrange the position of the NACP from relevant legal and government institutions. NACP can continue to be under the auspices of the government but with a high degree of NGO cooperation or AMLA. The NACP also needs to coordinate with the GIACC regarding corruption cases in Malaysia. This can control the dependence of the NACP from governments as well as international agencies. As a result, the NACP can be more rational in setting goals and strategies without leaning towards the interests of one party.

D. CONCLUSION

The money laundering case that rocked Malaysia was the 1MDB scandal which involved many actors, especially 1MDB officials themselves and several government officials from other countries. The study of the model of conditions using the political model regarding the 1MDB scandal proves that the dominance of one party in Malaysia is used by officials and elites to open up the widest possible opportunities for crimes committed. The model of operation that uses the risk management model looks at preventive efforts which can be seen where Najib as the elected prime minister has a strong position to give immunity. His regime's dominance even made the top management chairs of 1MDB the chosen ones to make backdoor decisions easier. In fact, this case is rolling, Najib's mitigation strategy when the risk has already skinned his criminal acts is to disarm the elite who are critical of this issue. Efforts to deal with this scandal have been made at the global, regional, and national levels. Even so, it is necessary to evaluate and review the institutions that are working to counter money laundering, both at the global, regional and national levels. The author recommends 2 policies to improve the existence of the NACP and maximize the results to be achieved later, namely through improving the internal system of the NACP and the independence of the NACP as an anti-corruption institution.

The explanation above shows that the 1MDB scandal occurred due to regime domination which resulted in a lack of oversight of vital bodies. Therefore, the Malaysian government needs to strengthen the supervisory system for existing institutions or institutions solely for the sake of improving transparency to prevent money laundering crimes to improve the capabilities of the elite there. In addition, the role of global external actors such as the FATF needs to be reviewed for effectiveness in providing financial system standards for countries. ASEAN, as a regional forum, also needs to evaluate Mutual Legal Assistance (MLA) to ASEANAPOL as the main key to regional cooperation against money laundering. It is hoped that in further research, studies on money laundering can be more comprehensive so as to be able to refine existing research.

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