

UBS in the Corruption Jungle

Millions in kickbacks from illegal rainforest logging went through accounts of the banking giant

By Guido Schaetti

(Zurich/Basel/Hong Kong) The area is as large as the British Islands and is one of the most biodiverse ecosystems on Earth. Thousands of animal and plant species are found only in Borneo. In the year 2007, the governments of Malaysia, Indonesia and Brunei signed a pact with WWF for the protection of the rainforest on the island in the Asia Pacific region. "Heart of Borneo" is the name of the project.

About the same time, involved politicians concluded yet other deals: Musa Aman, Minister of the province of Sabah in the north of Borneo, distributed logging concessions to timber companies, allowing them to log protected areas - and got millions in bribes for it.

The money flew through accounts of UBS in Hong Kong. The anti corruption agency of the Chinese Special Administrative Region reconstructed the money flows in an investigation. For that end, the agency also asked Switzerland for legal assistance. At the end of March last year, the files were sent to Hong Kong, as the Attorney General of Switzerland's Office confirmed to the SonntagsZeitung.

Musa is a professional. The brother of the Malaysian Foreign Minister operated a network of front companies and nominees, in order to cover the money trail. Local loggers paid the kickbacks through third party companies onto accounts of his assistants Richard Barnes and Michael Chia. From there, they were distributed to financial vehicles in the Caribbean and again collected in Hong Kong. Finally, the money allegedly ended up on Musa's account with UBS in Zurich.

In May 2008, the investigators found 29.6 million dollars in a UBS-account in Hong Kong run by Barnes. In total, more than 90 million dollars are reported to have flown through the account. Musa is thought to be the beneficial owner. The kickbacks system blew up four years ago when Chia was caught in Hong Kong with \$16 million cash. The Hong Kong prosecutors sent their report to Malaysia. That was the end of the line. Attorney General Abdul Gani Patail, reportedly a relative of Musa, refused to investigate.

Bruno Manser Fund calls upon the government to take action

On Asian web sites, the facts can be read in all the details. On a UBS payment slip, which the SonntagsZeitung has seen, even the purpose of the payment is given: "Deposit for logging concession".

Lukas Straumann, Director of the Bruno Manser Fund, accuses the bank of heavy breaches of its due diligence duties: "The documents are proving that funds from the criminal logging of rainforests have been laundered by UBS employees for years. It is shocking that the bank claims not to have been in the know."

The UBS takes no position on the case, because the identification of customer names would injure the banking secrecy. "In all of the markets, where UBS operates, it does so in accordance with the regulatory requirements and laws," says spokesman Yves Kaufmann. The bank is obliged to report to the anti money-laundering agency, if assets of criminal origin are discovered on its accounts. Apparently, no criminal proceedings are running against UBS itself. This is an indication that the bank has fulfilled its reporting obligation.

Straumann urges that the Swiss government should take action and freeze potentate's assets. Corruption is one of the most important drivers of the illegal logging of the rainforests: "If we fail to stop corruption, we can not save the forests. The incentive for the politicians is simply too big."

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