

1MDB, PetroSaudi and the Swiss banks

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The largest financial fraud tried in Bellinzona concerned the Malaysian sovereign wealth fund 1MDB. On 28 August 2024 the Criminal Chamber convicted two directors of the Geneva-based company PetroSaudi, whom the press identified as Tarek Obaid and Patrick Mahony, of fraud in connection with the misappropriation of more than USD 1 billion from 1MDB, of complicity in criminal mismanagement concerning further transfers and of qualified money laundering. The core conduct dated from August 2009 to May 2011. The court sentenced them to seven and six years' imprisonment respectively and ordered them to compensate 1MDB jointly for the amounts misappropriated, in addition to confiscations.¹ According to press reports the amounts to be repaid exceeded USD 1.75 billion including interest, and the lawyer of one defendant announced an immediate appeal.² The judgment was not final.

The 1MDB complex has a Lugano dimension. Chapter E.I described the end of BSI, the Lugano bank against which FINMA in May 2016 found serious breaches of anti-money laundering rules in connection with 1MDB, ordered the disgorgement of CHF 95 million and required its integration into EFG and dissolution within twelve months. In Singapore the High Court has refused to strike out a claim of about USD 394 million brought against BSI by a subsidiary of 1MDB.³ In Switzerland the OAG concluded its case against J.P. Morgan (Suisse) by penalty order in August 2025, as described above. The criminal proceedings in Bellinzona and the regulatory and civil proceedings elsewhere thus form one picture, in which the Federal Criminal Court decides the guilt of the principal actors while the liability of the banks is settled by regulators, prosecutors and civil courts.

1 Lava Jato: Petrobras and Odebrecht

The corruption complex surrounding the Brazilian oil company Petrobras and the construction group Odebrecht produced Swiss proceedings from the mid-2010s onwards, in which accounts at Swiss banks were examined and assets frozen. Switzerland was among the states with which the Brazilian prosecutors cooperated most frequently, and Odebrecht was fined by the Swiss as well as by the Brazilian and US authorities. The OAG's report for 2025 records further convictions in the complex, including transfers of about USD 4.1 million in the Pictet case and of about USD 71 million in the J. Safra Sarasin case.⁴ Most bank cases were concluded by penalty orders. PKB Privatbank of Lugano accepted a fine of CHF 750,000 in March 2024, Banque Pictet a fine of CHF 2 million in June 2025 and J. Safra Sarasin a fine of CHF 3.5 million in August 2025.⁵ The Federal Criminal Court's role in this complex lay mainly in the Board of Appeal, which decided the complaints of account holders against seizures and against the transmission of bank documents to Brazil, and in the trials of individual bankers and intermediaries who did not accept penalty orders. The *Lava Jato* cases show that for the financial centre the court's mutual assistance case law can be as important as its criminal judgments.

2 Notes

1. Federal Criminal Court, press release on judgment SK.2023.24, 28 August 2024, <https://www.bstger.ch/de/media/comunicati-stampa/2024/2024-08-28/1424.html>. The defendants are presumed innocent until the judgment is final. ↩
2. "Swiss court convicts two PetroSaudi executives over \$1.8bn 1MDB fraud", BusinessDay (Reuters), 28 August 2024, <https://www.businessday.co.za/bd/world/europe/2024-08-28-swiss-court-convicts-two-petrosaudi-executives-over-18bn-1mdb-fraud/>. ↩
3. "BSI Bank Faces US\$394 Million Charges for 1MDB Fraud", AML Watcher, 2024, <https://amlwatcher.com/news/bsi-bank-faces-us394-million-charges-for-1mdb-fraud>. On FINMA's proceedings against BSI see Chapters E.I and G.III. ↩
4. Wikipedia, "Operation Car Wash", https://en.wikipedia.org/wiki/Operation_Car_Wash (consulted as a last resort), on cooperation with 61 countries, among which Switzerland was one of the most frequent partners, and on the fines

imposed on Odebrecht by Brazilian, Swiss and US authorities; Office of the Attorney General, Rapporto di gestione 2025 (above), pp. 26–27.
↩

5. Office of the Attorney General, Rapporto di gestione 2025 (above); on PKB see Chapter G.III. ↩

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