

## Podcast Season 2- Episode 2

**Olga Torres:** Hello and thanks for joining us today. My name is Olga Torres and I'm the founder and managing member of Torres Trade Law, an international trade and national security law firm. Before we get started today I wanted to give you a short summary of our discussion today and what it entails. A lot of the work that we do for our client base involves compliance programs and being proactive, assessing company risk, conducting audits, and just generally having compliance programs in place that protect whistleblowers. That encourage escalation of concern by employees at the company. In a way for companies to stay ahead and learn of company concerns, potential issues, and deal with those issues before they become violations. Or if they are violations, that we can easily tackle them and assess risk and decide what are the next steps in terms of potentially having voluntary self-disclosures to the U.S. government. And assessing generally next steps and risks.

Today we are going to be joined by a very special guest because he has a unique and really out of the ordinary story in the sense that he was dealing and working with a particular company that was almost like a shell company. The company was created to basically defraud, and it wasn't a regular company that attempts to comply and attempts to have compliance programs in place.

I hope you enjoy the podcast. This is a very unique story. We will share a story of someone who tried to do the right thing and that really for lack of better word or words, went through hell for doing this. So hopefully you enjoy and stay tuned.

In Javier's case it's just so out of the ordinary because one we have shell companies, right? And we have very high-level foreign officials. And it's a situation where there's not even any attempt you know, any kind of attempt to say that they had any kind of compliance in place because these are barely staffed companies, really Shell companies, just basically a scheme. And what seems so odd to me and Xavier will tell us more about his story. It's sort of the magnitude of, you know, the type of, the amounts involved, right? Billions of dollars, you know, we have prime ministers involved. But also, the fact that, you know, when we think, at least in the U.S. when we think of whistleblowers, right, we think of a certain amount of protection. Right, for the whistleblower, right, like you get money, for example, if you bring a False claims act. You know, we think of protections under U.S. law for the whistleblower. You cannot, the employer cannot retaliate against you.

So, I'm really interested to understand what went wrong in your case and for our listeners that are not familiar with your situation. I mean, we end up with you in jail at some point in prison in Thailand. I'm very interested to learn what happened, but really what went wrong and what you would recommend you know to other people in similar situations such as yours to avoid having this fallout that you had where you end up in prison, being the whistleblower and being the person that tried to come out and clean things up.

So, I guess my understanding is that you were an international banker and you accepted a position as Director of International Business Development for Petro Saudi International, and this was around 2010. And my understanding was that or is that this was a brand new company that it didn't have a history and it was engaged in oil exploration based out of Saudi Arabia. Between 2010 and 11, you learned that there was a deal, some kind of transaction between Petro Saudi and the Malaysian government, and it involved their sovereign wealth fund. That is called 1MDB. So, what happens next, right? You learned of this, at some point you leave the company and what happens next?

**Xavier Justo:** Okay. Thank you. First, thank you for your kind words and the introduction, that was very well done. I go back in time, I used to work for PetroSaudi in 2009 and 10 and 11, but I left PetroSaudi in 2009. At that moment, PetroSaudi in 2010 was a shell company. Pretty much, no activities, we had four to five part-time employees in London trying to do some business in South America, but with no success. So, I left the company in August 2009. I left for Asia. I sold my company. I took in a kind of retirement. I was 43 years old at that time, and I went to Asia and a few months later, in February 2010, so pretty much four to five months after I left the company the boss of the company, Mr. Tarik Obaid, the CEO of PetroSaudi, he called me saying that he needed me in London to take care of the company as the number two of the company because they signed a great deal with Malaysia and they receive a lot of money from Malaysia. But, just to summarize how the scam was that it was a joint venture. So, the Malaysian State Fund, 1MDB in this joint venture was bringing, 1.8 billion. And in a joint venture, you need the other party to bring something either cash or asset. And the PetroSaudi had neither the cash nor the asset. So, they came up with an incredible solution that still today, I don't comprehend how the banks could accept that. So, they sign, I don't want to be too technical and to annoy the audience, but they sign what is called a farming agreement with the Canadian company. About some rights in some Turkmenistan. These Turkmenistan were under an international dispute, meaning that they couldn't be exploited, but they found PetroSaudi found an evaluator. A very well-known guy, a U.S. citizen. I mean, I have no problem saying his name, he has been all over the press. It's Mr. Edward Morse, is the, I think the chief commodity of Citibank. So, it's not a middleman. And he was

able to evaluate PetroSaudi assets for model for 3.6 billion. Again, PetroSaudi didn't have those assets, it was a kind of a lease of oil fields. But with this they could receive the money from Malaysia. So as soon as the money from Malaysia left, it enters the banking system in Switzerland, mainly, not totally in Switzerland. A part in JP Morgan Geneva and part in Kuit Zurich. So that was the scheme to use the Malaysian people's money and to find front with a beautiful name, PetroSaudi.

When you read PetroSaudi it looks like Petrobras or Pemex, it looks like it's the company from the state of Saudi Arabia. But not at all, it was owned by Mr. Tarik Obaid and one of the former son of the former king of Saudi Arabia, king Abdullah.

**Olga Torres:** So, very powerful players. And again, the scheme, it's almost out of a movie, right? I mean, because the way it sounds, it's a shell company, right? There are no real operations, there are five employees.

**Xavier Justo:** If we speak about compliance of the bank, I mean, just by googling the quality of the assets that PetroSaudi was bringing in. My son is eight, but probably in two years, if he had Google the name of the old office were several oil fields into Turkmenistan, you will have seen that, you can't, this is, it's submitted to its related but international dispute, and it can be exploited. So, the assets by the phishing were not assets. If you can't exploit something it means it is worthless. But the banks were very happy to accept this story because it was bringing a lot of money as a new, as new clients in JP Morgan and of course, in Kuits. And furthermore, I mean, all of this part of this was done in Geneva, in PetroSaudi Geneva. Geneva is a village. Maybe it's a big name in finance but it's pretty much a small city with 300,000 habitants. The community of the bankers it's very small. So, everybody knew that Mr. Obaid had his credit card block every other month, so how on Earth. Again, I don't criticize having a credit card block it. It's happening to me on a regular basis now. But again, the company is almost a shell company. Those are fake assets that were very easy to check that. How on earth did the bank accept almost 2 billion of dollars?

**Olga Torres:** Yeah. So, what happens, what leads to you leaving the company? And my understanding is that you contacted an anti-corruption journalist. Like how do you find this journalist? And, also how do you get the data, I suppose? Like how do you have the evidence? How does that happen?

**Xavier Justo:** Okay, so it's a process that took a few, took four years from the moment I left the company until the data was revealed to the public.

So, what happened? I left PetroSaudi in after a year in London for personal reasons. I mean, there is a saying that when you receive a lot of money you can become crazy, or people change. So, they became completely insane but that's okay. It's choosing a way of living, not mine. So, I couldn't stand this partying nonsense anymore. So, I left the company, I left with my girlfriend who now is my wife who we went back to Asia. So, this is the end of 2011. So, we were engaged in 2012, married in 2013. And in 2014, I was contacted by a journalist, a British journalist, but let me just, I forgot. So when I left the company in April, May, 2011, a couple of months later, a month or two later, I contacted the IT guy of PetroSaudi, who was my friend. I brought him to PetroSaudi, he was my IT guy in my company in Geneva. And when we needed a guy in London, I say, oh, there's this guy. He is good at that. So let, let's, bring him on board. So, he did all the PetroSaudi IT settings. So, when I left, I asked him a month later or two months later, if he could give me the data.

**Olga Torres:** Right after you leave the company?

**Xavier Justo:** Yeah, one or two months? I don't remember exactly. So, I asked him if he could give me the data and he did it. He did it by pure friendship because I told him, I'm not going to publish that. I'm not going to reveal that. It's just if one day there is a problem with PetroSaudi and 1MDB because there were big numbers. At that time, I didn't see really anything illegal. What I saw is that Patrick Mahony, for example, the number two of the company bought nice house in London, a beautiful chalet in the Swiss Alps, for a like 10 million. Mr. Obaid penthouses in London for eight to 10 million pounds. We were always traveling in private jet and so on. So, there was a lot of money around PetroSaudi at that time. But I didn't see anything illegal. But I mean, I took my precaution. I asked that as an insurance if one day there was a problem. I just wanted to prove that I had nothing to do with the deal with Malaysia and I didn't take any kind of money related to this deal.

**Olga Torres:** Is that what later gets you? You know, at some point I think, there's something that is used against you, right? Is that the reason why, was it the way you obtained the data or what was it?

**Xavier Justo:** So, let's move forward. So, we're now back in 2014. I'm living in Thailand.

**Olga Torres** You're living in Thailand, okay.

**Xavier Justo:** Thailand. We have a beautiful son. He's still a beautiful son. Oh, and I'm contacted by a journalist, Claire Rewcastle Brown, that says that I told

me, “I know you, I know your name, I know that you were involved in the 1MDB fighting corruption. Is it a way that we can speak?”

I told her, if you come to Thailand and just tell me and we'll discuss. And this was the beginning of a beautiful friendship and after a few months of discussion, I mean, I don't want to go into in too many details.

**Xavier Justo:** So, it's February, 2015, I gave the data officially in Singapore to Clara Rewcastle Brown, and to two journalists. The owner of, the Edge in Malaysia and the CEO, I gave them the data because they knew it was a scam, but they didn't have the proof.

I wasn't sure it was a scam, but I had the proofs. So together we put the pieces, the one plus one makes two, and it started like this. So, Claire and them, they publish article. It was the beginning of one of the major financial crime discovery in history. And of course, what happened is that the stupid guy or the messenger was arrested, because they wanted to silence me for no other reason. I was arrested under the pretext of blackmail attempt because I have some money that they were owing me. But that's not really relevant in the full picture.

**Olga Torres:** So, a couple questions there on the logistics. So, when the journalists contact you at that point, I'm assuming it was confidential and they were not supposed to use your name. So how do people find out it was you or were you okay with them using your name?

**Xavier Justo:** I wasn't but at the end, it's not really important. What happened, I could have done things differently, but I gave the data and so she published the information she took some documents and you could see because this was the data I plugged it in my computer. I made a copy for her. So, when you open it, I'm not an IT guy at all, but when you open the data, you can see the name of the computer of the guy that made the copy. And that was it. When, when they did the, probably investigation these criminals, they saw Xavier J I mean, and there was not a lot of people anyway in PetroSaudi that could have access to those documents.

**Olga Torres:** Right, because it was only five people.

**Xavier Justo:** But it was like this.

**Olga Torres:** Okay. So, then they accuse you of basically trying to extort them and at that point you're in Thailand, so what happens next?



**Xavier Justo:** So, I'm arrested and, it's very complicated. It's a very long story, but I will try to make it short. So, I'm arrested and so I'm presented to the press. I'm in the office of the Chief of Police of Bangkok, who is like the number 10 of the country. I'm like my lawyers, local lawyers, they're quite astonished because for a case of blackmail attempt, first you never go to jail. And secondly, you are not in the office of the chief of the police.

It was, it is still a military regime. So, the chief of the police is a major player in the country. So, the Chief of Police introduced me to a guy say, this is Scotland Yard. Okay, I was quite surprised. And, to make sure they offered me, the guy from Scotland Yard or Finnegan offered me a deal, plead guilty, confess what we are going to ask you to confess, and you will be home in a few weeks, couple of months. And I said, there is no way, I'm not going to plea anything guilty or anything else. I'm not guilty, I haven't done anything. So, he gave me a choice of like changing my mind or going to prison. And I said, alright, let's go to prison. So, I went to prison the worst cell of Thailand. Of course, they wanted me to.

**Olga Torres:** I cannot imagine, I'm so sorry.

**Xavier Justo:** It's okay, you can't imagine. I mean, depends on your generation. If you have seen the movie Midnight Express, you may realize a little bit what it is. If not just Google Thai prison and you will see it's beyond humanity. It's, there is no morality. There is no legality of the system, but it is what it is.

I mean, I was in jail. So, they let me rot there for three days. They came back and this Scotland yard said, okay, Xavier, last chance for you. I'm leaving today, if you don't agree, do you want to cooperate with us? Plead guilty and confess what we are going to tell you, or you want to spend 9 to 10 years in this particular cell. So, Olga, believe me, I have no choice. I mean, I confessed that I could, I would've confessed everything. So, they made me confess.

**Olga Torres:** At that point, did you have lawyers advising you?

**Xavier Justo:** It's getting bigger than that. So, I had small lawyers from Thailand and the people that sent me to jail that put the complaint is the company PetroSaudi. Meaning Patrick Mahony filed a complaint in Thailand for this black mail attempt. And he came to see me a day after Paul Finnegan and saying, thanks for cooperating we'll take care of your wife, we'll take care of your son, everything will be fine, they will be protected. You have to cooperate, as you said. It's an international investigation and we have taken a big law firm for you and a very big lawyer. The law firm in Switzerland is

Lalive is the first, second, or third law firm in Switzerland. It's a big one, it's not some small players from a small village. So, if you understood well, the people that that send me to jail they choose my lawyer, they paid my lawyer. You may say, but you shouldn't accept.

**Olga Torres:** Yeah.

**Xavier Justo:** I have no choice. I was in a tight jail, I'm an ex-banker. It's not that it's a big quality, but I was used pretty much to a kind of good life, you can even say a luxury life. So, when you are sent in a tight jail, you sleep in the ground like a dog. No, my dog has a mattress there, there is no mattress. There is a hole for water, for the shower, for brushing your teeth and for do to do whatever your body needs to do. You have no choice.

**Olga Torres:** What about, and I know I'm getting very detailed, but I'm just trying to understand what about like your consulate, like do you contact your Spanish citizen, right? Did they offer any help?

**Xavier Justo:** I'm a Swiss citizen. I was registered in Thailand as a Swiss citizen by chance because if I were Spanish, I don't think I will be here talking to you today. Being Swiss, even if it's a small country, gives you a lot of visibility. So, the first time the consulate came to see me, of course I confessed I was a criminal, so he treated me not nice.

**Olga Torres:** Right, because they had asked you to confess.

**Xavier Justo:** I confessed that I was a criminal. So, the Swiss authorities treated me at the very beginning as a criminal because if you said that you are a bad person, that you stole data, that you are playing with the opposition and that you want to overthrow a legit regime, of course you are seen as a criminal.

But that was at the beginning, at the end, and we go to the end. I have seen except good things to say about the Swiss authority. Not maybe, not the judiciary part of the Swiss authorities, but the political authorities, they protected me like I was a very important guy in the story.

**Olga Torres:** Well, that's good to hear. They were very important players, right? We have and in terms of characters that we had in this puzzle, we had the Malaysian Prime Minister, Najib Razak, right. And we also have a Malaysian businessman and apparently Hollywood financier who was producing a bunch of Hollywood movies here in the U.S. Jho Low. And I keep saying his name and I have to stop myself from saying J Lo, like the singer J Lo. So my

understanding is that Jho Low and he was living life large, you know, partying with famous people and, and spending crazy amounts of money. It's ironic because, you know, he's doing something illegal and obtaining funds in illegal ways, but he's very high profile, right? Like, he's not trying to lead a low profile life. So, my understanding is he's still, I suppose he's a fugitive, people can't find them.

**Xavier Justo:** Of course, he's a fugitive.

**Olga Torres:** Yeah, he's a fugitive and the U.S. government confiscated a lot of his wealth here in I guess that he had here in the U.S. But Najib Razak, the former Prime Minister of Malaysia, he was recently in August of 2022, he finally exhausted his appeals and my understanding is that he's now serving time in prison. Is that, right.

**Xavier Justo:** Yes, I'm not longer the only one that went to prison. Now I have the privilege to be accompanied by a former Prime minister. He was sentenced. But the 1MDB trial is still ongoing. It was sentenced for another case, but it's the same, it took money from the people as it was its money. It's a called, the SRC case, it was sentenced to 12 years. Now there is the 1MDB case that is going to end soon, it's probably going to be found guilty, again.

**Olga Torres:** So do you finally get that? Because for many years, right, like the only person that, and you as a whistleblower, you were the one that brought these things to light.

And again, for me it is mind blowing that it ended up like that for you, right? That it is just, you don't hear these types of stories that often, right?

**Xavier Justo:** It didn't end, Olga. It's still ongoing, believe me. You will hear the next part after. But going back to the Prime Minister, I'm still, I mean, of course I have contacts with Malaysian people that know very well the system there, and there are a lot of rumors. I don't know, they are just saying that as soon as the 1MDB trial will be finished and it will be sentenced, he will apply for a royal pardon. That he may receive. I don't know. The only good thing that I see now that finally a criminal is sent to jail and hopefully this will show the Swiss authorities that maybe they could do the same with PetroSaudi. Tarek Obaid and Patrick Mahony are under investigation since 2017 for aggravated money laundering, bribery of foreign official, and many others. Five years of in investigation, it's. I'm not a judge, so I don't want to judge them officially. I know the truth. Everybody knows the truth. Other people have been sentenced.



Their accomplices have been sentenced. But in Switzerland, the financial crime is not seen as bad as it is in other countries apparently.

**Olga Torres:** Yeah, and I guess that leads to my next question. So, in your view from, you know, because this has been ongoing for at least a decade, and like you said, it's still ongoing, and people perhaps are still being investigated. But do you think that being a whistleblower or the concept of whistle blowing, I mean, I know in the U.S. we have more protection sometimes in other countries, but just globally, do you think that the concept of whistle blowing is that evolving over time? Like do you think there's a better understanding of whistleblowers and sort of the protections that they should be afforded or what are your thoughts on that?

**Xavier Justo:** I mean, again, it will be quite surprising for the audience if they don't know the case very much. There is a new European law that is being passed in a few countries. I think Germany has refused to pass the law today or yesterday. But we are moving forward, so there will be these new laws about whistleblower protections, but Switzerland is not really the best example of that.

We still don't have any law protecting whistleblowers and it's even worse than that. I'm considered as the whistleblower of the 1MDB case. I don't want to name me as a whistleblower. Its other people call me like this. I just did what I had to do morally speaking. But to give you an example of this incredible story, Switzerland filed a complaint in 2017 against the people of PetroSaudi for, as I said before, aggravated money laundering, bribery of foreign official, misleading the justice and others like this. I'm a witness in October last time I went already three times to help the Swiss authorities with my testimony. So, I'm the witness. At the same time in 2019 Switzerland that is asking for my help, has put me under investigation for industrial espionage cause I get the data to another party. So, Switzerland may not be the best example of whistleblower protection.

**Olga Torres:** Right, yeah. That's so interesting. So, do you ever think back on your choice and will you still make the same choice now that you did, you know, but given everything that you've been through, now knowing this, will you still do it? Or what do you think you would do differently, if you were going to do it again?

**Xavier Justo:** So, first would I do that again? The question is easy, but the question is, will you do the same knowing the outcome or not? If you don't know the outcome, if I don't know the outcome, I will do the same 100%.

That's who I am. Knowing that after all those years, for example, the people of PetroSaudi, for example, Patrick Mahony he has kids, which it's okay to have kids that are in one of the best schools of Switzerland in near Gstaad. Mr. Obaid is living in a very beautiful environment in Geneva, enjoying stolen money. Okay, now we have Mr. Raza that is in jail. Mr. Jho Low is living a good life in China with billions that is still has. All the bankers involved, nobody was blamed, there were some blames. Some banks have been fined. All the lawyers that took a lot of money of this scam, they're living a very good life.

As of today in February 2023, I have no job, Olga, my wife, neither. We are branded, unbranded. If I say Xavier Justo, people say, "ah Who? Yes, we love what you did. You have high values, we love your morality, but we can't hire you. You know, we have partners. There is a reputational risk." So, I haven't been on, you know, my son is eight years old, my only son. If you think it's easy when you look at you in the morning and say, dad, why haven't we going on holidays for the last three years? Why don't we do that? Why don't we have that? So, knowing that my family is suffering like hell and having all the other and having the criminals that pretty much have the same life.

My wife has been manipulated. She has been tortured mentally for 18 months. I've been deprived of the company of my son for 18 months. We are the only one that are still suffering. Is that fair? I don't think so. Will I put my family again? Will I put my son again in this situation? Will I put myself in in this situation? Honestly, I don't think so.

**Olga Torres:** Yeah, no and that is so appalling. Knowing that, you know.

**Xavier Justo:** You don't need to have pity. That's the situation.

**Olga Torres:** I think, and I'm quoting, the former US Attorney General Loretta Lynch, but it was basically the co-conspirators laundered their stolen funds through a complex web of opaque transactions and fraudulent shell companies with bank accounts in countries around the world, including Switzerland, Singapore, and in the United States. And we're talking about 4.5 billion of alleged funds that were basically stolen. And I just cannot believe if it had been done, for example, under something like a False Claims Act, you will be wealthy right now.

**Xavier Justo:** I mean, I had the discussion, I never did anything for the money. That's how stupid I am. But I'm okay with what I did and who I am. To give you an example, Goldman Sachs have been fined two billion or two point something

billions in the 1MDB affair. If I have done things differently or in a smartest way, like for example, going through an attorney or other organization.

**Olga Torres:** We're not so bad, attorneys, sometimes.

**Xavier Justo:** If I'm alive today, if I'm here today, there are three people involved. My wife and two Swiss lawyers. Not the first one, other lawyers that took care of me, of my family. But going back to the lawyers, there are beautiful people. Like they're all the, I mean, that's, you are all human beings. You have good bankers, bad bankers, good lawyers.

**Olga Torres:** Right, right.

**Xavier Justo:** But going back to the money part, the funny thing is that some people sometimes when we speak, people say Xavier, you know that just for the Goldman Sachs part as a fine you could have received between \$300 to \$600 million. I mean, it's okay. It doesn't affect me. Yes, sometimes when I'm struggling for the last 10 days of the month, I'm like, really? I mean, but that's okay. I never did that for the sake of money.

**Olga Torres:** Yeah, but I think us as the public, you know, watching your story on the sidelines, you know, we wish you would, well, not only not having, you know, I wish you wouldn't have had to go to jail, for example, or prison in Thailand. But at least we wish you had a, you know, a better result in terms of compensation. I mean, you say that it's been difficult for you to find work and, you know, these are the things that you hope that if justice is being served that you wouldn't have to deal with it. And like I said, most companies, you know, your case is so extreme because it wasn't a real company.

You know, we represent companies all the time and yes people make mistakes and especially large companies, employees leave and going and institutional knowledge lacking and, you know, certain things happen. But the extent of your situation and it how you know, high profile some of these individuals were. Like, have you ever been afraid for your safety, like your actual personal safety even now?

**Xavier Justo:** No. I, so honestly speaking, when I went back from Thailand when I was released, the first couple of months in Geneva, we had feelings that we were followed and so we found the kind of protection. But I don't know, one day, like talking with my wife, we said we are not the one that have to be afraid.

We are the good guys. The criminals in life should be afraid of going to jail. Good people shouldn't be afraid of retaliation. It can't work like that. But it works like that.

Another example that just, I want to tell you before I forget, so I have to fight. We have to fight as a family against those people. We are helping Switzerland with no financial help and I don't want financial help to help my country. But these people, PetroSaudi, and you can Google it, you can, I mean, you're a lawyer, you will find it quicker than anybody. They have been receiving a million per month. From an amount that is frozen in London, it's depending the resolution of international dispute, there is 350 million in London, but Malaysia wants, Venezuela wants, and the U.S. wants. It's something related to PetroSaudi in Venezuela. But that's not the important thing, the important thing that this money is frozen. But meanwhile, a judge has authorized PetroSaudi to withdraw a million per month to pay the legal fees. So that's why they're not in jail. Last time two years ago, I went when I had my deposition in Switzerland, in the case of the Swiss authorities, they came with probably five of the, almost, I don't want to say best lawyer, because they are, it's qualification that I don't like, but with expensive lawyers. When you pay well, those people, they know how to find a loophole, or they've been trained to dismiss the prosecutor already three times. Just win time. And you know why? Because in 18 months, Olga, in 18 months, they've been under the investigation for like already more than five years. If in 18 months they are not sentenced, they will reach the Statute of Limitation. And you know what that means? That means that we will say, oh, sorry for the inconvenience, please go back home and enjoy life. And they may even be able to sue the Swiss authorities or Swiss Confederation for damages. It we just have 18 months more. Switzerland has 18 months to prove that we are not a Banana Republic.

**Olga Torres:** And I hope that they prove that they're not. What will you recommend if there's, so I guess the advice is two different types of advice. One for the person, the employee that is concerned about potential issues with their company and how to, depending on the compliance programs in place, there may be some channels where they can voice their concerns or maybe not. So, what would be your recommendation for someone who is thinking, Hey, I have some concerns. And like I said, in your case it's so extreme. I mean, most of our listeners are going to be compliance folks, right? That they actually have a compliance job, like their company hire them to help with compliance. But from a high level, like what would be your number one recommendation for someone thinking of potentially you know, blowing the whistle?

**Xavier Justo:** As you said, I'm not the normal, my case is quite extreme. But I mean, as an employee, if you don't trust your superiors, if you don't trust your company, there are ways. I mean, you have beautiful lawyers. I don't want to mention any name. You have beautiful lawyers that will guide you through the process. You need to use professionals. I did by myself because I thought I was smart. I thought that by giving to the press, I will remain safe, that was probably my biggest mistake.

So, anybody, if you don't trust the company the best thing is to go through the compliance and to go through your company. I mean, people do mistakes. Not all company are corrupt. It's maybe just a problem that you can solve from inside. If not, if you think that there is something fishy, if you think that the company will never act against some potential criminal act, I will go through a lawyer also.

**Olga Torres:** I think it's so important for employees to feel empowered and when we're assisting companies set up compliance programs, I think that's something that we always take in mind or, you know, keep in mind. Because how do we escalate and how do we ensure that that employees understand that if they have concerns, they can report them, that they'll be taken seriously? We always advise companies to be open about potential issues, right? That's the best way of learning things that you were otherwise not learned. It actually can save you millions of dollars if some of these things continue and you find out later, or if your competitor calls the authorities rather than it's sometimes the knowledge that comes from the employees that are on the ground that are dealing with the day to day. That's very invaluable knowledge that you can get if you channel it appropriately, if you know how to handle it. Obviously no retaliation against the employee, but even beyond no retaliation, like keeping the employee involved and letting them know, this is how we're dealing with it.

I think I mentioned at the beginning, we had one of our largest cases, recent largest cases. It started with an it started with an employee that was very nervous about a certain something that was happening at the company. And, you know, it took a while for this company to sort of figure out what's going on, but eventually it gets to the CEO and the CEO took it very seriously. The CEO hired us and so, you know, it ended up leading to voluntary disclosures to several agencies and led to no penalty case, right? Because ultimately the employee led to, Hey, we need to pay attention to this area. And once we paid attention to the area, they invested funds in that area, they cleaned that up. They had compliance programs. So from a business perspective, I feel like there's this fear for whistle blowing, but I think if you know how to channel that appropriately, you get invaluable information. And it's just a matter of knowing



how to deal with it and getting the employees involved and understanding and of course there could be some situations where the employee thinks something that it wasn't really the case. Right. And there's a difference between good faith and bad faith allegations. I think, you know, obviously if an employee's making things up, well, you know, that has to be dealt with accordingly. But the most part, I think employees raising concerns are trying to help.

**Xavier Justo:** Yeah, absolutely.

**Olga Torres:** Yeah. And it's so interesting in the U.S., almost every month now, at least in my world, we deal a lot with yes, anti-corruption, FCPA, but also, customs fraud and export and economic sanctions. We are seeing a lot more FCA cases, the False Claims Act, which is the qui tam actions, meaning private citizens suing on behalf of the U.S. government. And I think that's just going to continue increasing because there is compensation, right? And employees that are not taken seriously, that I think that could be a risk for companies if they fail to act, if they fail to have some kind of policy to channel these things. Because it, I know it sounds, well, what do you mean channel in large companies, you know, you can have an employee in a warehouse complaining about something. You have to have a way for that employee to contact the right person and to be escalated accordingly in a quick enough fashion that it doesn't get out of control before somebody contacts the government. So, I think that those kinds of cases are here to stay, at least in the U.S. with some of the protections that we have. And not just protections, but people can make good chunk of money. So that's going to be an incentive as well. yeah.

**Xavier Justo:** I don't see, I think the vast majority of people are good people. When somebody wants to report a problem or something that is not going well, it is not about the money. It's probably the case 5% of the time. Most people want to help their company because most of the people are sentimentally involved with their company. So, help those people. I mean, the biggest asset of a company is not inventory, is nothing else than the human beings working for you. We should put people from the chief of compliance should sit in the board of the company.

**Olga Torres:** I think also things are changing rapidly. Like for example, I don't know if you've heard of the term ESG, environmental sustainability. So, we're getting into an era where you cannot ignore certain things, certain laws. And there's the social aspects to ignoring whistleblowers that okay, you potentially knew you had issues and you ignored, and you tried to, you know, terminate or you didn't take it seriously. So, we're seeing a lot more compliance focus, right?



Where your reputation, forget about the business side, your reputation alone in being involved in certain acts or failure to act in certain situations could actually get you in a lot of trouble with, you know, more activist investment now investors and just more active consumers, more informed consumers. So, you know, again, your case is just so out of the ordinary in the sense that there was no compliance program. There was no, you know, the company itself was a shell company, right.

**Xavier Justo:** There was a compliance officer, in the banks.

**Olga Torres:** Oh yeah, in the banks. Well, that's also why it makes your story. So how can it even I still don't comprehend my head doesn't understand how the banks even permitted loans to happen.

**Xavier Justo:** What is the main purpose of a bank?

**Olga Torres:** Make money.

**Xavier Justo:** Yeah. So sometimes people they forget probably about moral values in exchange of money. I'm just summarizing it. I mean, for example, they laundered one point, almost 1.5 million in this case, in this particular case. More than a billion, they just receive a blame and they were just obliged to pay back the profits they made with that money, which is nothing. A couple of millions.

**Olga Torres:** It is in my head, I just can't even understand how it happened because banks are actually some of the most compliant in industry generally, right? I mean, they have really good compliance programs. They have, like you said, compliance officers, but in general they have compliance for a reason.

I know for example, recently, I think it was enacted in December 2022, so a few months back, the Anti-Money Laundering Whistleblower Improvement Act, which is, I guess an analogy will be the FCA, but now for the Bank Secrecy Act. So basically, again, it incentivizes people to report violations of this act, the Bank Secrecy Act, to federal officials and it expands the scope of economic sanctions violations reportable under the BSA whistleblower provision. So, it's sort also kind of going to incentivize more reporting of bank compliance violations basically. And this is very recent with, I mean, just a few months back or I guess a month back. So going back to banks, they are already highly regulated and they already have such compliance programs. Again, it goes back to your case being so unique.

**Xavier Justo:** If I message something, I started in 1987 at GBS, the biggest bank of Switzerland, in Switzerland. In 87 and for a few years you could go to the bank with a bag full of money and say, I want to open a bank account and you need to say this money comes from my whatever real estate company. They would never even ask for numbers at that time. Lawyers could open bank account without disclosing the beneficial owner. That was 35 years ago, today in 2022-23, you have zillions of regulations. I mean, when I see the books of my friends still working in the banking industry, they have so many regulations, but it's always the same if you don't apply the regulation. Guidance are just words in a piece of paper. That's it, it's as simple as that. I think I do, I said that, previously, I do think that today we have invented all the rules and regulation for the next hundred years, but if we don't apply them, it's worthless.

**Olga Torres:** Yeah. And that's actually really interesting that you mentioned that every time we're doing training on compliance and whatever the program, you know, FCPA or export economic sanctions, we always say it's not about having a compliance program in place, like a menu, like a written policy. If you put it on the shelf and you never read it, you never train your people. It's actually worse to have it because it creates some kind of knowledge that you know, you're supposed to be following these rules. If it is not followed, it's actually worse than not having it at all. So, it is interesting in the case of banks, I mean, for the most part very strong compliance programs, but you also have, even within the best-in-class compliance programs, you'll have individual people making decisions, right. So that's why it's so important to have layer of review. And I still don't fully understand in your case, how it gets approved and it doesn't get checked by somebody else. And I think that's why didn't, I think it was Goldman Sachs that had to pay 2 billion in in the case. I mean, it was a huge penalty.

**Xavier Justo:** Yes, they issue some bonds for Malaysia for a few billions and instead of getting the normal rate, would've been a normal fee, would've been 30 million probably. They receive, I think 600 million, as a commission. So, for your bank, if you receive as a commission, not your regular business, just nice commission. Maybe you don't want to check your anti-money laundering manual in a very good way.

**Olga Torres:** Well, I know the government tried to get them at the end with that huge penalty they had to pay. And plus, I mean, reputation as well. Well, we're running out of time, Xavier, and I'm really grateful that you decided to come on board and participate in the podcast. I think it's going to be a refresher for our audience. A lot of, again, compliance professionals, attorneys, to see the worst case scenario. I think everybody will walk away thinking, Hey, at least

my company has a compliance program in place. You have dealt with a very unique situation. And like I said at the beginning it's almost like a Hollywood movie, your story. Just in this, what happened to you, prison time, you know, how long it took for some of these actors to even face justice. And some of them are still fugitives and enjoying, like you said, you know, spending millions of dollars and living great lives with stolen money. I do hope that some of these investigations bring in some of that justice because the victims of all of these were the Malaysian people. So it's, you know, for humanity's sake, hopefully the authorities will bring justice and, you know, some of these individuals will end up, you know, serving time or having to at least give that money back.

**Xavier Justo:** Absolutely, by your wishes hopefully.

**Olga Torres:** Any closing words that you want to give us?

**Xavier Justo:** No, I would like to say thank you to you Olga and your company and to the people listening to my horrible French accent. But I hope that you have enjoyed in a way the podcast and my book, our book, we wrote a beautiful book. I think it's a beautiful book. My wife and I, about all this personal experience is not really a financial book, but, it'll be out the 18, of this month.

**Olga Torres:** And where can people buy it?

**Xavier Justo:** Amazon.

**Olga Torres:** Amazon and what's the title?

**Xavier Justo:** Rendezvous with Injustice.

**Olga Torres:** That's a powerful title. Well, thank you. Thank you so much again for joining us today. Hopefully we can stay in touch.