

a report by

bruno manser fonds

for the peoples of the rainforest



SAFE HAVEN CANADA

**How a corrupt Malaysian official's family
acquired \$200 million in Ontario real estate**

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How a corrupt Malaysian official's family acquired \$200 million in Ontario real estate

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This report was researched between August 2015 and March 2017 by the Bruno Manser Fund (BMF), a charitable association registered in Basel, Switzerland. Research on property transactions was carried out by Bruce Bailey.

The Bruno Manser Fund is committed to protecting the threatened tropical rainforests and the rights of the indigenous forest peoples. The association's focus lies on Sarawak, a Malaysian state in Borneo. The Bruno Manser Fund was founded by Swiss rainforest advocate Bruno Manser, who has been missing since his last trip to Sarawak in May 2000.

"Corruption has disastrous impacts on development when funds that should be devoted to schools, health clinics and other vital public services are instead diverted into the hands of criminals or dishonest officials."

Ban Ki-moon, former UN Secretary General, 9 December 2015

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List of Abbreviations

\$ – Canadian Dollar

Approx. – approximately

AUD – Australian Dollar

Ave. – Avenue

BMF – Bruno Manser Fund

CAD – Canadian Dollar

CEO – Chief Executive Officer

cf. – conferre / compare

CMHC – Canadian Mortgage and Housing Corporation

CN – Canada

Co. – Company

Corp. – Corporation

Dev. – Development

e.g. – for example

f. – and the next (page)

ff. – and the following (pages)

FATF Financial – Action Task Force

FBI – Federal Bureau of Investigations

FINTRAC - Financial Transactions and Reports Analysis Centre of Canada

Inc. – Incorporation

Ltd. – Limited

MACC – Malaysian Anti Corruption Commission

MPAC – Municipal Property Assessment Corporation

N/A – not applicable

No. – Number

OECD – Organisation for Economic Co-operation and Development

ON – Ontario

p. – page

PEFP – Politically Exposed Foreign Person

PEP – Politically Exposed Person

Pte – Private

PR – Public Relations

RCMP – Royal Canadian Mounted Police

Rd. – Road

SDC – Saktó Development Corporation

St. – Street

UK – United Kingdom

US – United States

USA – United States of America

USD – US-Dollar

Executive Summary

This report investigates the business activities of a Malaysian political family in the Canadian real estate sector from 1983 onwards. In particular, it examines real estate transactions by the closest family members of Abdul Taib Mahmud (“Taib”), the long-term Chief Minister and current Governor of the Malaysian state of Sarawak in Borneo. According to current legal and regulatory standards as outlined by FINTRAC, the Malaysian nationals involved qualify as politically exposed foreign persons (PEFPs).

Since taking up office in 1981, Abdul Taib Mahmud has been a highly controversial figure. During his 33-year tenure as Chief Minister of Malaysia’s largest state, Sarawak, this state has lost over ninety percent of its primeval tropical rainforests (one of the most biodiverse habitats in the world) to logging and oil palm plantations.

Numerous allegations of corruption, cronyism and conflicts of interest have accompanied Taib’s political career. Research by the Bruno Manser Fund has shown that the politician’s closest family members have become billionaires and acquired stakes in 400 companies in 25 jurisdictions. In 2011, the Malaysian Anti Corruption Commission (MACC) opened an investigation into Taib, which has never been officially concluded.

In 1983, Taib’s brother and his 23-year old daughter, Jamilah Taib, founded the Sakto Group (“Sakto”), which soon became one of the largest players in the Ottawa real estate sector. Sakto’s current assets are estimated at CAD 200 million (2016), not counting the group’s subsidiaries and related businesses in the UK, the United States, Australia and Malaysia. Additionally, the Taibs purchased and constructed private residences in Ontario with a current tax worth in excess of CAD 15.2 million.

This report outlines how Sakto grew extremely quickly, despite continuous operational losses and a resulting capital deficiency that had risen to CAD 9.43 million by 1993. Sakto’s secret of success was a continuous capital influx from its shareholders, the Taib family, which included the former Chief Minister’s daughter, Jamilah Taib, and his brother, Onn Mahmud.

By 1993, the Taib family had invested at least CAD 29.8 million in the Sakto Group – CAD 28.8 million in loans and CAD 1.01 million in share capital. The origin of these funds remains unknown and is believed to be linked to corruption in Sarawak.

In 1996, the Taib family granted Sakto two further loans of CAD 20 million each, thus increasing the Taib family investments in Sakto to approximately CAD 70 million. One of these loans can be traced back to the Taib family and two of their offshore companies, Sogo Holdings Ltd. in Jersey and Richfold Investments Ltd. in Hong Kong.

Richfold Investments Ltd. is intimately linked to Regent Star Ltd., a Hong Kong agent specialised in cashing in “fees” from timber merchants on behalf of the Sarawak Chief Minister’s brother. This is particularly important as Sarawak was, at the time, the world’s main exporter of tropical timber while

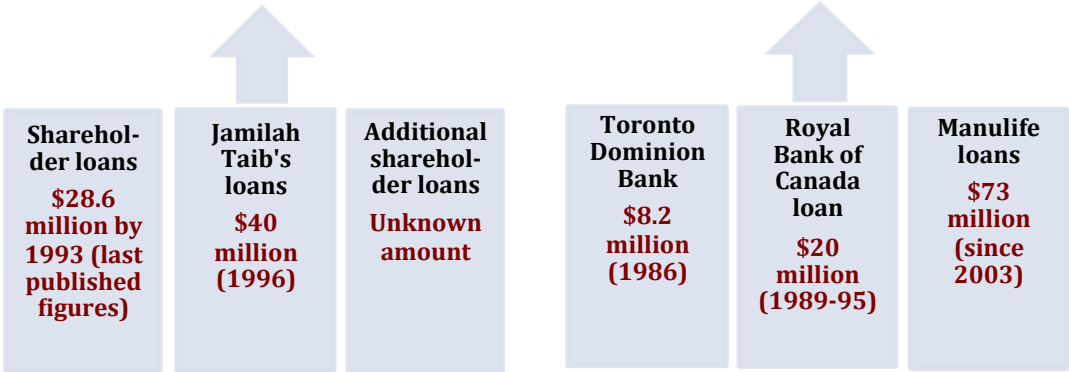
control over the timber industry was concentrated in the hands of Chief Minister Abdul Taib Mahmud.

Further Taib family investments in Sakto after 1996 remain unknown. If the Taib family investments in Sakto continued at the initial pace, well over CAD 100 million may have been funnelled into Ontario real estate through Sakto. Construction of the Preston Square development alone cost Sakto an estimated CAD 146 million. The loans provided by Sakto's shareholders were complemented with mortgage loans from commercial lenders such as the Toronto Dominion Bank, the Royal Bank of Canada and Manulife Financial.

An examination of Sakto Group's operations in Canada in the light of a recent Financial Action Task Force (FATF) publication on money-laundering in the real estate sector shows that numerous (14) red flags have been triggered, including red flags applying to natural persons (3), red flags applying to legal persons (5), red flags applying to natural and legal persons (2), red flags applying to intermediaries (1), red flags applying to means of payment (2) and red flags applying to the nature of transactions (1).

Since June 2010, the Bruno Manser Fund has repeatedly alerted FINTRAC and a number of government agencies, including the RCMP, the Ministry of Finance, and Global Affairs Canada that the Sakto Group might be involved in money-laundering on behalf of the Taib family. Despite these warnings, the Canadian authorities have never formally launched an investigation into the Taib family's real estate business nor have they attempted to freeze the family's unexplained wealth, which is believed to stem from the proceeds of corruption.

As a signatory to the UN Convention against Corruption, Canada has an international obligation to fight corruption and money-laundering by foreign corrupt officials and to assist in recovering stolen assets. The Bruno Manser Fund thus is calling on the Canadian authorities to use all available legal and political means to resolve the question of stolen Taib family assets in Canada.



Recommendations by the Bruno Manser Fund

The Bruno Manser Fund is calling on the Canadian authorities to take decisive action against alleged money laundering activity by Politically Exposed Foreign Persons (PEFPs) from Malaysia and their Canadian counterparts named in this report and recommends specifically:

1 That the alleged money laundering of all corporate entities and related parties named in this investigation (namely the Sakto Group) and the associated breaches of laws relating to foreign investment be immediately investigated by FINTRAC, the RCMP, the Canadian Border Service and other competent federal and provincial authorities.

2 That all Taib family assets in Canada about whose origin no credible explanation can be given be immediately frozen in view of later restitution / asset recovery to Malaysia.

3 That, consistent with global efforts to crack down on money laundering, tax avoidance and corruption and mindful of more rigorous legislative frameworks in many countries, Canada pursues stronger anti corruption and anti bribery legislation.

4 That Canada adopts higher levels of transparency in corporate reporting, especially since the light being shone on the Sakto Group and its lenders has exposed a deficiency in transparency regarding beneficial ownership of the corporate entities involved.

6 That the Canadian Border Services review the level of due diligence and risk they apply in the light of money laundering by foreign corrupt officials from Malaysia.

7 That the Canadian Government establish an inquiry into the extent to which Canada is being used as a safe haven for money laundering in the region and the existence of or potential for domestic corruption at local, state and federal level through political connections and property development in the light of this report and other recent reports.

8 That the Ontario provincial government stop renting premises from the Taib family's Sakto Group in Ottawa.

9 That the Federal government, in collaboration with provincial governments, create a publicly accessible registry of the beneficial owners of Canadian registered companies, public or private.

10 That FINTRAC and associated agencies work with financial and other institutions to develop more meaningful rules and procedures concerning the conduct of due diligence and the reporting of issues, particularly when PEPs are involved.

Chapter overview

The report begins with two introductory chapters, introducing the Malaysian Taib family (**chapter 1**) and indicating the scope of the investigation (**chapter 2**). It then summarizes what Saktto Development Corporation says about itself, its origins and ownership (**chapter 3**). It goes on to introduce the Taib family members and their Canadian associates involved in the family businesses (**chapter 4**). Subsequently, the Taibs' main corporate vehicles are presented in chronological order, followed by a presentation of the Malaysian family's principal real estate transactions in Ontario (**chapters 5 and 6**). The report then attempts to shed light on the funding of the Taib family real estate businesses, as far as answers can be given from the public records available for this investigation (**chapter 7**). Next, the report provides a summary of Saktto Group operations outside of Canada (**chapter 8**). Finally, the report raises a number of questions and red flags including the inadequate due diligence of Canadian financial and property firms who are dealing with politically exposed foreign persons (PEFPs), issues related to the need to improve Canadian regulations related to "beneficial ownership", and the challenges of investigating and enforcing money laundering laws and regulations in Canada (**chapters 9 and 10**). The key chapters on the Taib family's businesses in Canada can be summarized as follows:

Chapter 3, What Saktto says about itself. Abdul Taib Mahmud and Saktto Corporation have offered at least two clarifications about Taib family financial contributions to Saktto and the question of beneficial ownership. Taib Mahmud himself acknowledged in a video interview that he had provided his daughter Jamilah with an undisclosed amount of money to start her business in Ottawa, claiming the money was from a gratuity he had received for resigning from the federal government in 1981. In a letter to the *Toronto Star*, Saktto President Sean Murray (Jamilah's husband) wrote in 2014: "*To address the issue of ownership and involvement in the company, it is helpful to step back to 1983 when Saktto Development Corporation (SDC) was founded with a purpose to acquire, develop and operate real estate. The shareholders were Jamilah Taib-Murray, and three other family members, including her Uncle Onn Bin Mahmud.*"¹ However, the company denied any connection to the Sarawak Chief Minister as an *officer, director or shareholder*.

Chapter 4, Persons involved in the Taib Canadian Businesses. This chapter provides a list of individuals involved in land acquisitions and Saktto related activities along with clarifications of their roles and involvement. These are divided into two groups. The first group involves Politically Exposed Persons (PEPs), all closely related to Taib Mahmud, and the second group takes in basically Canadians, who are not PEPs. The PEPs are important for the issues of due diligence – how deeply it was done and what was actually done with the results. A number of the non-PEPs have been important as intermediaries in making property purchases and obscuring the fact that Saktto was the ultimate purchaser. This chapter also describes the early years of Saktto and the roles played by certain individuals – particularly Onn Mahmud (Taib's brother), Titus Chou and his associates, as well as Sean Murray after his marriage to Jamilah Taib.

¹ Sean Murray to Paul Clarke, Staff Reporter, *Toronto Star*, 6 June 2014.

Chapter 5, The Sakto Group of companies. Chapter 5 lists the various Sakto related firms, when they were created and their relationships. They have played an important role in blurring who the real beneficial owners are.

Chapter 6, Earlier and Current and Properties in Canada. This section is based on the Ontario and Quebec land registry systems:

Rental and investment properties acquired during the early 1980s (Presland Street, Beaverbrook, Walkley Road, Landry Street and Preston Street,

- Properties located around Iris St, Pinecrest and the Queensway (but also Kanata and Robertson Road), which, forming a major sales package, were to generate revenue for the Preston Square development.
- The Preston Square development itself (acquisitions in the 1980s and construction).
- Personal properties in Rockcliffe, on Howe Island (near Kingston) and in Mont Tremblant.

The chapter details how these properties were acquired using proxies and “in trust” arrangements, as well as how they were moved between various companies to obscure beneficial ownership.

Chapter 7, Sakto Group’s Finances. This chapter complements the previous chapter and helps to explain how the acquisition of the early properties was carried out as well as how the Preston Square development was financed.

The analysis of the Sakto Group’s finances is structured on the basis of two distinct periods, due to the different availability of sources. For the first ten years as of the commencement of business (1 September 1983 to 31 August 1993), abundant information is available in the form of audited financial statements for Sakto Development Corporation,² held by Western Libraries, London (Ontario). In addition, mortgage and land transaction information from publicly accessible land registry files was obtained, mainly from the Ottawa-Carleton land registry. Much less is known about Sakto’s finances after 1994, and the assessment relies on land registry records and a number of miscellaneous public statements by company officials or associated businesses. Several specific issues are explained in detail. They involve:

- Two Sakto Development Corporation registered mortgages in 1986 for \$20 million each. One was registered to Jamilah Taib in her personal capacity and one to Jamilah Taib “in trust” (LT 994559) indicating that she, Jamilah Taib, was acting on behalf of a group of family investors and Taib-family-related offshore companies - Onn Bin Mahmud, Leila Taib, Mahmud Taib, Rahman Taib, Sogo Holdings Ltd and Richfold Investment Limited.
- For the first time, Leila Taib, Chief Minister Taib Mahmud’s wife, appeared as a Sakto Group lender, together with their two sons and Taib’s brother, Onn Mahmud. These lenders were the politician’s closest family members and as such clearly Politically Exposed Persons. It

² Sakto Corporation’s ‘Financial Statements’ for the years ended 31 August 1984 to 31 August 1993. From 1984 to 1986, the auditor was Spicer MacGillivray. From 1987 until 1993, the auditor was Touche Ross, which changed its name to Deloitte & Touche in 1989, following a merger with Deloitte Haskins in 1989.

remains totally unclear where Leila Taib, who had no independent income could have legally earned her share of the \$20 million dollars that were lent to Sakto.

- Richfold Investment Limited (“Richfold”) is a Hong Kong company incorporated in 1983, which was controlled by Onn Mahmud. The company was deregistered in 2007 in the wake of a kickback scandal around Richfold’s sister company, Regent Star. Sogo Holdings Limited (“Sogo Holdings”) is a Jersey company incorporated in 1989. Sogo Holdings was also connected to the Taib family’s American real estate group, Sakti Holdings International (“Sakti”), based in San Francisco.
- The Royal Bank of Canada, Canada’s largest bank, was Sakto Development Corporation’s most important commercial lender for the development of the first phase of Preston Square between 1989 and 1991 (\$20 million debenture). It also provided an earlier mortgage of \$5.0 million in 1994 which was discharged that same year. How due diligence and Sakto’s relationships with PEPs were handled is unknown.
- Between 2003 and 2006, Manulife registered three mortgages totalling \$73 million on the Preston Square development. There are two sets of loans for each amount – one set at commercial rates averaging 6% p.a., and the other set at 20% interest p.a. When questioned about the reasons for the two sets of mortgages for each property and the unusually high interest rate of 20% for the second set, Manulife stated, in part: “The additional mortgages that you questioned are, in fact, collateral mortgages, which Manulife and other commercial lenders use to provide additional collateral security to the lender.” Manulife also conceded that their due diligence process on the Sakto Group had its limitations and suggested that BMF concerns be handled by law enforcement.

The most important point to emerge from the analysis is the role that a strong influx of capital from its shareholders played in Sakto’s development and its ability to acquire mortgages. It also shows indisputable connections to major financial transactions and members of the Taib family. Again, this raises important questions about the need for greater (Canadian) transparency with regard to beneficial ownership and much stronger due diligence to be carried out by financial institutions and real estate companies.

Chapter 8 briefly examines Sakto Group Operations outside of Canada in order to provide some perspective on Sakto as a multinational company.

The report concludes by summarizing the key findings, highlighting “Red Flags” and a conclusion.

1 INTRODUCTION

In September 1983, a Malaysian politician's family opened a multi-million-dollar real estate business in Ottawa, Canada, with an initial investment provided by Taib Mahmud ("Taib"), then Chief Minister of the Malaysian state of Sarawak in Borneo.³ By 2016, the Taib family's assets in Ontario had grown to over \$200 million, mostly held by the Sakto Group and its associated companies, one of the major players in the Ottawa real estate market.

In the meantime, Taib Mahmud had become infamous for allowing over 90% of the primary rainforests of Sarawak to be logged during his 33-year tenure as Chief Minister between 1981 and 2014. Since the late 1980s, the Taib regime in Sarawak has been accused of rampant corruption, and allegedly billions of dollars in timber revenue ended up in the pockets of the state's political leaders and their cronies.⁴

Research by the Bruno Manser Fund has shown that Taib Mahmud's siblings and children also became extremely rich at the same time, from the mid-1980s onwards, and today own stakes in over 400 companies in 25 countries and offshore jurisdictions. By 2011, the Taib family's net assets in 14 Malaysian companies alone amounted to USD 1.4 billion.⁵

The Taibs' rapid ascent to become one of South East Asia's wealthiest families can only be explained by corruption and the abuse of public office by the former Chief Minister and current Governor of Sarawak, Taib Mahmud. In particular, the Taibs have benefited from numerous timber licences, land leases and state contracts awarded to them in an obvious conflict of interest. Between 1998 and 2007, for instance, Taib family companies were granted land leases for 198,000 hectares of state land, worth several hundred million dollars, by the Sarawak state government when Taib Mahmud was the minister in charge.⁶

In June 2011, the Malaysian Anti Corruption Commission (MACC) opened a corruption investigation against Taib Mahmud, a highly unusual step involving an active head of a state government. The investigation lasted at least until June 2014 when a Malaysian minister stated it was still ongoing.⁷ The investigation may have contributed to Taib Mahmud's resignation as Chief Minister in February 2014 but did not prevent him from being appointed Governor of Sarawak immediately afterwards.⁸ It remains unclear if Taib is still under investigation by the MACC but, given the current political situation, it is highly unlikely that he will be charged for corruption unless there is a change of government in Malaysia.

3 Taib Mahmud video statement, uploaded on YouTube on 22 March 2011: https://www.youtube.com/watch?v=zkd6JdIyt_w, accessed 22 May 2016

4 David Walter Brown: *Why Governments Fail to Capture Economic Rent: The Unofficial Appropriation of Rainforest Rent by Rulers in Insular Southeast Asia between 1970 and 1999*. Ph.D. thesis, University of Washington, 2001, p. 313.

5 For more details, see: Lukas Straumann: *Money Logging: On the Trail of the Asian Timber Mafia*, Basel 2014 (Bergli Books), p. 264.

6 http://www.stop-timber-corruption.org/resources/Mapping_Taib_s_Land_Grabs___NEW_Blatt1_1.pdf.

7 Low: Taib no royal, graft probe continues, *Malaysiakini*, 12 June 2014.

8 Bernama: Najib congratulates Taib on appointment as Sarawak Governor, *The Sun Daily*, 1 March 2014 <http://www.thesundaily.my/news/972096>, accessed 2 May 2016.

2 SCOPE OF THIS REPORT

This report investigates the activities of the Malaysian Taib family in the Canadian real estate sector since 1983. In particular, it examines real estate transactions linked to the Taibs and their known businesses and representatives in Ontario, based on land registry records, mainly from the Ottawa-Carleton land registry.

The report first introduces the Taib family members and their Canadian associates involved in the family businesses. Subsequently, the Taibs' main corporate vehicles are presented in chronological order, followed by a presentation of the Malaysian family's principal real estate transactions in Ontario.

The key question for this investigation is the origin of the funds behind the Sakto Group's rapid growth in Ontario. Chapter 7 attempts to shed light on the funding of the Taib family's real estate businesses, as far as answers can be given from the public records available to this investigation.

3 WHAT SAKTO GROUP SAYS ABOUT ITS OWNERS

On 17 January 1989, *The Ottawa Citizen* ran a feature on a 28-year-old businesswoman from Malaysia, who had become stunningly successful in the Canadian capital's real estate sector. Despite her young age, Jamilah Taib-Murray, the daughter of then Sarawak Chief Minister Taib Mahmud, had landed the presidency of Ottawa-based Sakto Development Corporation, a real estate firm "that specializes in offshore investment in Canada." According to the *Ottawa Citizen*, Sakto Development Corporation was "*probably the biggest and most visible firm in Ottawa – considered a secondary market by international standards – devoted to investing its foreign owners' money in Canadian real estate*".

Since Sakto Development Corporation was founded in 1983, it had invested in residential properties, "building up a portfolio of 450 apartments, condominiums and garden homes". Now, the young Malaysian entrepreneur planned to advance her fairytale career with a \$45-million commercial development along Preston Street in Ottawa's Italian district. She called the three-tower retail-office complex "*a test of her abilities in the eyes of absentee shareholders*".

The *Ottawa Citizen* explained Jamilah Taib-Murray's business model as follows: "The group of 10 or 12 investors who control Sakto – Taib-Murray doesn't say how many – are looking for a secure, long-term investment for their money. And someone they trust to handle it for them."⁹ But who were these mysterious investors who were looking for a safe haven for their money in Canada? Jamilah Taib-Murray told *The Ottawa Citizen*: "All are from the Pacific Rim – Australia, Hong Kong and Malaysia – and rarely come to Ottawa – except the chairman who flies in from Malaysia twice a year for meetings."¹⁰

It took the Sakto Group 25 years to disclose the secret: Jamilah's mysterious "absentee" shareholder-investors were none other than herself and her closest family members. In a "*strictly private and confidential*" letter to the *Toronto Star*, Sakto President Sean Murray (Jamilah's husband) wrote in 2014: "*To address the issue of ownership and involvement in the company, it is helpful to step back to 1983 when Sakto Development Corporation (SDC) was founded with a purpose to acquire, develop and operate real estate. The shareholders were Jamilah Taib-Murray, and three other family members, including her Uncle Onn Bin Mahmud.*"¹¹

Sakto thus officially acknowledged that, since its beginnings, it had been controlled by the closest relatives of a Malaysian top official, who was under investigation for corruption.¹² However, the company denied any connection to the Sarawak Chief Minister: "*The shareholders did not include*

⁹ Kathrin May: Pacific Rim Investment in Canada, *The Ottawa Citizen*, 17 January 1989.

¹⁰ Kathrin May: Pacific Rim Investment in Canada, *The Ottawa Citizen*, 17 January 1989.

¹¹ Sean Murray to Paul Clarke, Staff Reporter, *Toronto Star*, 6 June 2014.

¹² According to the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), PEPs are individuals who hold or have ever held offices or positions in or on behalf of a country or are a family member of individuals described. (see: <http://www.fintrac.gc.ca/publications/brochure/06-2008/1-eng.asp>, accessed 17 January 2016)

her [Jamilah Taib-Murray's] father, Abdul Taib Mahmud. He has never been an officer, director or shareholder in SDC.”¹³

Three years earlier, Taib Mahmud had acknowledged in a video interview that he had provided his daughter Jamilah with an undisclosed amount of money to start her business in Ottawa, claiming the money was from a gratuity he had received for resigning from the federal government in 1981: “I gave money to my daughter because I was resigning from Federal Government. I got a gratuity and put that [of care] [-unintelligible-] for her, I gave some money to her to start a new business, it thrived [...]. It is a property development.”¹⁴ From Taib’s own words, it remains unclear if the money provided to his daughter to start her business was a gift or a loan, but Jamilah’s husband later on wrote that it was “correct to say that Jamilah Taib-Murray's father gave her a generous gift of money after she came to Canada early in the 1980s and was used for her own purposes, including the purchase of shares in Sakto Development Corporation.”¹⁵

¹³ Sean Murray to Paul Clarke, Staff Reporter, Toronto Star, 6 June 2014.

¹⁴ The real Sarawak: Jamilah in Canada, Interview with Taib Mahmud, uploaded on YouTube on 22 March 2011: https://www.youtube.com/watch?v=zkd6JdIyt_w, accessed 22 May 2016.

¹⁵ Sean Murray to Paul Clarke, Staff Reporter, Toronto Star, 6 June 2014.

4 PERSONS INVOLVED IN THE TAIBS’ CANADIAN BUSINESSES

An analysis of the persons involved with the Sakto Group reveals two distinct groups of actors. The first group are Politically Exposed Persons (PEPs) from Malaysia, all close family members of Sarawak Governor and former Chief Minister **Abdul Taib Mahmud (“Taib”)**, including his brother, wife and three of their children (Table 1). The second group are Canadian professionals who do not qualify as PEPs (Table 2).

Table 1: Politically Exposed Persons (PEPs) connected to the Sakto Group

PEP#	Name	Date of Birth	Nationality	Known Role	Period
1	Abdul Taib Mahmud (“Taib”)	21/05/1936	Malaysian	Sarawak Chief Minister (1981-2014) and Governor (since 2014) Provided initial capital to #4	Early 1980s
2	Laila Taib Chalecki	01/03/1941 (deceased 29/04/2009)	Malaysian	Wife of PEP #1 Sakto Group lender	1989-1996
3	00Onn Mahmud (“Onn bin Mahmud”)	02/12/1949	Malaysian	Brother of PEP #1 Sakto Group founding director and shareholder; director Glowell Development Corporation Sakto Group lender	1983 – 2004
4	Jamilah Taib Murray (“Jamilah”)	19/09/1960	Malaysian / Canadian	Daughter of PEP #1 Sakto Group founding director and shareholder; president since 1987 Sakto Group lender	1983 – present
5	Mahmud Abu Bekir Taib (“Bekir”)	13/11/1963	Malaysian	Son of #1 Sakto Group founding director Sakto Group lender	1983 – 1996
6	Sulaiman Abdul Rahman Taib (“Sulaiman”)	31/05/1968	Malaysian	Son of #1 Sakto Group lender	1996

Sources: Industry Canada; Ontario Ministry of Consumer and Commercial Relations; Ottawa-Carleton Land registry; BMF 2012.

The two groups are connected by **Jamilah Taib Murray** (PEP #4) and her Canadian husband, Sean Murray. Jamilah Taib Murray, Taib’s daughter, is the only person whose continuous involvement with the Sakto Group since its incorporation in 1983 until the present day is on record.

Table 2: Non-PEP executives connected to the Sakto Group

#	Name	Date of Birth	Nationality	Known Role	Period
1	David Chou	N/A	Canadian	Incorporated Sakto Development Corporation	1983 – 1984
2	Peter Chou (possibly identical with #1, David Chou)	N/A	N/A	Director Glowell Development Corporation; President 681222 Ontario Inc.	1983 – 1993
3	Titus Chou	04/08/1956	N/A	Director Glowell Development Corporation	1983 – 1993
4	Sean Patrick Murray	17/01/1963	Canadian	Husband of PEP #4 (table 1) CEO and President	1987 – present
5	Christopher Murray	14/11/1970	Canadian / Irish	Cousin of #4 Vice President; Managing Director Ridgeford Properties Ltd, UK	1992-1996 1995 - present
6	Laird J. Rasmussen	N/A	Canadian	Non-executive Director	1993-present
7	Margaret Anne Abdullah	N/A	N/A	Director	1995
8	Tanya Caleta (=Tanya Myers= =Tanya Merkley)	N/A	Canadian	Non-executive Director	1995 - present
9	Michel Pilon	N/A	Canadian	Chief Financial Officer	1995 - present
10	Lee Gartley	15/08/1946	Canadian	Vice President Operations	1998 - present
11	Brian Murray	N/A	Canadian	Cousin of #4, Brother of #5 Director	2001 - present
12	Barry Wilkinson	N/A	Canadian	Vice President Real Estate Management	? - present

Sources: Industry Canada; Ottawa-Carleton Land registry; LinkedIn; BMF 2012.

4.1 The Taib family and the beginnings of Sakto

The first Taib family member to have lived in Ottawa was Taib Mahmud's father-in-law, Abu Bekir Chalecki (1914-2004), a medical doctor of Polish-Lithuanian origin, who moved to Canada in the late 1970s. Chalecki had lived in Adelaide, South Australia, since his arrival on a refugee ship from Europe in 1949. In 1959, his only child, Laila Chalecki, married Taib Mahmud who was studying law at Adelaide University. The young couple's first daughter, Jamilah, was born in Adelaide in 1960 before they returned to Sarawak.¹⁶

Twenty years later, Jamilah Taib and her younger brother Mahmud Abu Bekir Taib ("Bekir") were sent to Ottawa to complete their secondary education at Rockcliffe Park's Elmwood School (Jamilah)¹⁷ and Ashbury College (Bekir) from where they both graduated in 1982. In 1986, the Taib's third child, Sulaiman Abdul Rahman ("Sulaiman"), also graduated from Ashbury College.¹⁸ While the Taib sons continued their studies in the US, Jamilah Taib enrolled for Business Management at Carleton University, together with her future husband, another Ashbury graduate.¹⁹

Soon after, at the age of 23, Jamilah Taib was a founding director of the Sakto Group, which initially seems to have been managed by her uncle, **Onn Mahmud**, (Onn bin Mahmud) and his business associate, **Titus Chou**. From 1983 to 1993, Onn Mahmud was a director of both Sakto Development Corporation and Glowell Development Corporation. He was, for instance, involved in the September 1983 purchase of the Walkley Road and Beaverbrook properties for \$7.4million (see chapter 6.2). From 1997 to 2004, he was a director of Sakto Corporation. Onn's resignation in 2004 coincides with his resignation from other Taib family businesses in Malaysia, which, according to sources close to the family, seems to have been triggered by a dispute with his brother Taib.²⁰

Shortly after her wedding in 1987, Jamilah Taib brought her 24-year old husband, **Sean Murray**, into the Sakto Group. Sean Murray's introduction to Sakto was the beginning of a gradual takeover of management responsibility by the young couple. That same year, the two started a new firm within the Group, Sakto Property Management Corporation (later renamed City Gate International Corporation before it was amalgamated into the now defunct Hawkhurst Island Holding Ltd). In 1992, Sean Murray also became a director of Sakto Development Corporation, the Sakto Group's flagship.

It is not entirely clear how Jamilah Taib and Sean Murray shared the responsibilities within the group. In most of their ten joint companies based in Ottawa until 2014, Sean Murray signed as President, while Jamilah Taib was the Secretary. However, in the company's major financial transactions with its lenders, Jamilah Taib had the lead or acted as a trustee for the lenders (see chapter 7). Significantly, the one company in which Jamilah was the only officeholder, was the 1997-registered

¹⁶ Straumann, Money Logging, p. 88 - 89.

¹⁷ Elmwood School 2009-2010 Report to the Community, viewed 8 August 2013.

¹⁸ Straumann, Money Logging, p. 27-33.

¹⁹ Official website of Ashbury College - Alumni Fund.

²⁰ In 1994, Onn Mahmud also resigned as a director of Cahya Mata Sarawak, the Taib family business flagship in Malaysia: BMF 2015.

Sakto Investment Corporation, which seems to have been used to channel funds into the Group, e.g. for the March 2000 purchase of the 120 Robertson Road property (see chapter 6.5).

On her current website, Jamilah Taib Murray describes the early years of the Sakto Group as follows: “With the help of family and friends, we founded Sakto Corporation when I was in my early twenties. Teamwork, smart business choices, and savvy negotiation skills enabled us to grow Sakto Corporation into the successful corporation it is today rooted in an unwavering commitment to excellence and integrity – a company in which I take great pride. I am so grateful that I had an amazing staff and team of talented people that tirelessly worked to start the company and who continue to work beside me today – over thirty years since we opened our doors.”²¹

4.2 The Murray family’s involvement with Sakto

Jamilah Taib’s 1987 marriage to Sean Murray, the son of a well-known family of Irish-Canadian architects, brought the Taibs a significant gain of symbolic capital, a merger of interest with one of Ottawa’s best-connected families and access to a vast network of construction-related knowledge and business connections.

Sean’s father, Tim Murray, had come to Ottawa in 1957 after having studied architecture in Dublin and Liverpool. In 1961, he founded the architectural practice Murray & Murray with his brother Pat, who later became the mayor of Rockcliffe Park before the noble suburb became part of Ottawa in 2001. Murray & Murray acquired numerous public contracts in Ottawa, including the construction of the city’s international airport, the modernisation of the Canadian Supreme Court and the renovation of the Royal Canadian Mounted Police (RCMP) headquarters.²²

In 1992, when Sean Murray had consolidated his position within the Taib family, he employed his cousin, Christopher (Chris) Murray, and made him Vice President of Sakto Group. Three years later, Chris Murray was sent to the UK in order to build up Sakto’s British subsidiary (“sister company”), Ridgeford Properties Ltd, which soon made multi-million dollar investments in the Central London real estate sector.²³ In 2001, another cousin, Brian Murray (brother of Chris Murray), joined Sakto Group.

Other key staff added to the firm in this period were Michel Pilon, the Sakto Group’s Chief Financial Officer since 1995, and Lee Gartley, a former Lockheed Martin Canada executive who took on the role of Sakto’s Vice President Operations in 1998.²⁴

²¹ <http://jamilahaibmurray.com/about>, accessed 19 February 2016.

²² Straumann: Money Logging, p. 25; Murray and Murray Associates Inc., MG 28, III 17, Library and Archives Canada.

²³ Initially, Ridgeford’s shares were held by two Taib-family connected offshore trusts in the British Virgin Islands. From 2001 to 2011, Ridgeford was a wholly-owned subsidiary of Jamilah Taib and Sean Murray’s City Gate International Corporation. When the Taib family connection was disclosed in public, the company shares were transferred in 2012 to Urban Sky Investments Ltd, a holding company chaired by Sean Murray.

²⁴ LinkedIn profiles of Michel Pilon and Lee Gartley, accessed 3 December 2012 (NB: This profile has since been deleted).

While the Murray cousins' connections and knowledge were useful, the best part of their involvement was that they were a perfect public face for the Sakto Group which enabled the shareholding Taibs, the members of what was already a highly controversial Malaysian political family back then, to remain behind the scenes. In a (meanwhile deleted) misleading personal Wikipedia entry, Christopher ("Chris") Murray claimed in 2010 that Sakto was owned by the Murrays rather than the Taibs: "*Ridgeford is the sister company to the Murray family's property company, Sakto Corporation, which started out in Ottawa*".²⁵ However, as this report shows, this claim is untrue.

Soon after their businesses took off in Canada, Jamilah Taib Murray and Sean Murray also got involved in real estate transactions in Australia, where the Taib family had taken over the Adelaide Hilton, and in the US, where the Taibs owned the FBI building in downtown Seattle and other West Coast properties (see chapter 8).

A recent PR text for the Sakto group describes Sean Murray's stunning career as follows: "*As President and CEO of Sakto Corporation, a real estate development and management firm based in Ottawa, Canada, Sean Murray has transformed a small single asset entity into an international corporation with holdings not only in Canada, but in the United States, United Kingdom, and Australia. Sakto Corporation primarily offers development, leasing, and management of Triple 'A' commercial, and residential real estate options. Only three years into his career, Mr. Murray cultivated numerous, global projects including building the office tower in the centre of Ottawa's little Italy. He is also both the co-founder of the boutique property development company, Ridgeford Development Limited, located in London, and serves as the President of Waterford Property Group, a property management, asset management, and general real estate services company.*"²⁶

²⁵ Chris Murray (property). From Wikipedia, the free encyclopedia, accessed 15 October 2010.

²⁶ <http://www.yelp.ca/biz/sakto-development-corporation-ottawa>, accessed 22 May 2016.

5 THE SAKTO GROUP OF COMPANIES

Since the Taib family started doing business in Canada in 1983, the family members have been involved in at least 13 Canadian companies registered federally or at the Ontario provincial level. Most of these companies' activities concern the real estate sector and, in this report, are referred to as the "Sakto Group" of companies.

5.1 Glowell Development Corporation ("Glowell")

Glowell Development Corporation ("Glowell") is the first company incorporated by a Taib family member in Canada. On 26 August 1983, less than a week before the incorporation of Sakto Development Corporation, the company was founded by Onn Mahmud and his business associates Titus Chou and Peter Chou as directors. The company had its last annual meeting on 31 August 1987 and was dissolved on 10 April 1993 for non-compliance.²⁷

During the early 1980s, Glowell was involved in several related party transactions with Sakto Development Corporation. It is listed in Sakto Development Corporation's financial statements 1984 and 1985 as a related party "*by virtue of common shareholders*". As such, Glowell Development Corporation was paid \$9,923 (1984) and \$141,800 (1985) by Sakto Development Corporation for management and related services.²⁸ Possibly, Glowell was also the recipient of \$9,513 in management fees paid by Sakto Development Corporation in 1991 to an undisclosed related party.²⁹

In 1984, Glowell was – together with Sakto Development Corporation, Jamilah Taib and Onn Mahmud – a party to the \$3 million purchase of the 333 Preston Street property.³⁰

Glowell had its office at 892 Walkley Road, Ottawa, a property bought by Onn Mahmud in September 1983 as part of the Walkley Road property deal (see chapter 6.3) and later transferred to Sakto Development Corporation.³¹

From the available records, it appears that Glowell was only significant during the early years of the Sakto Group and was closely connected to Onn Mahmud, the only Taib family member involved with Glowell.

5.2 Sakto Development Corporation ("SDC")

Since its incorporation on 29 August 1983 and up until the present day, Sakto Development Corporation ("SDC") seems to have been the Taib family's principal business in Canada, around which a number of other companies have formed the Sakto Group. While SDC was founded under the name *Sakto Development Corporation Pte Ltd*, it took on its current name on 24 February 1988.

²⁷ Industry Canada, CN 1545868, <https://www.ic.gc.ca/app/scr/cc/CorporationsCanada/fdrlCrpDtIs.html?corpId=1545868>.

²⁸ Sakto Development Corporation's 'Financial Statements' 1984 and 1985, BMF archives.

²⁹ Sakto Development's 'Financial Statements 1991'.

³⁰ Ottawa-Carleton Land Registry, instrument NS254414, Cf. chapter 6.7.1 'Purchase of the land'.

³¹ Cf. chapter 6.2 'Walkley Road Properties'.

SDC's initial share capital was \$10,000. In 1991, the share capital was increased by \$1million to \$1,010,000.³²

SDC's founding directors were Taib Mahmud's brother, Onn Mahmud, and the two Taib children Jamilah Taib (aged 23) and Mahmud Abu Bekir Taib (aged 20).³³ It appears that SDC is the company that Taib Mahmud referred to when stating that he gave his daughter the money to start her own business (see chapter 3). However, as discussed in chapter 3, Jamilah Taib Murray was only one of SDC's shareholders together with "*three other family members, including her Uncle Onn Bin Mahmud.*"³⁴

Jamilah Taib Murray is the only one of the three founding directors who has retained her office until the present day. Currently, SDC is directed by her, her husband Sean Murray and two executives from outside the family: Ottawa lawyer Laird J. Rasmussen and Tanya Caleta³⁵, who is possibly a family friend.

Immediately after its incorporation, SDC got involved in major real estate transactions in Ottawa, particularly the \$7.4 million purchase of the Walkley Road and Beaverbrook properties (see chapters 6.2 and 6.3) in September 1983. While these properties were bought by Onn Mahmud, they were subsequently transferred to SDC in January 1984 for the nominal amount of \$1. It thus appears clear that Onn Mahmud was merely acting as a trustee for SDC and its shareholders.

SDC's first annual report as of 31 August 1984 listed fixed assets of \$7.98 million, including buildings worth \$7.065 million, furniture and fixtures worth \$247,000 and \$555,000 in land.³⁶

SDC's Financial Statements show that, in its first three years of operations, the company purchased real estate for \$25 million - after the initial 1984 purchases (totalling \$7.9 million), another \$3.1 million were spent in 1985 and a staggering \$14 million in 1986.³⁷ While the 1985 purchases appear to have been limited to the Preston Street land from Mahoney Holdings Ltd³⁸ (see chapter 6.7), most of the 1986 investments went into the \$13.8 million purchase of La Renaissance at 40 Landry Street, Ottawa, a rental building with 220 residential units which was converted to a condominium (see chapter 6.4)

³² Sakto Development Corporation, 'Financial Statements 1991'.

³³ While the company was incorporated by David Chou, it was three days later taken over by the Taibs. Ottawa-Carleton Land Registry: Sakto Development Corporation: Articles of Incorporation: Form 1, 29 August 1983; Canada Business Corporation Act: Sakto Development Corporation: Notice of Directors or Notice of Change of Directors: Form 6, 02 September 1983.

³⁴ Sean Murray to Paul Clarke, Staff Reporter, Toronto Star, 6 June 2014.

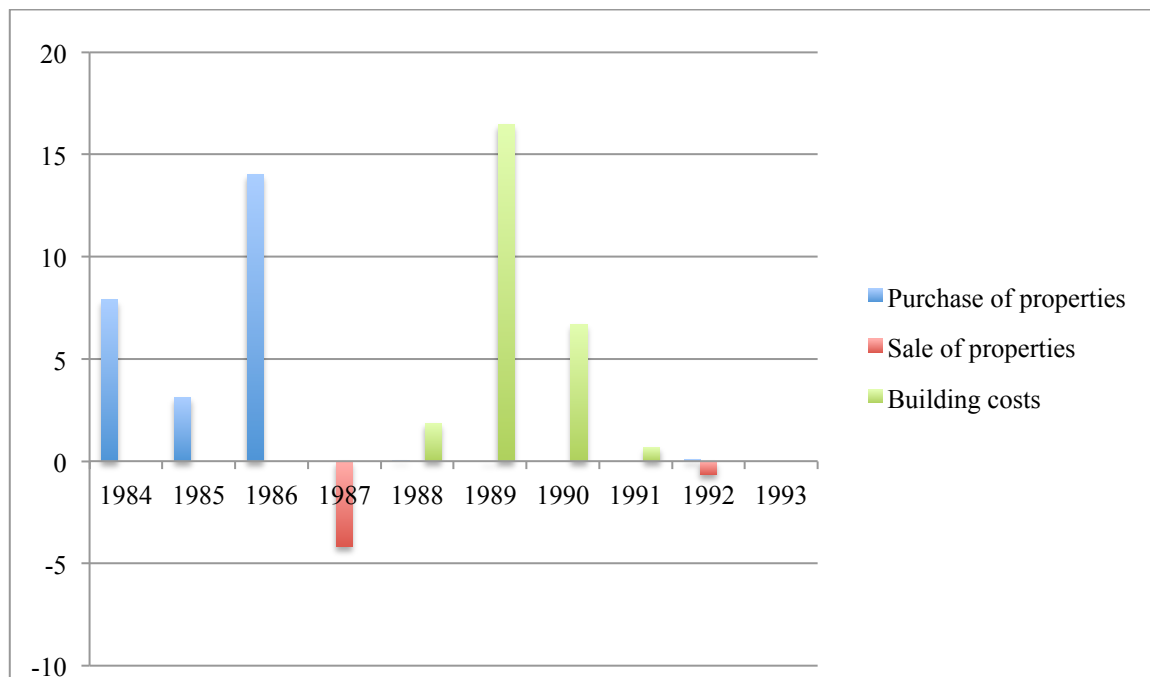
³⁵ Tanya Caleta appears to be identical to Tanya Myers and Tanya Merkley who were previous directors of SDC. We have concluded that this is the same person who twice changed her name.

³⁶ Sakto Development Corporation PTE LTD, Balance Sheet as at August 31, 1984, Microfiche, Western Libraries, London (ON).

³⁷ SDC's 'Financial Statements' 1984-1986. Purchase of fixed assets in: Statement of changes in financial position.

³⁸ The land was purchased for \$3 million on 21 August 1984, ten days before the end of SDC's financial year. It seems that the payment was made (recorded) in the financial year that started 1 September 1984 and ended 31 August 1985. Ottawa-Carleton Land Registry: NS254413 and NS254414.

Table 3: Real estate transactions and development activities by Sakto Development Corporation 1984-1993 in million dollars (CAD)



Source: Sakto Development Corporation, Financial Statements, 1984-1993. Statement of Changes in Financial Position.

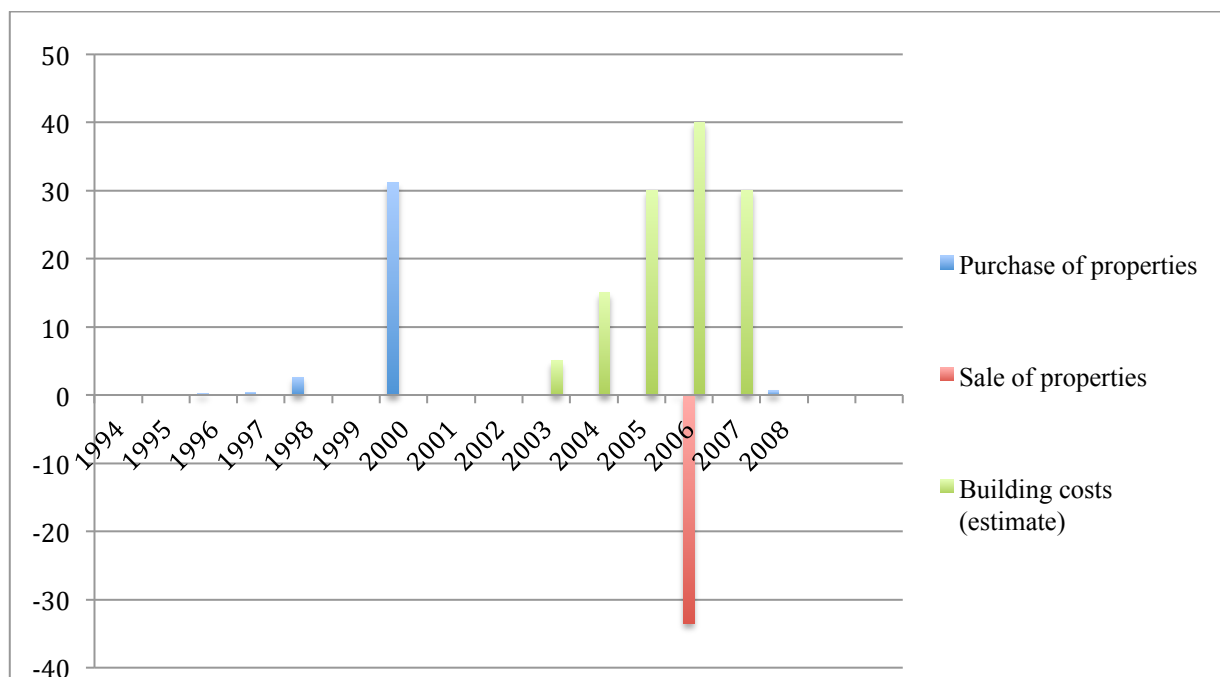
After the sale of its Beaverbrook properties in 1987 for \$4.18 million (see chapter 6.2), SDC focussed from 1988 to 1990 on the development of the first commercial tower at Preston Square (“Xerox Tower”) that cost another \$25.7 million (see chapter 6.7).

In summary, between 1983 and 1993, SDC bought and developed properties for \$50.8 million, while it sold properties for \$4.8 million.

For the period after 1993, little official information is available on SDC’s activities. From publicly accessible land registry documents, it can however be noted that, in August 1996, Sakto Development Corporation received a \$20 million loan from five Taib family members and two related offshore trusts, which was discharged a year later (see chapter 7.2.4.1). The exact purpose of this loan remains unknown.

In August 1997, Sakto Development Corporation transferred most of its real estate assets, including the Walkley Road properties and part of Preston Square, to the newly incorporated Sakto Corporation in return for a \$29.96 million mortgage secured on those properties (see 7.2.4).

Table 4: Known Sakto Group real estate transactions and development activities 1994 - 2010 in million dollars (CAD)



Source: Ottawa-Carleton Land registry; Sakto Group; ZW Group.

After that date, it was not possible to identify any new real estate transactions involving SDC. These were carried out by Sakto Corporation and, to a minor extent, by City Gate International Corporation (see the following chapters). Instead of purchasing additional properties, SDC seems to have focused on the \$120 million Preston Square development (phases two to four), which was carried out between 2003 and 2007 (see chapter 6.7.2).

5.3 City Gate International Corporation (“City Gate”)

City Gate International Corporation (“City Gate”) was founded in 1987 by Jamilah Taib Murray and Sean Murray under the name Sakto Property Management Corporation. This is the first Sakto Group company in which Sean Murray had an active role before he became a director of SDC in 1992. Between 1991 and 1994, City Gate’s name was Orchid Corporation. In 2008, Sakto Investment Corporation was amalgamated into City Gate.³⁹ In or around 2014, City Gate was amalgamated into Hawkhurst Island Holding Ltd⁴⁰ before the company was closed down in May 2015, possibly due to the public exposure of the company’s ties to the Taib family.

According to its long-term Secretary Treasurer, Michel Pilon, City Gate International Corporation was a holding company that had “business investments in hotels, restaurants, golf courses, and

³⁹ Industry Canada, <https://www.ic.gc.ca/app/scr/cc/CorporationsCanada/fdrlCrpDtIs.html?corpId=3413772>.

⁴⁰ Industry Canada, <https://www.ic.gc.ca/app/scr/cc/CorporationsCanada/fdrlCrpDtIs.html?corpId=4460260>.

timber.”⁴¹ Only a small portion of these investments have been identified, and details of City Gate’s “large hotels, golf courses, restaurants and various other business investments”⁴² remain unknown.

In 1995, City Gate first appeared in the Ontario land registry records that were consulted, with the purchase of a big property on Howe Island, an island in the St Lawrence River on the Canadian - US border near Kingston, for \$264,000 (see chapter 6.6).⁴³ In 1998, City Gate purchased a commercial property on 120 Robertson Road, Ottawa, for \$2.6 million.⁴⁴ This property was held until 2006 when it was sold on to Briq Nominee Inc (see chapter 6.5).⁴⁵

From 2001 to 2003, City Gate was the agent in charge of the construction of the new Kuwaiti Embassy at 333 Sussex Drive in Ottawa.⁴⁶ Between 2005 and 2007, City Gate was involved in the construction management of the \$100-million stages 3 and 4 of the Preston Square development (see chapter 6.7.2) in a joint venture with ZW Group, named Aberdeen Project Facilitators.⁴⁷

From 2001 to 2011, City Gate was the ultimate parent company of Ridgford Properties Ltd, a British real estate developer directed by former Saktto Vice President Christopher (“Chris”) Murray, a cousin of Sean Murray.⁴⁸ On its website, Ridgford said it was a “sister company” of Saktto Corporation. Ridgford’s assets in real estate and cash amounted to £34.8million (2011). Its main lender was an offshore trust in the British Virgin Islands, Tess Investments Ltd, from which it had received £17 million in unsecured loans, while another £1.95 million loan had come from City Gate.⁴⁹ Ridgford’s ownership was rearranged following its exposure as a Taib family company in 2011. Today, its shares are held by Urban Sky Developments Ltd (see chapter 5.5), another member of the Saktto Group.

5.4 Saktto Corporation

Saktto Corporation was founded on 25 August 1997 with its directors being Onn Mahmud, Jamilah Taib Murray, Sean Murray, Tanya Myers and Laird J. Rasmussen. While Onn Mahmud resigned in 2004, the other directors have remained on the board up until the present day.⁵⁰

⁴¹ LinkedIn profile of Saktto Group’s Chief Financial Officer Michel Pilon, 3 December 2012 (NB: This profile has since been deleted).

⁴² LinkedIn profile of Saktto Group’s Chief Financial Officer, Michel Pilon, 3 December 2012 (NB: This profile has since been deleted).

⁴³ Kingston Land Registry, Instrument FR637428.

⁴⁴ Ottawa-Carleton Land Registry, Transfer LT1123804. E.W. Bellman to City Gate International on 29 May 1998.

⁴⁵ Ottawa-Carleton Land Registry, Transfer OC588414, OC588413 and OC588412.

⁴⁶ Dave Rogers. Kuwaiti Embassy in Firing Line of Tank, *The Ottawa Citizen*, 9 January 2003. Online accessible at <http://www.freerepublic.com/focus/f-news/819693/posts> (March 2016); City of Ottawa, Development Services Department, Report to Local Architectural Conservation Advisory Committee, 16 March 2001, online at: <http://ottawa.ca/calendar/ottawa/citycouncil/pdc/2001/04-26/ACS2001-DEV-APR-0059.htm>, accessed 12 March 2016.

⁴⁷ <http://web.archive.org/web/20070222063738/http://www.zwgroup.com/index.php?fuseaction=projects.details&project=59>, accessed 11 December 2015.

⁴⁸ Companies House UK, Ridgford Properties Ltd, ‘Annual Returns’ 2001 to 2011.

⁴⁹ Companies House, UK. Ridgford Properties Ltd, ‘Financial Reports’ 2001 to 2011.

⁵⁰ Industry Canada, Corporations Canada, Saktto Corporation, Federal Corporation Information – 3404391.

Immediately after its incorporation, Sakto Development Corporation (SDC) transferred ownership of multiple Ottawa properties, including the Xerox Tower at Preston Street (Tower I), and part of the remaining Preston Square lands and the Walkley Road properties to Sakto Corporation.⁵¹ In return, SDC had a \$29.96 million mortgage registered on these properties in its favour, payable on demand.⁵² The property transfer was free of charge and described by the involved parties as “Transfer by beneficial owner to trustee for same beneficial owner”.⁵³ In other words, Sakto Corporation and Sakto Development Corporation can be described as sister companies with identical ownership. It is currently unknown why Sakto Development Corporation chose to transfer \$30 million in real estate assets to its new sister company.

The exact purpose of the incorporation of Sakto Corporation as a new entity remains unclear. However, Sakto Corporation was soon involved in major property transactions and a number of related party transactions with other Taib family entities. In September 1997, Sakto Corporation bought a condominium on 596 Queen Elizabeth Drive for \$400,000 (“payable on demand”) from Jamilah Taib Murray (see chapter 6.8).⁵⁴ On 31 May 2000, Sakto Corporation purchased several Pinecrest / Queensway properties for \$31.5 million from O & Y Properties Inc..⁵⁵ Some of these properties were sold on to Briq Nominee Inc. in 2006 for \$33.5 million (see chapter 6.5).⁵⁶

Between 2003 and 2006, Sakto Corporation also granted loans to Ridgford Properties Ltd, the Sakto Group’s subsidiary in the United Kingdom (wholly-owned by City Gate). The highest year-end balance was £2,055,060 (2004) and the lowest was £585,153 (2003). The loan was repayable on demand, not secured and carried an interest rate of 6%.⁵⁷

5.5 Other Sakto Group companies in Canada

Apart from the companies presented in chapters 5.1 to 5.4, which conducted most Taib family-related property transactions in Ottawa, various other companies are worth mentioning. These can be divided up into single asset companies, holding companies and other companies. The single asset companies were all designed to own a single property. All of them are currently active and relate to the different Preston Square buildings (“Tower One, Tower Two, The Adelaide, The Preston Building”), with the exception of a company holding the 1575 Carling Street property (see table 4).

⁵¹ Ottawa-Carleton Land Registry, instrument LT1069372, 26 August 1997.

⁵² Payable on demand; secured by multiple properties, including 347 Preston Street, 343 Preston Street, Preston Street and Aberdeen Street. See instrument LT1069421, dated 27 August 1997 and OC903343.

⁵³ Ottawa-Carleton Land Registry, instrument LT1069372, 26 August 1997.

⁵⁴ Ottawa-Carleton Land Registry, instrument LT1090579, 17 September 1997.

⁵⁵ Ottawa-Carleton Land Registry, instrument LT1287175.

⁵⁶ Ottawa-Carleton Land Registry, instruments OC588412, OC588413 and OC588414.

⁵⁷ Companies House UK, Ridgford Properties Ltd, Financial Reports 2003 to 2006.

Table 5: Sakto Group single asset companies in Canada

Date of Incorporation	Name of Company	Directors	Corporation Number
10/11/1997	1575 Carling Ltd	Jamilah Taib, Sean Murray	1252339 (Ontario)
20/06/2003	Tower One Holding Corporation	Jamilah Taib, Sean Murray	2028542 (Ontario)
20/06/2003	Tower Two Holding Corporation	Jamilah Taib, Sean Murray	2028543 (Ontario)
20/06/2003	Adelaide Ottawa Corporation	Jamilah Taib, Sean Murray	2028546 (Ontario)
14/07/2006	Preston Building Holding Corporation	Jamilah Taib, Sean Murray	2108122 (Ontario)

Source: Province of Ontario, Ministry of Government Services

Among the remaining companies is a numbered company, 1041229 Ontario Inc, which in 1994 received a 1/1,000,000 interest in a vacant plot at Preston Square (the place where the Adobe Tower (Tower Two) was subsequently constructed). The reason given for the land transfer was that it was “*a conveyance of property to complete a severance*”.⁵⁸ Two years later, the numbered company was a party to the \$20 million loan by five Taib family members and two offshore trusts to the Sakto Group (see chapter 7.2.4.1).⁵⁹

Table 6: Other Sakto Group companies in Canada

Date of Incorporation	Name of Company	Directors	Corporation Number
16/09/1993	1041229 Ontario Inc.	Jamilah Taib, Sean Murray, Laird Rasmussen	1041229 (Ontario)

Source: Province of Ontario, Ministry of Government Services

Three new companies were incorporated after the links between the Sakto Group and the Taib family had been publicly exposed in 2010/2011, apparently in an attempt to rebrand the Sakto Group and conceal its connection to the Taib family.⁶⁰ While their principal place of business is the same as the Sakto Group’s (333 Preston St, Ottawa), they both have Sean Murray as their only director and Jamilah Taib Murray’s name no longer appears in official company records.

⁵⁸ Ottawa-Carleton Land Registry, Instrument N723035, 31 August 1994.

⁵⁹ Ottawa-Carleton Land Registry, Instrument LT 994559, 19 August 1996.

⁶⁰ by the Bruno Manser Fund (07 December 2011), Sarawak Report (09 December 2011) and Global Television (02 December 2011), <http://www.bmf.ch/en/news/canadian-sakto-corporation-admits-taib-involvement>; <http://globalnews.ca/news/185008/family-trees-2/>, accessed 02 February 2016.

Table 7: Companies incorporated after exposure of Sakto Group’s ties to the Taib family

Date of Incorporation	Name of Company	Directors	Corporation Number
10/10/2012	Urban Sky Investments Ltd	Sean Murray	8321647
26/03/2013	Urban Sky Europe Ltd	Sean Murray	8471703
07/12/2012	Waterford Property Group Ltd	Sean Murray	2352843 (Ontario)

Sources: Industry Canada; Province of Ontario, Ministry of Government Services

Urban Sky Investments Ltd soon became the new parent company of Ridgford Properties Ltd in the UK, replacing City Gate International Corporation, which had been heavily exposed as a Taib family endeavour.⁶¹ Urban Sky Europe Ltd may, as the company name suggests, also be a holding for assets in Europe, but no further information on the company has been found.

It appears that Waterford Property Group had also been incorporated for an intended rebranding of Sakto Development Corporation. However, the rebranding exercise seems to have been undertaken half-heartedly. Waterford Property Group are running an almost identical website to the Sakto Group, showing the same properties but failing to mention any connection to Sakto. Despite its recent incorporation in 2012, Waterford’s website states: “*Privately owned and operated, Waterford Property Group is a real estate development, management and investment firm with a history rich in growth since 1983.*”⁶² The properties shown on the website are all owned by the Sakto Group.⁶³

⁶¹ Companies House: Ridgford Properties Limited ‘Annual Return 2013’, 24 October 2013; <http://www.sarawakreport.org/2010/07/growing-scandal-the-london-connection>, accessed 19 February 2016.

⁶² <http://waterfordpg.com>, accessed 10 March 2016.

⁶³ See <http://www.sakto.com>, accessed 10 March 2016.

6 EARLIER AND CURRENT PROPERTIES IN CANADA

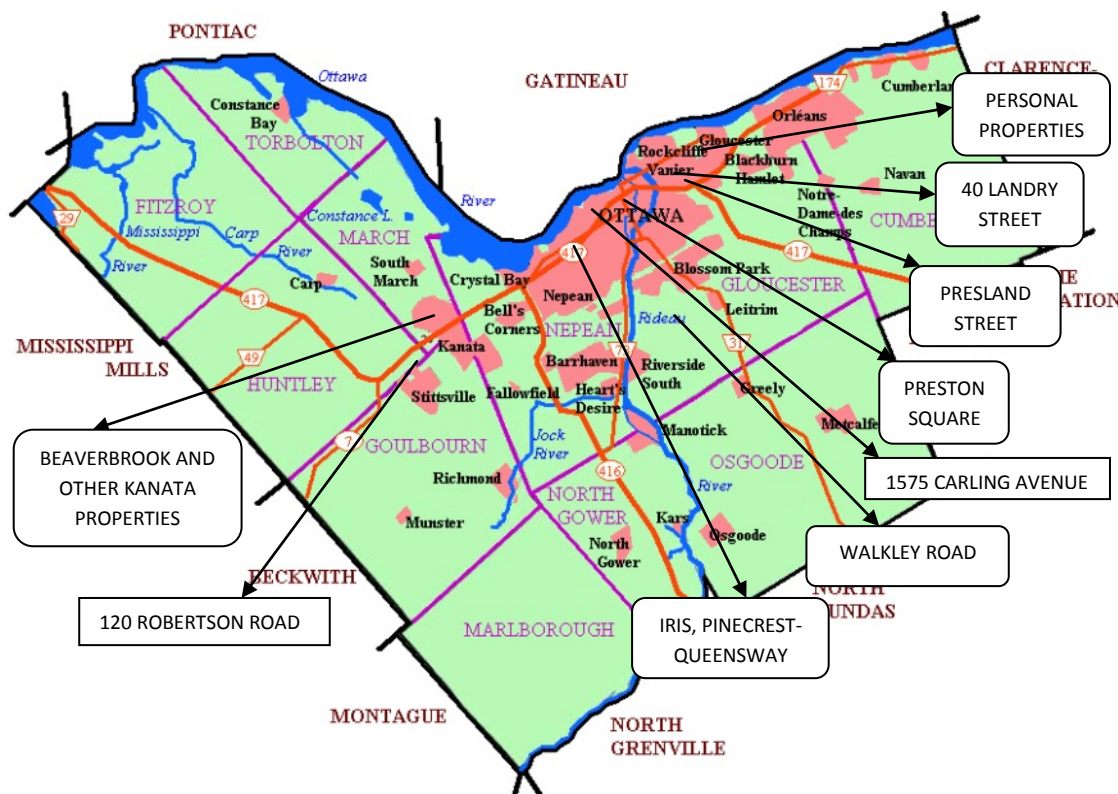
This chapter aims to give an overview of Taib family real estate transactions in the Ottawa region since the early 1980s. While most Canadian properties acquired and sold by the Taibs were located in Ottawa, the Malaysian family also purchased properties on Howe Island, an island East of Kingston (Ontario) in the St Lawrence River, as well as a condo in La Clarière / Mont Tremblant, a popular skiing resort in Québec, 130 km north of Montreal. Those personal properties will be dealt with at the end of this chapter.

The Ottawa properties are organized in several groups:

- Rental and investment properties acquired during the early 1980s (Presland Street, Beaverbrook, Walkley Road, Landry Street)
- Properties located around Iris St., Pinecrest and the Queensway (but also Kanata and Robertson Road) which formed a major sales package, presumably to generate revenue for the Preston Square development
- Preston Square itself (acquisitions in the 1980s and construction)
- Personal Properties

In a number of cases, information related to sales, purchases and mortgages is incomplete, primarily because earlier information in the Ottawa Land Registry system has not been digitized and is difficult to find or may not be available.

MAP 1: Locations of Taib family properties in Ottawa, Canada



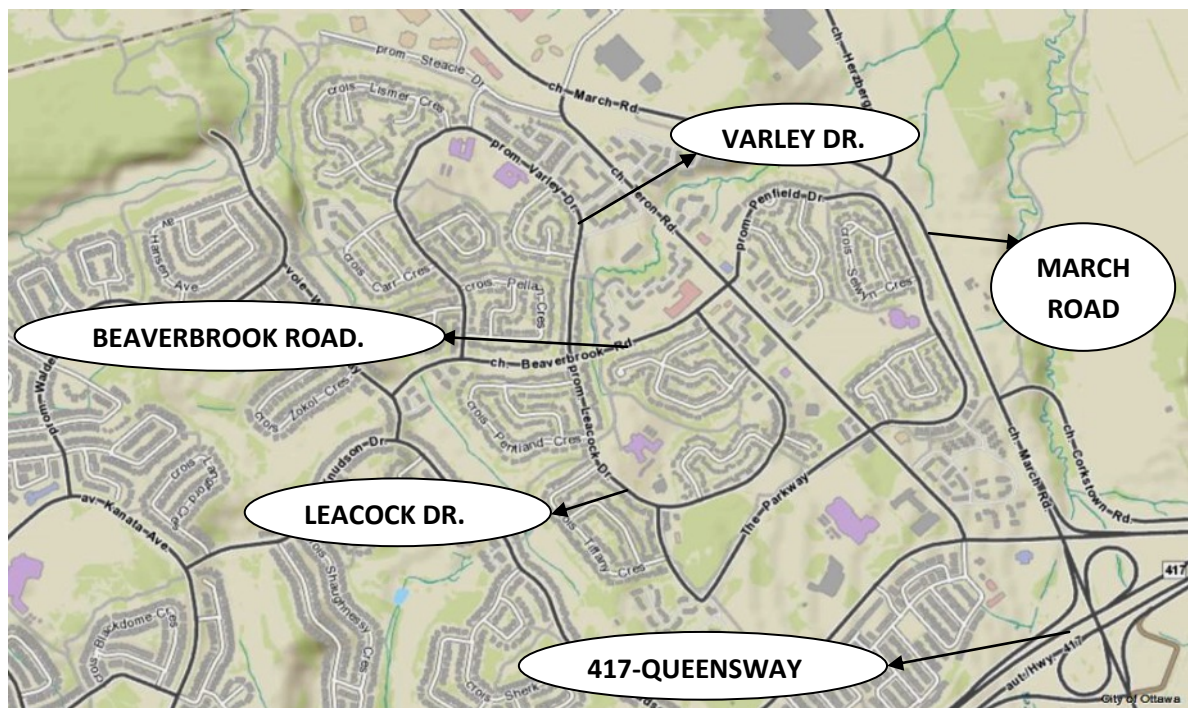
6.1 Presland Street

The Presland Street property, located close to the Vanier Parkway and the Queensway, consists of three low-rise apartment buildings. It was purchased by Onn Mahmud (Businessman of Kuching, Sarawak) and Jamilah Taib (student) on 14 April 1983 for \$675,000.⁶⁴ At the time it was mortgaged for \$175,000 to the Royal Trust Corporation of Canada, in trust, for Jack Aaron and Co. Ltd. Registered Retirement Savings Plan. The property was then transferred to Sakto Development Corporation Ltd. on 25 January 1984 for \$1.⁶⁵ It was sold on 23 November 1991 for the original price to a group of individuals.⁶⁶ The property was discharged on 8 November 1991.

6.2 Beaverbrook Properties

The first references to the Beaverbrook properties (Kanata) are found in the Financial Statements and Auditors' Report, August 31, 1987 for Sakto Development Corporation Pte Limited. Beaverbrook is the first and oldest residential neighbourhood in Kanata. The properties were located on Beaverbrook Road, Varley Drive and Leacock Drive. The Beaverbrook and Varley Lane properties consist of 196 two-storey townhouses.

MAP 2: Beaverbrook Properties



On 2 September 1983, three days after the incorporation of Sakto Development Corporation, the new company's chairman, Onn Mahmud, purchased multiple Beaverbrook properties for \$4,650,000,

⁶⁴ Ottawa-Carleton Land Registry, instrument N187872.

⁶⁵ Ottawa-Carleton Land Registry, instrument NS250995.

⁶⁶ Ottawa-Carleton Land Registry, instruments N600391 and N597962.

partially financed by a *vendor* mortgage of \$1,791,000.⁶⁷ These companies were transferred to Sakto Development Corporation for a fee of \$1 by “*Onn Mahmud, Businessman, of Kuching, Sarawak, and Jamilah Hamidah Taib, Student, of the City of Ottawa*”, on 25 January 1984. The two signed a document in which they stated that the transaction was a “*transfer from trustee to beneficiary of the trust*” and that the grantee (Sakto Development Corporation) had been “*the sole beneficial owner during the entire period the lands have been or will be registered in the name of the grantor.*”⁶⁸

In November 1986, several of the Beaverbrook properties were sold by Sakto for \$5.4 million (mortgaged for \$2.1 million)⁶⁹ to 681222 Ontario Inc, a company registered to Peter Chou, one of the directors of Glowell Development Corporation (see chapter 5.1). SDC’s ‘1987 Financial Statements’ state that its gain of \$1,231,462 (listed as “extraordinary item”) was due to this sale; namely the sale of Beaverbrook Lane, Varley Lane & Leacock Lane, on 7 November 1986. That same day the properties were sold on by 681222 Ontario Inc. to Beaverbrook-Varley Properties for \$5.9 million (with a mortgage of \$3.0 million).⁷⁰ It is unclear what purpose the immediate resale of the property (a so-called “ABC transaction”) had.

Table 8: Beaverbrook properties

Date (DMY)	Seller Transferor Lender	Purchaser Transferee Borrower	Amount Total \$ CAD	Amount Mortgage \$ CAD	Location	Source Instrument Number
02/09/1983	Campeau Corp.	Onn Mahmud	4,650,000	1,791,639	Beaverbrook	Sale NS208412
25/01/1984	Onn Mahmud & Jamilah Taib	Sakto Develop. Corp. Pte.	1		Beaverbrook	Transfer NS250994
07/11/1986	Sakto Dev. Corp. Pte.	681222 Ontario Inc.	5,376,543	2,185,990	Beaverbrook	Sale & mortgage N363615
07/11/1986	681222 Ontario Inc.	Beaverbrook-Varley Properties	5,900,000	3,000,000	Beaverbrook	Sale & mortgage N363616

⁶⁷ Ottawa-Carleton Land Registry, instrument NS208412.

⁶⁸ Ottawa-Carleton Land Registry, instrument NS250995.

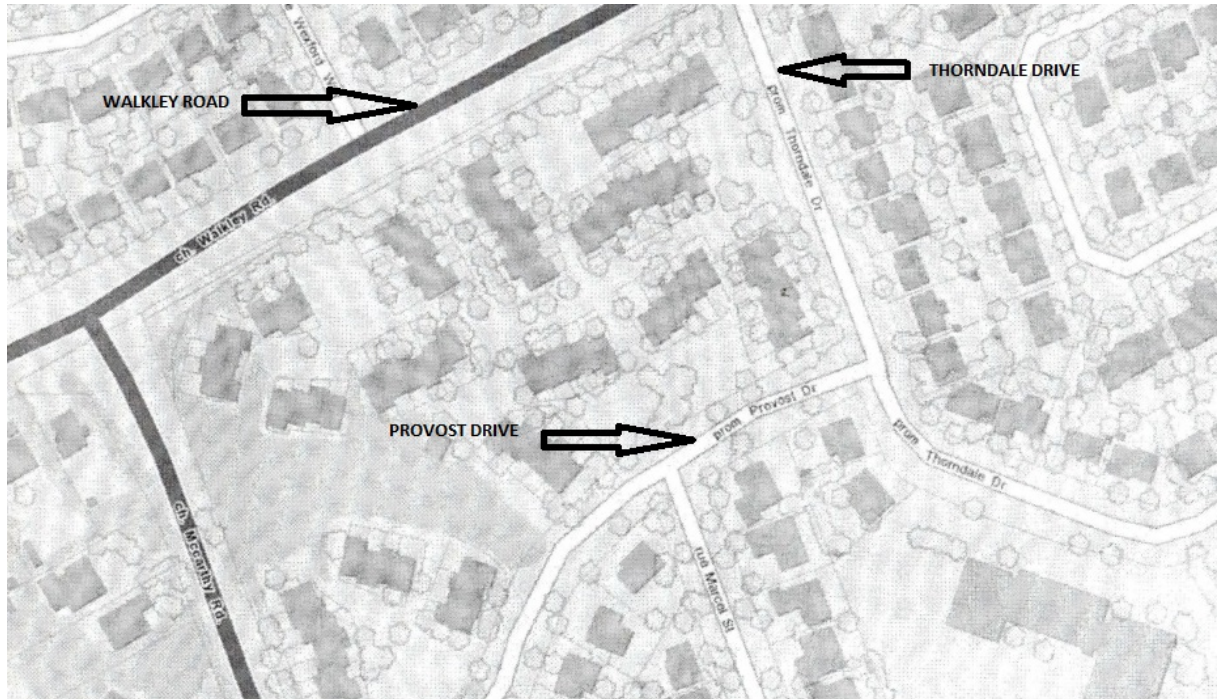
⁶⁹ Ottawa-Carleton Land Registry, Transfer N363615, dated 7 November 1986.

⁷⁰ Ottawa-Carleton Land Registry, Transfer N363616, dated 7 November 1986.

6.3 Walkley Road Properties

These properties involve: 870-933 Walkley Road, 801-873 Provost Drive and 819-829 Thorndale Drive in Ottawa. 892 Walkley Road was the address for Glowell Development Corporation. In 1998, these properties consisted of 83 ground oriented rental row house units.

MAP 3: Walkley Road Properties



On 6 September 1983, multiple rental properties on Walkley Road, Ottawa, were purchased by Onn Mahmud from Campeau Corporation for \$2,750,000, partly financed by a mortgage of \$976,053. The properties were subsequently transferred to Sacto Development Corporation Pte. Ltd. in 1984. Document LT377380 discloses the beneficial ownership of the property transfers: The grantee (Sacto Development) has been the sole beneficial owner during the entire period the lands have been or will be registered in the name of the grantor (Onn Mahmud).

Between 1983 and 1998, several loans were taken up, totalling \$8.6 million. These properties were also used as collateral for the Preston Street Development (N529939). Walkley Road properties were also cross-mortgaged with Landry Street condos as well as a property in Riverside Heights (N879647).

Table 8: Walkley Road properties

Date (DMY)	Seller Transferor Lender	Purchaser Transferee Borrower	Amount Total CAD	Amount Mortgage CAD	Location	Source Instrument Number
06/09/1983	Campeau Corporation	Onn Mahmud	2,750,000	976,053	Parcel A2, Section M.108	Transfer N337563
26/01/1984	Onn Mahmud	Sakto Development Corporation Pte	1		Parcel A2, Section M.108	Transfer LT377380,
19/07/1985	Sakto Dev. Corp. Pte.	GuarantyTrust		900,000	Provost Street, Thorndale Street, Walkley Road ⁷¹	Mortgage LT417573
08/10/1987	Sakto Development Corp. Pte. Ltd.	Guaranty Trust Co. of Canada		900,000	Provost Street, Thorndale Street, Walkley Road	Agreement LT529939
01/02/1988	Sakto Development Corp. Pte. Ltd.	Guaranty Trust Co. of Canada		868,339	Provost Street, Thorndale Street, Walkley Road	Document General: LT546065
14/09/1994	Sakto Dev. Corp.	Royal Bank		5,000,000	Walkley Road properties and others ⁷²	N879647 Loan

In 1998, Sakto Corporation received approval by the City of Ottawa to sell their 83 units,⁷³ which had previously been designated as rental units. These sales may have generated up to \$10.0 million.⁷⁴ The units sold for approximately \$120,000 each.

⁷¹ 801-873 Provost Street, 816-829 Thorndale Street, 870-944 Walkley Road.

⁷² Includes Walkley Road properties, 40 Landry Condominium (Condominium Plan No. 498, and a property at Riverside Heights).

6.4 Landry Street Condos

La Renaissance, as the condo building is known, is located at 40 Landry Street. It was originally built in 1984 as a rental building with 220 units and was converted to a condominium.

MAP 4: Landry Street Condos



40 Landry Street was purchased on May 27, 1986 by Jamilah Taib from Monot Development Ltd. for \$13,800,000.⁷⁵ The purchase involved \$2,726,382 in cash, a mortgage of \$9,873,618 with \$1,200,000 given back (mortgaged) to the vendor. A mortgage from the Toronto-Dominion Bank with Monot Development Ltd. for \$8,174,588 was assumed by Jamilah Taib and Onn Mahmud on May 27, 1986. Another mortgage for \$1,635,000 with the Canadian Mortgage and Housing Corporation (CMHC) was also assumed on 3 April, 1987. Information concerning the disposition of these mortgages, as well as another mortgage with the Royal Bank of Canada is currently incomplete.

The condos were sold in 1994 to 1067384 Ontario Inc. a numbered company belonging to Bosa Development Corporation, a major Vancouver-based real estate developer.⁷⁶ All of the condos were sold on November 10, 1994 in individual transactions for \$57,399 each with \$4,587 each given back

⁷³ 801-873 Provost Street, 816-829 Thorndale Street, 870-944 Walkley Road consists of 83 ground oriented rental row house units. Instrument LT1122679, agreement between Sakto Corporation (Sean Murray) and The Corporation of the City of Ottawa

⁷⁴ Information is not complete but units were selling for approx. \$120,000 each.

⁷⁵ Ottawa-Carleton land registry, instrument N337332.

⁷⁶ Bosa Development is the developer of Citygate, a major residential development realised in Vancouver since 1992. While this development shares its name with one of the Sakto Group companies, it otherwise seems to be unrelated to Sakto. See Bosa Development's website at www.bosadev.com.

to the vendor. Assuming all 104 condos were sold, the total transaction would have totalled \$12,627,780 with \$1,009,140 returned to the Sakto Group.⁷⁷

Table 9: Landry Street Properties

Date (DMY)	Seller Transferor Lender	Purchaser Transferee Borrower	Amount Total CAD	Amount Mortgage CAD	Location	Source Instrument Number
27/05/1986	Monot Development Ltd.	Jamilah Taib	13,800,000	9,873,618 & 1,200,000	40 Landry	N337332
27/05/1986	Jamilah Taib (Guaranteed by Sakto)	Monot Development Ltd.		1,200,000	40 Landry	N337333
27/05/1986	Jamilah Taib	Toronto- Dominion Bank & Sakto and Monot		8,174,588	40 Landry	N382312
03/04/1987	CMHC	Jamilah Taib		1,635,000	40 Landry	N382311

6.5 Iris Street, Pinecrest and related properties

These properties, not all located together, were part of a larger transaction. They are divided into three groups:

1. 120 Robertson Road, which is near Stittsville in the west end,
2. 2625 Queensview Drive (North of the Queensway) is a two-storey office building. 2475 Iris Street houses Globo Shoes and Chapters. 2375 Iris Street houses federal government offices to the west of Chapters,
3. 10 Brewer Side Road and 21 – 31 Richardson Side road which are both in Kanata and part of a group transaction.

In 1998, City Gate International purchased a property on 120 Robertson Road for \$2.6 million.⁷⁸ In June of 2000, O & Y Properties Corp. sold the properties located at 2626 Queensview Drive, 2475 Iris Street, 2375 Iris Street, 10 Brewer Side Road and 21-31 Richardson Side Road to Sakto Corporation for \$31.15 million with a vendor mortgage of \$11.5 million. In May of 2006, these

⁷⁷ The transaction was brokered by Sezlik (Royal LePage) Realty who maintains an office in the condominium.

⁷⁸ Ottawa-Carleton Land Registry, Transfer LT1123804. E.W. Bellman to City Gate International on 29 May 1998.

properties, along with 120 Robertson Road, were sold to Briq Nominee Inc by Saktio for \$49.6 million (see table 10).

MAP 5: Pinecrest and Related Properties

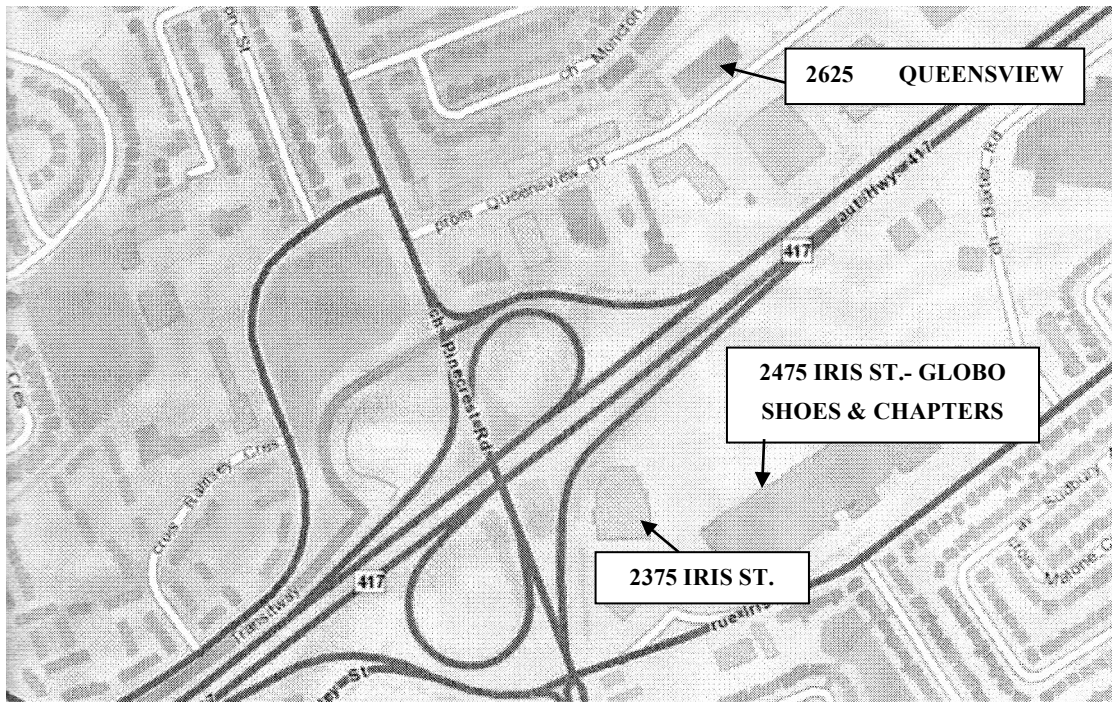


Table 10: Pinecrest & Queensway properties

Date (DMY)	Seller Transferor Lender	Purchaser Transferee Borrower	Amount Total CAD	Amount Mortgage CAD	Location	Source Instrument Number
29/05/1998	E. W. Bellman	City Gate International	2,600,00	1,274,998	120 Robertson Road	Transfer LT1123804
06/01/2000	City Gate International	Sakto Investment Corporation		1,210,000	120 Robertson Road	Mortgage LT1256327
30/03/2000	Sakto Investment Corporation	Jamilah Taib		1,205,261	120 Robertson Road	Transfer of charge LT1272560
01/06/2000	O & Y PROPER- TIES INC.	Sakto Corporation	31,150,000	11,450,773	Multiple ⁷⁹	Transfer and Mortgage LT1287175
06/01/2006	Jamilah Taib				120 Robertson Road	Discharge of and Interest OC588399
03/05/2006	Sakto Corporation	BRIQ NOMINEE INC.	12,350,000		1-9 Brewer Hunt, 21-31 Richardson	Transfer OC588415
03/05/2006	Sakto Corporation	BRIQ NOMINEE INC.	15,000,000		2745 Iris Street	Transfer OC588414
03/05/2006	Sakto Corporation	BRIQ NOMINEE INC.	11,000,000		2735 Iris Street	Transfer OC588413
03/05/06	City Gate International	BRIQ NOMINEE INC.	3,750,000		120 Robertson Road	Transfer OC588411

⁷⁹ Iris St., Queensview Dr., Brewer Side Road, Richardson Side Road

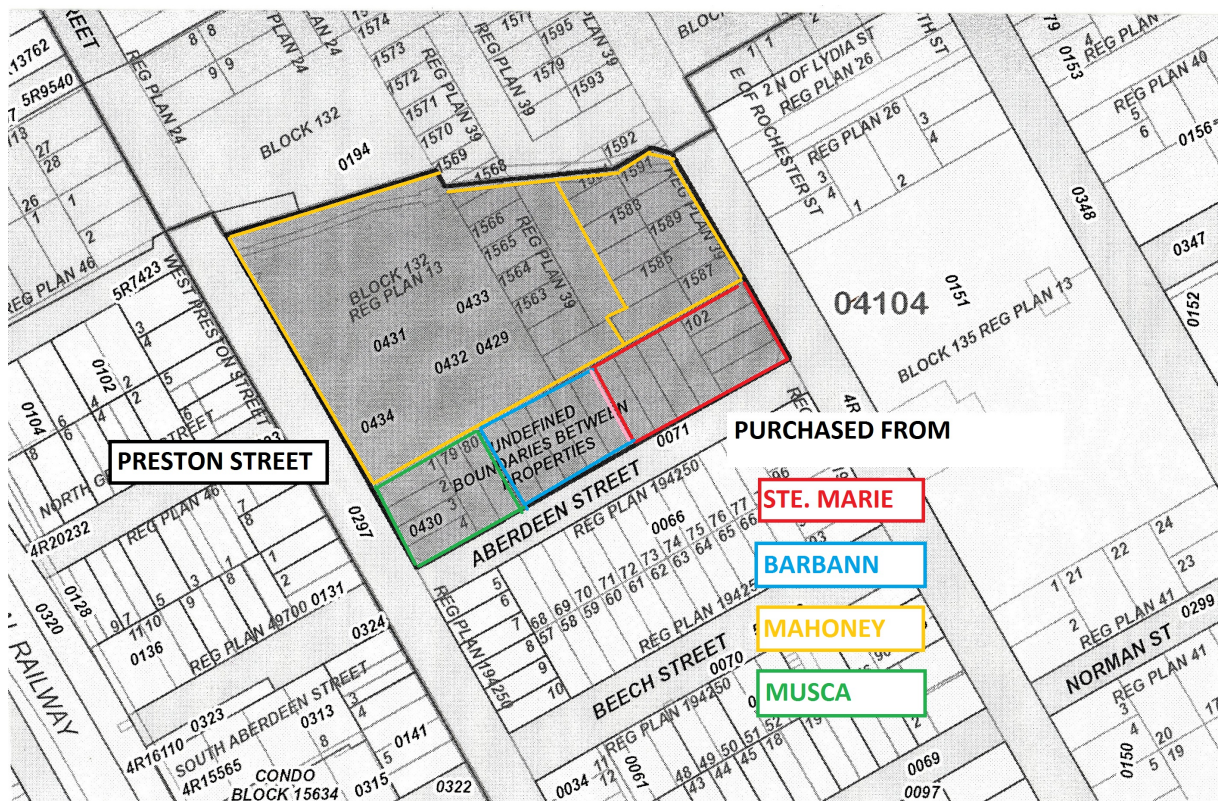
03/05/2006	Jamilah Taib				120 Robertson Road	Discharge of Charge OC588399
03/05/2006	Sakto Corporation	BRIQ NOMINEE INC.	7,500,000		2625 Queensview Drive	Transfer OC588412

6.6 1575 Carling Avenue

This property, which houses Canadian Blood Services, was acquired from Kathed Holdings for \$1.5 million on 31 January, 2000 through a numbered company, 1252339 Ontario Inc. whose name was changed to 1575 Ontario Inc. It is registered to Sean Murray, Jamilah H. Taib and Laird J. Rasmussen. It was used as collateral to purchase property for Preston Square.

6.7 Preston Square⁸⁰

MAP 6: Location of Preston Square (Early property acquisitions marked with different colours indicating sellers)



⁸⁰ Includes, Preston Street 333, 347, 353 and Aberdeen Street. Overview of purchases and mortgages, see APPENDIX 2

6.7.1 Purchase of the land

The land for the subsequent construction of Tower I-III and The Adelaide was purchased in the years between 1984 and 1998. Sakto Development's first purchase was 307-51 Preston Street (colour coded orange: see Map 6 above) in 1984, one year after its incorporation. This purchase involved properties from Mahoney Investments valued at \$3.0 million (mortgaged for \$1.8 million) in 1984. Onn Mahmud, David Chou, Jamilah Taib, Glowell Development Corporation and Sakto Development Corp. Pte. Ltd. were involved in the acquisition.⁸¹

In 1986, land at 25-35 Aberdeen Street (colour coded blue on map) was acquired by Jamilah Taib (in trust) for \$925,000. Land at 15 Aberdeen Street & 410 Rochester Street (colour coded red on map) was purchased by Sakto Development Corporation for \$1,290,000 on 24 December 1989, \$230,000 was paid in cash.⁸² These purchases laid the foundation for "The Adelaide", a tower built in 2004 and 2005.

The land at 353 Preston Street, where Tower III was subsequently built (colour coded green on map), was purchased from George and Lucia Musca by 1252339 Ontario Inc (renamed 1575 Carling Limited on 27 February 2001, directors Sean Murray and Jamilah Taib) for \$724,000 on 10 June 1998. One week later, the property was transferred to Sakto Corporation for \$690,909.⁸³

⁸¹ Ottawa-Carleton Land registry office, Indenture NS254414, 21 August 1985.

⁸² Ottawa-Carleton Land Registry office, Instruments N338643, N338644 (dated 2 June 1986) and N517627, N517628 (dated 24 December 1989).

⁸³ Ottawa-Carleton Land Registry office, Instrument LT1125779 and LT1203600.

Table 11: Preston Square land purchases

Date	Object	Transferor	Transferee	Total Costs CAD	Paid in Cash CAD	Instrument Number
21/08/1984	Preston Street 307- 351 (Tower I-II)	Mahoney Holdings Ltd	Sakto Develop- ment Corp.	3,000,000	1,200,000	NS254414 NS254413
02/06/1986	Aberdeen Street 25-35 (The Adelaide)	Barbann Realities	Jamilah Taib, in Trust	925,000	205,000	N338643 N338644
24/12/1989	Aberdeen Street 15, Rochester Street 410 (The Adelaide)	Gilles & Lorraine Ste.- Marie	Sakto Dev. Corp	1,290,000	230,000	N517627 N517628
17/06/1998	Preston Street 353 (Tower III)	George and Lucia Musca	1252329 Ontario Inc.	724,000	724,000	LT1125979
16/06/1999	Preston Street 353 (Tower III)	1252329 Ontario Inc.	Sakto Corporation	690,909	0	LT1203600
16/06/1999	Preston Street 353 (Tower III)	1041229 Ontario Inc.	Sakto Corporation	3	3	LT1203601
			Total in CAD	5,935,000	1,359,000	

6.7.2 Construction of the Preston Square buildings

Construction work at Preston Square took place in four construction phases between 1988 and 2007. Sakto Development needed to raise \$146 million to finance the purchase of the land and the construction of the four buildings.

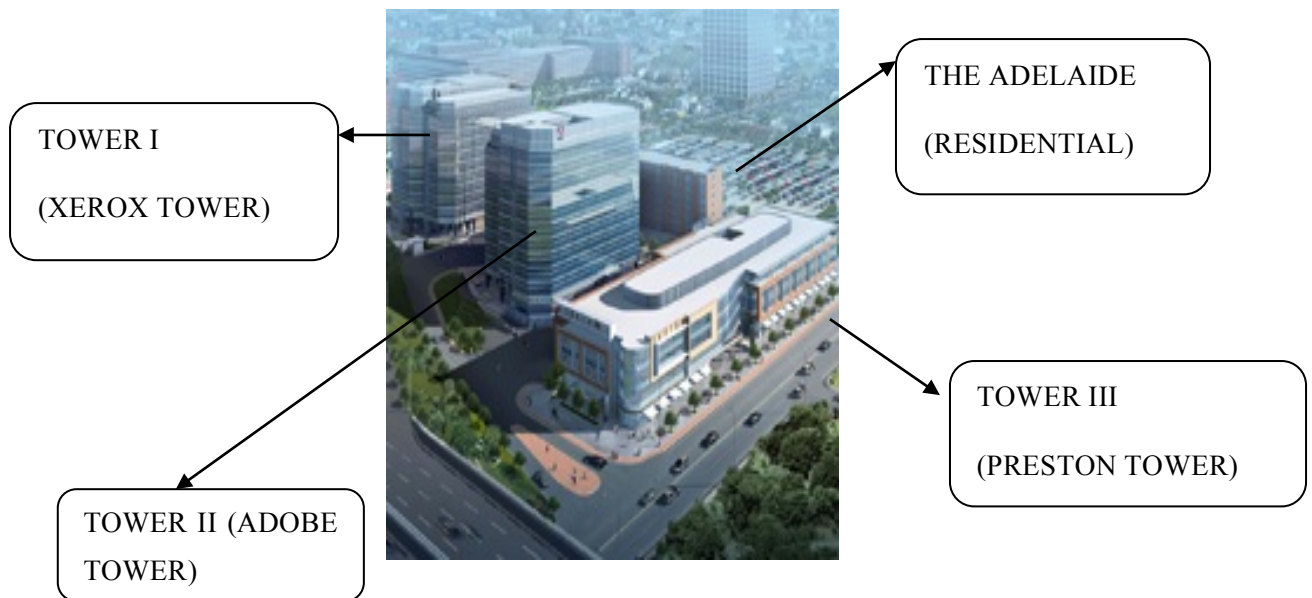


Table 12: Costs of Preston Square development 1988 – 2007

	Date	Object	Project Value (million CAD)	Source
1	1988-89	333 Preston (Preston Tower I)	26 ⁸⁴	Sakto Development Corporation Financial Statements 1990-1991 ⁷
2	2003-04	17 Aberdeen St ("The Adelaide")	20	ZW Group Website (Instruments OC903269, OC318707, O903263, OC903254, OC903326)
3	2005-06	343 Preston (Preston Tower II)	100	ZW Group Website ⁸⁵
4	-2007	353 Preston (Preston Tower III)		
		Total in million \$	>146.0	

⁸⁴ Including \$1.95 million in land costs prior to construction. SDC 'Financial Statements' 1989-1991.

⁸⁵ <http://web.archive.org/web/20070222063738/http://www.zwgroup.com/index.php?fuseaction=projects.details&project=59>, accessed 10 March 2016.

- **PHASE 1: The Xerox Tower (Tower I) 333 Preston Street**

Xerox Tower was built between 1988 and 1989 at an estimated cost of \$26 million. Sakto Development's Financial Statements in 1990 valued properties under construction at \$26 million. The total value of buildings (and land) owned by SDC increased from 21 million in 1989 to 42 million in 1990.⁸⁶

- **PHASE 2: The Adelaide, Aberdeen Street**

The 8-storey residential building "The Adelaide" with 158 luxury apartment units⁸⁷ was constructed between 2003 and 2004 for about \$20 million.⁸⁸ The construction of The Aberdeen was partially financed by a \$15 million loan by Manulife Financial.⁸⁹

- **PHASES 3 and 4: Adobe Tower (Tower II), 343 Preston Street and Preston Tower (Tower III) 353 Preston Street**

Adobe Tower and Preston Tower were built on 703,000 sq ft in 30 months between 2005 and 2007.⁹⁰ The project and construction management was performed by Aberdeen Project Facilitators, a partnership of ZW Group and City Gate Corporation, for \$100 million.⁹¹

86 SDC 'Financial Statements' 1989 and 1990.

87 http://www.sakto.com/project_item/the-adelaide/, 12 December 2015.

88 <http://www.emporis.de/buildings/198250/the-adelaide-ottawa-canada>, 14 December 2015.

89 Ottawa-Carleton Land Registry, instrument OC903269 (guaranteed by OC318707, O903263, OC903254, OC903326)

90 <http://www.emporis.com/buildings/133211/preston-square-phase-ii-ottawa-canada> and

<http://www.emporis.com/buildings/1187542/preston-square-tower-iii-ottawa-canada>, accessed 11 December 2015.

91 <http://web.archive.org/web/20070222063738/http://www.zwgroup.com/index.php?fuseaction=projects.details&project=59>, accessed 11 December 2015.

6.8 Various condominiums⁹²

In 1986, 607681 ONTARIO Limited purchased a condominium for Jamilah Taib. It has been referred to as “Carleton Condominium” with an address in Somerset Street and is still held by Jamilah Taib. Robert E. McElligott, who signed for 607681 Ontario Limited as president for the original purchase is associated with a number of companies using the name Timberlay, as well as a number of other numbered companies. His address is 585 Manor Avenue, Rockcliffe – not far from Jamilah Taib and Sean Murray’s residence at 688 Manor Avenue.

In 1997 Jamilah Taib sold a condominium on Queen Elizabeth Drive to Sakto. The documents relating to the earlier purchase, which involved a mortgage with the Royal Bank, have not been retrieved at the Ottawa-Carleton land registry, as they have not been digitized.

Another condominium was purchased by Jamilah Taib from 59373 Ontario Limited for \$208,900 in 1988.⁹³

Table 13: The condominiums

Date (DMY)	Seller	Purchaser	Costs in CAD	Location	Sources
28/10/1986	607681 ONTARIO LIMITED	Jamilah Taib (In Trust)	195,900	506-205 Somerset St. West	LT478800
25/04/1988	59373 Ontario Limited	Jamilah Taib	208,900	400 - 15 Murray St.	N555082
17/09/1997	Jamilah Taib	Sakto Corporation	400,000	596 Queen Elizabeth Drive	LT1090579

⁹² Includes 506-205 Somerset, St. West, Queen Elisabeth Drive & 400-15 Murray St.

⁹³ Ottawa-Carleton land registry, N555082.

6.9 Rockcliffe Properties⁹⁴

MAP 6: Location of Rockcliffe properties



72 Buena Vista Road was purchased by Laila Taib (at the time Sarawak Chief Minister Taib Mahmud’s wife) in 1989 for \$945,000. In 2007, Laila transferred the property to her daughter Jamilah Taib and son-in-law Sean Murray.⁹⁵ It remains unclear how Laila Taib, the wife of a public official without independent means, had acquired the funds to purchase a house of such value.

Table 14: 72 Buena Vista Road

Date	Seller	Purchaser	Costs in CAD	Location	Source
28/07/1989	Vera and Patrick Lafferty	Laila Taib	945,000	72 Buena Vista Rd	OC626735
04/05/2007	Laila Taib	Sean Murray, Jamilah Taib	0	72 Buena Vista Rd	OC715242

In 1995, a residential property at 375 Minto Place was purchased by Ottawa lawyer Laird Rasmussen (in trust) from the Community Foundation of Ottawa-Carleton for \$400,000 and transferred to Jamilah Taib two years later. In 2006, Jamilah Taib transferred a property to her mother. In August 2008, Jamilah Taib sold the remaining property to Neil Malhotra, a neighbour and property developer, for \$860,000 who mortgaged it the same day to one of his family members for \$2.8

⁹⁴ Includes 72 Buena Vista Rd., 375 Minto Place and 688 Manor Ave.

⁹⁵ Ottawa-Carleton Land Registry, Instrument OC715242.

million. The Community Foundation is one of over a hundred similar organizations in Canada which establish local endowment funds to fund community projects. 96

Table 15: 375 Minto Place

Date	Seller	Purchaser	Costs in CAD	Location	Source/Instrument
25/07/1995	Community Foundation of Ottawa-Carleton, In Trust	Laird James Rasmussen, In Trust	450,000	375 Minto Place	LT942230
22/09/1997	Laird James Rasmussen, In Trust	Jamilah Taib	2	375 Minto Place	LT1075738
30/08/2006	Jamilah Taib	Laila Taib	2	375 Minto Place	OC634225
31/08/2006	Jamilah Taib	Neil Malhotra	860,000	375 Minto Place	OC635248

Jamilah Taib and Sean Murray currently live at 688 Manor Ave (MAP 6) in Rockcliffe Park, Ottawa. Their mansion at 688 Manor Ave was named the city's second most expensive private residence in 2009.⁹⁷ In 2009, the Ottawa Business Journal stated that "you don't have to be a millionaire to live in Rockcliffe Park. But if you want to move there, you had better have an income that puts you well on your way there".⁹⁸

A 2013 assessment valued Jamilah Taib and Sean Murray's mansion at \$9,976,250.⁹⁹ By 2016, the value of the house had increased to \$11,078,000.¹⁰⁰



Photo: Jamilah Taib and Sean Murray's mansion

96 <http://communityfoundations.ca/about/>, accessed 17 December 2015.

97 Michael Prentice: The Ottawa Citizen, "Rockcliffe Palace" Ottawa's No. 2 home 19 January 2009.

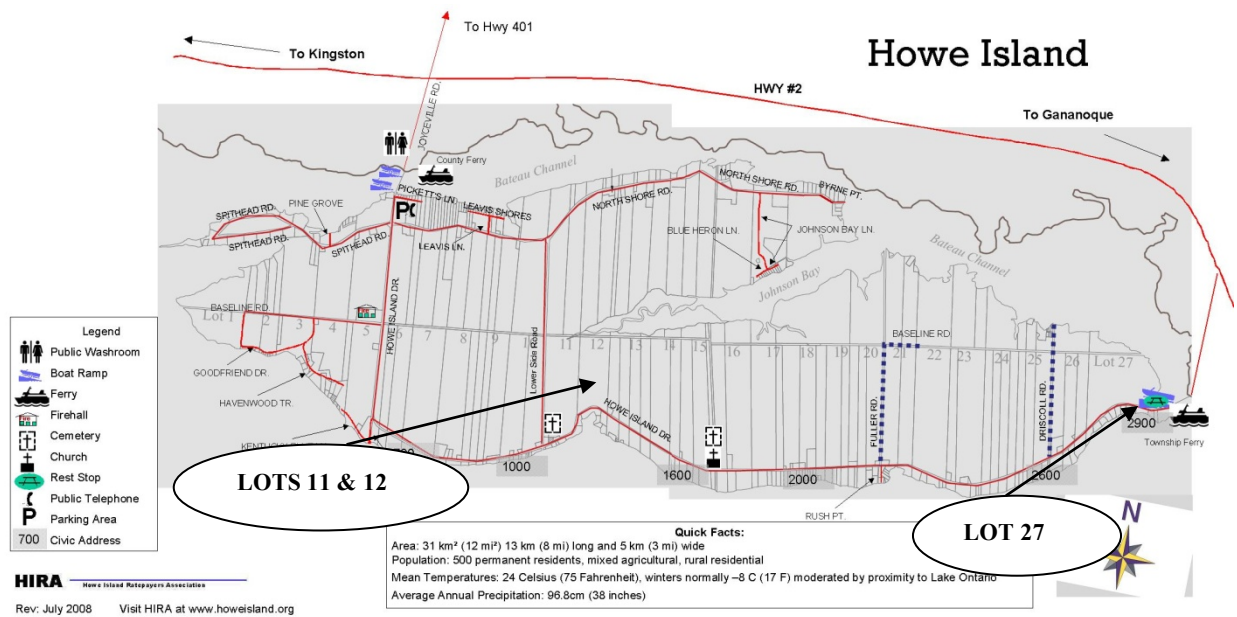
98 The Ottawa Business Journal – "Rockcliffe, not as expensive as you'd think", 4 February 2009.

99 Ottawa Citizen Style: "Taxed to the Max", 2 May 2013.

100 Ottawa Citizen Style: "Taxed to the Max", 2 May 2013.

6.10 Howe Island and Mont Tremblant properties¹⁰¹

MAP 7: Location of Howe Island Properties



Howe Island is an island in the St. Lawrence River in Frontenac County, Ontario, in the immediate vicinity of the US-Canadian border east of Kingston. It has an area of 31km², a population of 600 people and is part of the Thousand Islands chain, one of the most scenic spots in Ontario and a popular holiday region.

Starting in 1995, Jamila Taib and Sean Murray, together with family members and City Gate International, acquired several properties worth \$780,000 on the south-east side of the island, including a farm and a holiday home. They also constructed a large boat shelter on the property. In 2016, their property at 2968 Howe Island Drive, Frontenac Islands Township, had an assessed value of \$1.5 million.¹⁰²



Photos: Jamilah Taib and Sean Murray’s holiday houses on Howe Island

¹⁰¹ Island close to Kingston Ontario

¹⁰² MPAC, Assessed value report, 2968 Howe Island Drive, Frontenac Islands Township, 21 April 2016.

Table 16: Howe Island Properties

Date	Seller	Purchaser	Costs in CAD	Location	Source
29/08/1995	Gladys Leslie	Jamilah Taib, Sean Murray	246,000	Part Lot 27 (South Range)	FR637427
29/08/1995	Gladys Leslie	City Gate International	264,000	Part Lot 27(South Range)	FR637428
15/09/1998	Brown, Hugh & Celia	Jamilah Taib, Sean Murray	185,000	Part Lot 27	FR681732
10/02/2005	Nicholas Caragana's ¹⁰³	Sarah Jane Murray	1	Part Lot 27 (North Range)	FR741983
12/04/2006	City Gate International	Sarah Jane Murray	1	Part Lot 27 (North & South Range)	FR751418
03/09/2008	Blue Moon Investments Ltd	City Gate International	625,000	Part Lots 11 & 12	FR770743
30/08/2012	Morphy, David	Sean Murray	85,000	Part Lot 12	FC145124
18/09/2012	Jamilah Taib, Sean Murray	N/A	1	River Bed	FC146338

The Taib family also purchased private properties at Mont Tremblant, a popular skiing resort in Québec. A condominium at 174 Chemin de la Forêt (#404), Mont Tremblant, was valued for property tax purposes at \$372,000 in 2012. It is registered in the names of Jamilah Taib and Sean Murray.¹⁰⁴

¹⁰³ Husband of Sarah Jan Murray, the sister of Sean Murray.

¹⁰⁴ Numéro matricule: 2119-31-5652-0-003-0003 – Municipalité de Mont Tremblant.

7 ANALYSIS OF SAKTO GROUP FINANCES

The analysis of the Sacto Group's finances is structured in two distinctive periods, due to the different availability of sources. For the first ten years as of the commencement of business (1 September 1983 to 31 August 1993), abundant information is available in the form of audited financial statements for Sacto Development Corporation.¹⁰⁵ Copies of SDC's audited financial reports for its first ten years of operation are currently held by Western Libraries, London (Ontario) in its microfiche collection and are publicly available. It is unclear how Western Libraries came into possession of these reports. In addition to the financial statements, it was possible to obtain mortgage and land transaction information from publicly accessible land registry files, mainly from the Ottawa-Carleton land registry.

Much less is known about Sacto's finances for the period 1994 to the present day. For this period, we have to rely on land registry records and a number of miscellaneous public statements by company officials or associated businesses.

7.1 Sacto Development Corporation ("SDC") 1984-1993

7.1.1 Auditors

From 1984 to 1986, the auditor of SDC was Spicer MacGillivray Chartered Accountants. From 1987 until at least 1993, the auditor was Touche Ross, which merged with Deloitte Haskins in 1989 and from then on was called Deloitte & Touche.¹⁰⁶

7.1.2 Share capital

SDC started operating in 1983 with a share capital of 10,000 Class B shares issued for \$10,000 cash. According to the Canadian Business Corporation Act of the time, Class B shares were entitled to a non-cumulative dividend of 9% per annum. In 1991, SDC issued another 2,000 shares for \$1,000,000 cash.¹⁰⁷

7.1.3 Revenue and expenses

The first striking fact about SDC's finances is that, between 1983 and 1993, the company operated at a constant loss. The only exception to this rule is 1987, when the sale of the Beaverbrook properties generated an extraordinary gain of \$1.23 million, which allowed SDC to compensate its operational loss (\$1.18 million) and realise a small net profit of \$53,409. In its first ten years of operation, SDC accumulated a deficit of \$10.44 million, i.e. the average net loss per year amounted to \$1.04 million.

¹⁰⁵ SDC's 'Financial Statements' for the years ended 31 August 1984 to 31 August 1993. From 1984 to 1986, the auditor was Spicer MacGillivray. From 1987 until 1993, the auditor was Touche Ross, which changed its name to Deloitte & Touche in 1989, following a merger with Deloitte Haskins in 1989

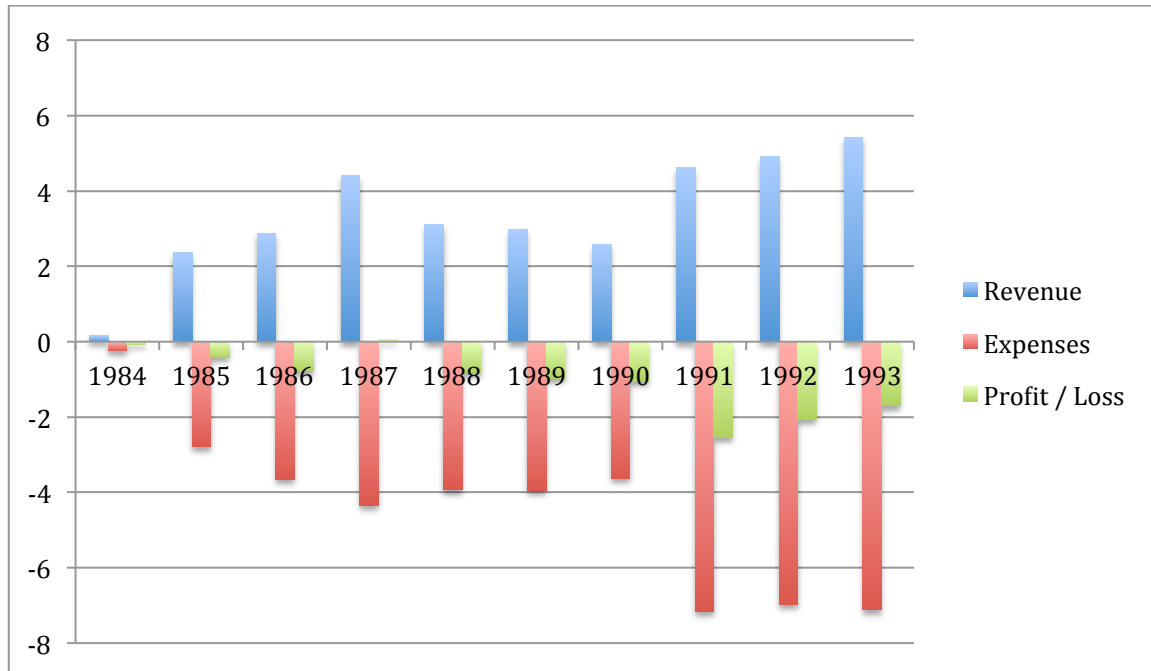
¹⁰⁶ SDC 'Financial Statements' 1984-1993.

¹⁰⁷ SDC 'Financial Statement 1991'.

The biggest net losses were realised in 1991 (\$2.54 million), 1992 (\$2.07 million) and 1993 (\$1.71 million).

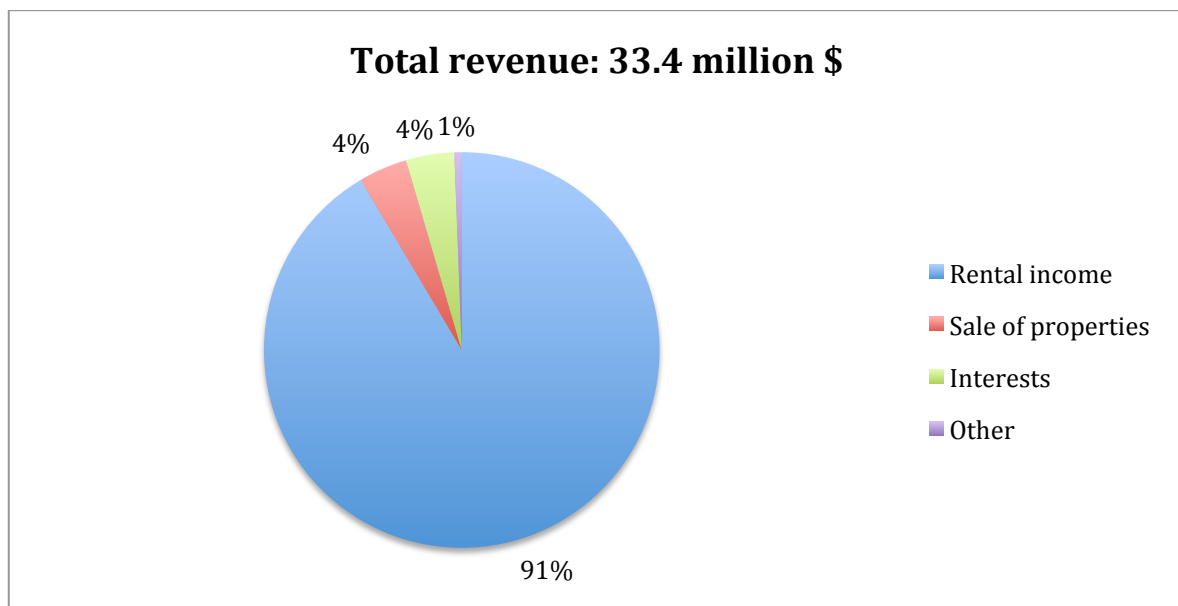
A closer look at the income stream shows that the bulk of revenue came from rental income. Over the whole ten-year period, rental income amounted to 91.5% of total revenue, while the rest came from interests (3.9%) and other sources (0.6%). Revenues were largest in 1993 (\$5.41 million), 1992 (\$4.81 million) and 1991 (\$4.62 million) when rental income from the newly completed Preston Square phase 1 (Xerox Tower) started to flow.

Table 17: SDC revenue and expenses in million dollars (CAD)



Source: Sakto Development Corporation, Financial Statements, 1984-1993.

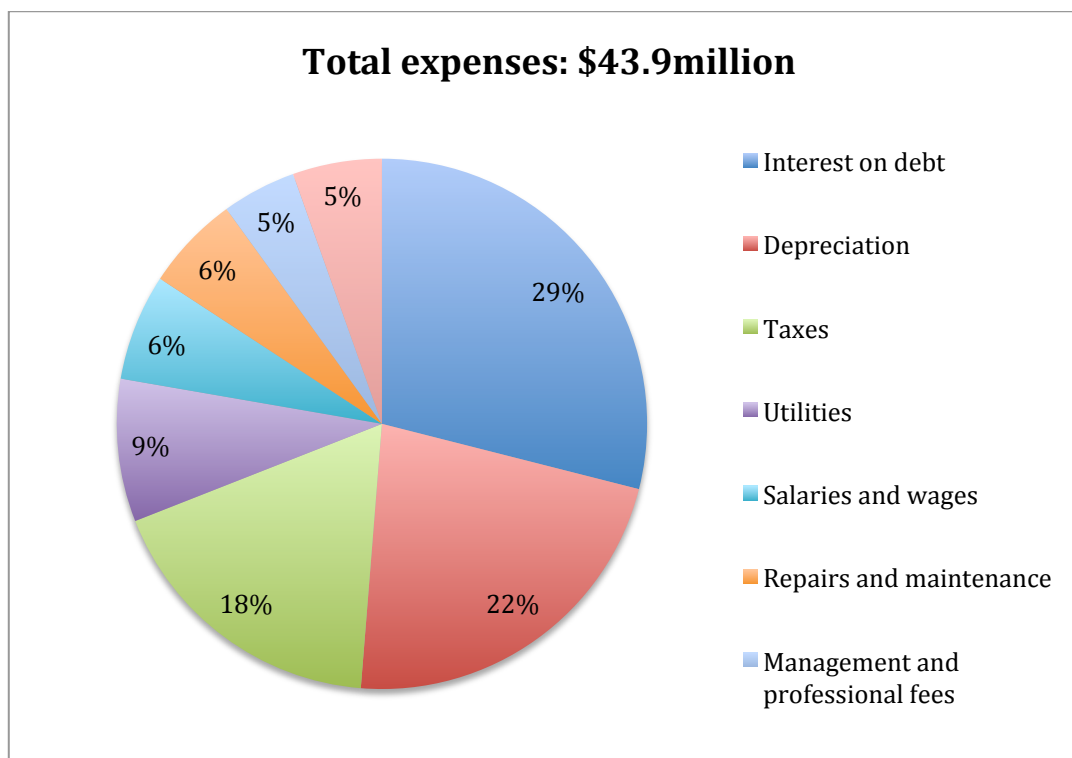
Table 18: Structure of SDC revenue 1984 – 1993



Source: Sakto Development Corporation’s Financial Statements 1984-1993.

Despite this considerable growth in revenue from 1991 onwards, SDC continued to make losses. Expenses had grown quickly, mainly due to higher interests on loans, depreciation and taxes, the corporation's three largest expenses over the years. Over the first ten years of SDC's business, SDC spent \$43.9 million, which included 29.0% interest on loans (\$12.7 million), 22.3% on depreciation (\$9.8 million) and 17.8% on taxes (\$7.8 million). The remainder was accounted for by utilities (8.7%), salaries and wages (6.5%), repairs and maintenance (5.8%), management and professional fees 4.5% and other expenses (5.4%)

Table 19: Structure of SDC expenses 1984 – 1993



Source: Sakt Development Corporation, Financial Statements, 1984-1993.

Regarding SDC's largest expenses – interest on debt, depreciation and taxes – it can be noted that both interest payments and depreciation seem to be high.

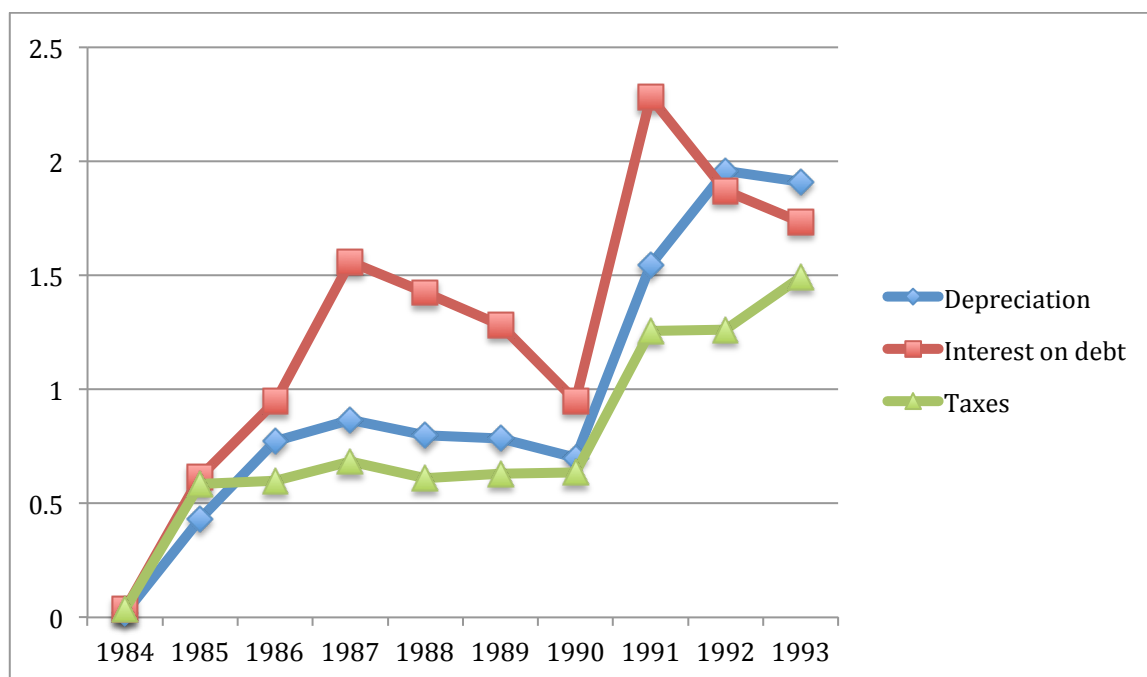
Interest payments were due for 17 different loans at interest rates varying between 0% and 18.25% and accounted for 29% of SDC's expenses. The highest rates had to be paid on a \$8.1 million mortgage loan taken up in 1986 for the purchase of 40 Landry Street at 12.75% annual interest (later reduced to 11.25%) from the Toronto Dominion Bank. Interests on this loan had to be paid in "blended monthly instalments of \$86,034", occasioning annual costs of \$1.03 million.¹⁰⁸

Depreciation amounted to 22% of expenses over the whole period and to as much as 28.1% in some years (1992). Especially after the completion of Preston Square, depreciation expenses grew steeply and became the single largest expense class for the years 1992-1993 (see table 20). According to

¹⁰⁸ SDC 'Financial Statements 1986', Note 2 – Long Term Debt.

SDC's financial reports, depreciation was calculated on a declining balance basis using the following rates: 5% on buildings, 30% on equipment and 20% on furniture and fixtures. This appears to be a higher than usual rate. – As of today, Canada generally allows a 4% annual depreciation rate for buildings (not including land).¹⁰⁹ Together with the high interest payments, the depreciation costs contributed significantly to SDC's operational losses.

Table 20: SDC's main expenses 1984-1993 in million CAD



Source: Sakto Development Corporation's Financial Statements 1984-1993.

7.1.4 Development of SDC's assets

Despite its continuous operational losses, SDC's assets (and liabilities) grew strongly in its first six years of operation, from \$7.98 million in 1984 to over \$40 million in 1990 (see table 21). The explanation for this apparent economic miracle is a massive influx of capital, mainly from SDC's shareholders (see the following chapter).

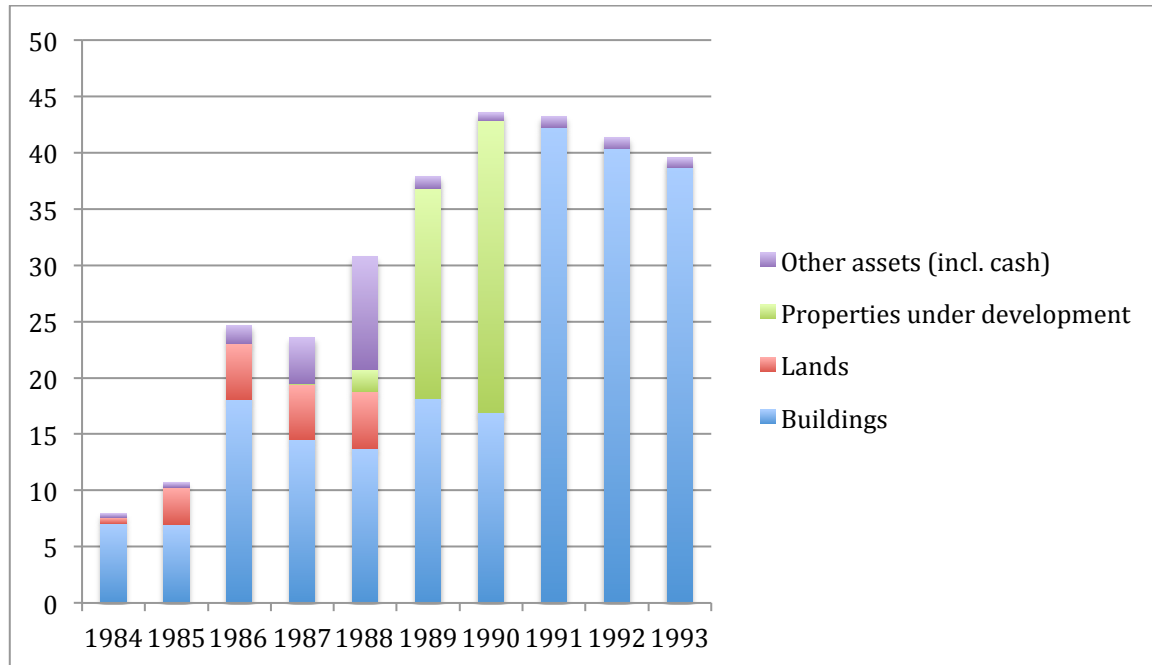
SDC's first annual report as of 31 August 1984 showed fixed assets of \$7.98 million, including buildings worth \$7.1 million, furniture and fixtures worth \$247,000 and \$555,000 in land.¹¹⁰ One year later, SDC assets had already grown to \$10.6 million, due mainly to the purchase of the Preston Street land for \$3 million. In 1986, SDC purchased land for \$1.7 million and buildings for \$11 million, more than doubling its assets to \$24.7 million. No new properties were added to SDC's portfolio after 1986.

¹⁰⁹ Pierre Boiron, Claude Boiron: Commercial Real Estate Investing in Canada. The complete reference for real estate investors and professionals, Mississauga (2008), p. 87.

¹¹⁰ Western Libraries, London (ON): Sakto Development Corporation PTE LTD, Balance Sheet as at August 31, 1984, Microfiche.

The steady growth in assets between 1988 and 1990 is due to the construction of the first office tower at Preston Square (Xerox Tower). The construction of Xerox Tower alone cost SDC \$24.0 million.¹¹¹ After its completion, SDC’s assets peaked at \$43.6 million (1990) before their book value decreased again due to depreciation.

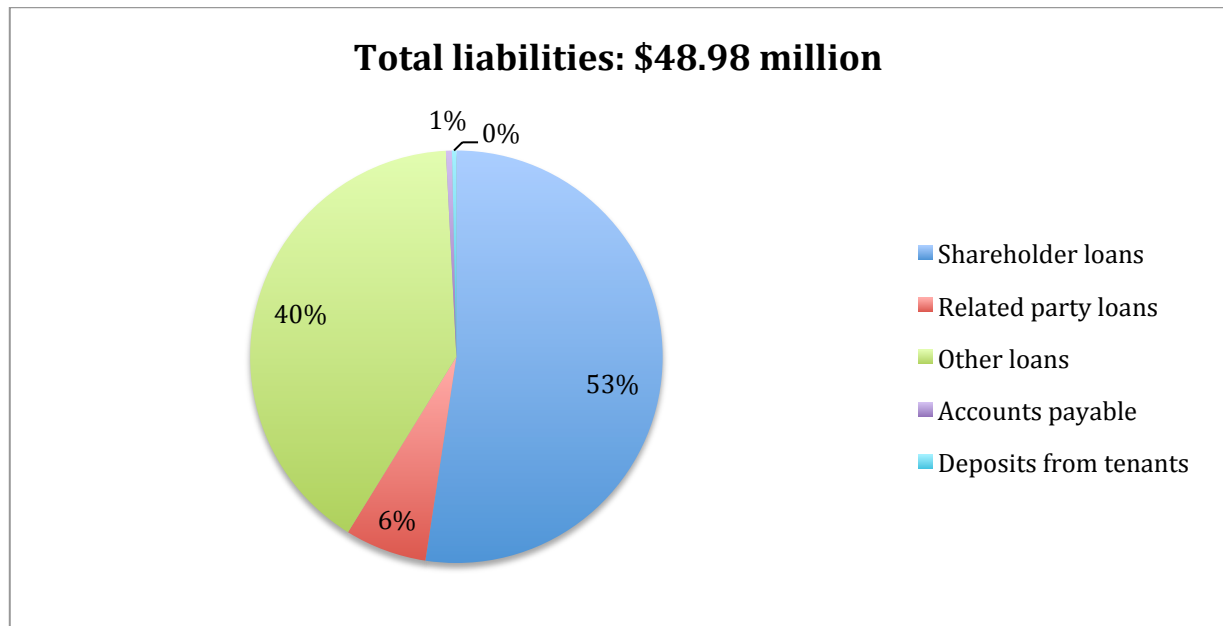
Table 21: Sakto Development Corporation’s assets 1984-1993 in million dollars (CAD)



Source: Sakto Development Corporation, Financial Statements, 1984-1993. Properties under development attained completion at 31 August 1990.

The analysis of SDC’s finances shows that, due to the company’s continuous deficits, its liabilities increasingly exceeded its assets. By 1993, SDC’s liabilities amounted to \$48.98 million, while the company’s assets were only \$39.55 million (book value). This meant that SDC had a capital deficiency of \$9.43 million, the result of the company’s operational losses in the preceding years.

¹¹¹ Before its completion in 1990, Xerox Tower had cost \$25.97million, including land costs of \$1.95 million prior to construction. SDC ‘Financial Statements’ 1989-1991.

Table 22: SDC liabilities as of 31 August 1993

Source: SDC, Statement of changes in financial position, 1984-1993.

7.1.5 Reliance on shareholder loans

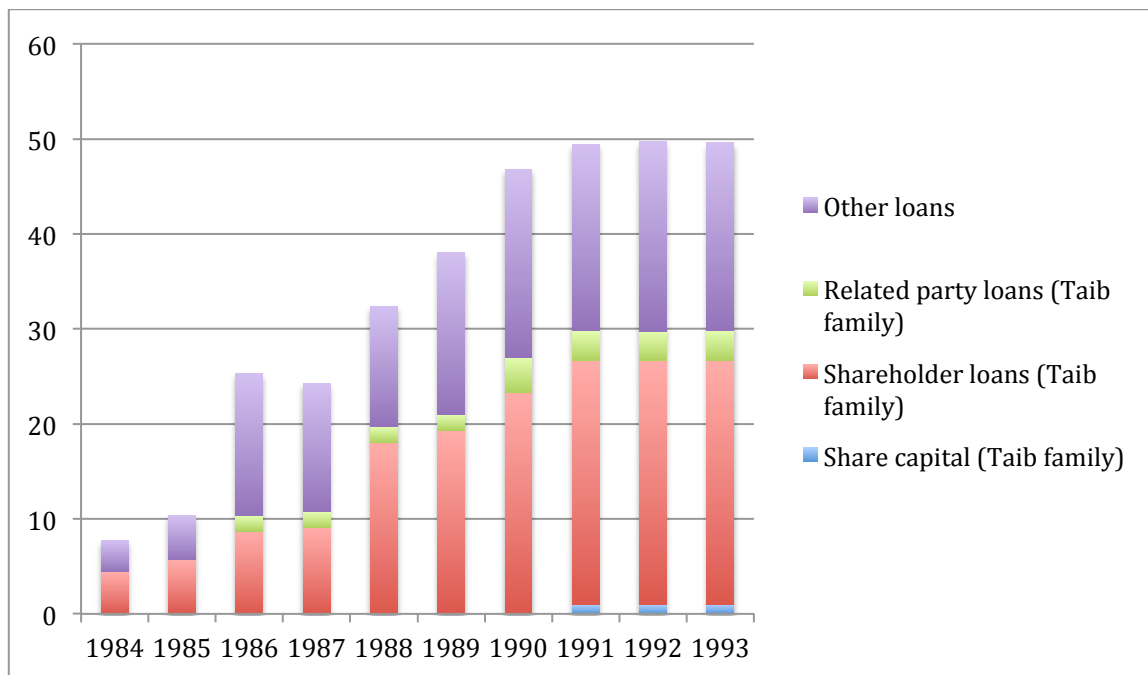
SDC's main secret of success was the strong influx of capital from its shareholders, the Taib family, during the whole period for which Financial Statements are available. This capital influx allowed SDC to prosper and grow despite its massive operational losses. Funds were provided by the Taibs in the form of share capital, shareholder loans and unsecured, interest-free loans. They were complemented with secured mortgage loans from commercial lenders and with vendor mortgages provided by the vendors of various properties acquired by SDC.

The shareholder loans were granted permanently and interest-free, as the Financial Statements note: "The shareholders have granted interest-free loans to the Corporation. Repayment terms have not been established for these loans."¹¹²

Over the ten-year period 1984-1993, the Taib family invested at least \$29.8 million in Sakt Development Corporation, obviously with a long-term investment perspective. None of the family's loans were paid back during this period. The largest shareholder loans were channelled into the company in 1988 (\$8.98 million), 1984 (\$4.45 million) and 1990 (\$3.95 million) (see Table 23).

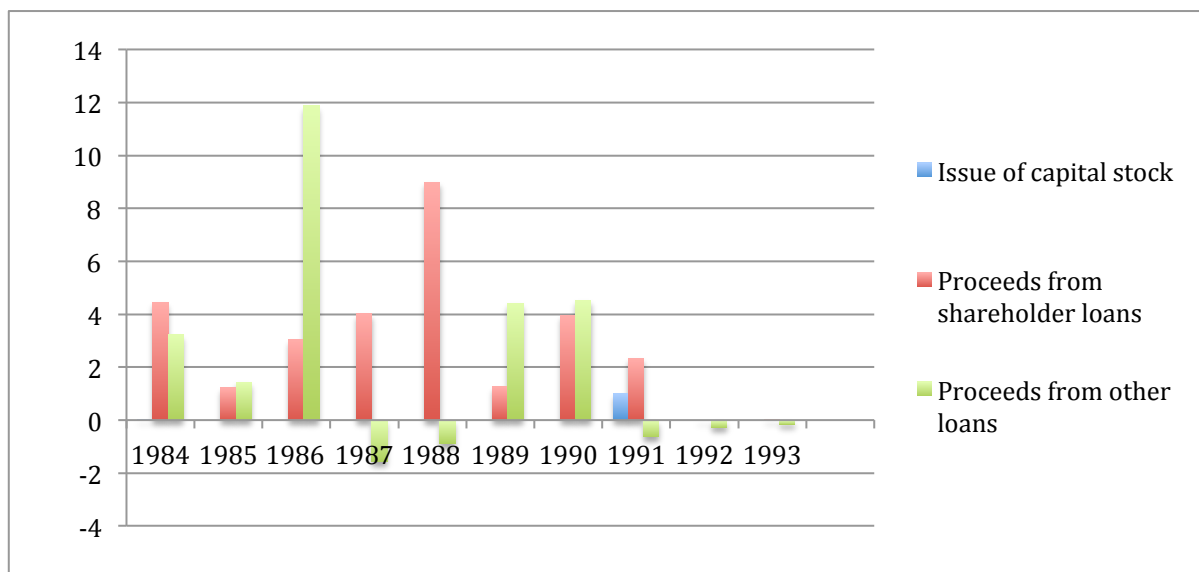
¹¹² SDC 'Financial Statements 1993', Note 5.

Table 23: Financing of Sakto Development Corporation 1984-1993



Source: Sakto Development Corporation, Financial Statements, 1984-1993.

Table 24: SDC proceeds of working capital 1984-1993



Source: SDC, Statement of changes in financial position, 1984-1993.

As of 31 August 1993, the last date for which financial information is available, SDC had outstanding loans of \$48.59 and \$0.4 million in other liabilities (accounts payable/deposits from tenants). At least 59% of the liabilities (\$28.8 million) were loans owed to the Taib family. Another \$1.01 million had been invested by the Taibs in the form of share capital.

The origin of this steady influx of funds remains unknown. However, given the Malaysian nationality and residence (apart from Jamilah Taib Murray) of the shareholders, it appears likely that most of these funds would have originated from Malaysia. As to the only Canadian resident among the

shareholders, student-turned-entrepreneur Jamilah Taib Murray, it remains a mystery how she could have legally earned the funds necessary to regularly provide SDC with millions of dollars in new loans.

7.1.6 Third party loans

An analysis of SDC’s loan structure shows that, apart from the shareholder loans, SDC also took up loans from third parties. 15 of these loans were declared as mortgage loans, the remaining two (#15 and #16 in table 24), both dating from 1990, were “*due to a related party, without interest or security, [...] payable to a company related to a shareholder*”. One mortgage loan (#11), secured on rental properties, was “*non-interest bearing*” and thus probably provided by a related party, apparently by Jamilah Taib.¹¹³

¹¹³ SDC ‘Financial Statements 1990’, Note 3, long-term debt. Jamilah Taib was party to an agreement concluded on 20 May 1986 and registered on 3 April 1987 in which she assumed a mortgage provided earlier by the Canada Mortgage and Housing Corporation. Ottawa-Carleton land registry N382311.

Table 25: SDC loans 1984-1993, according to Financial Statements

#	First Mentioned	Initial Amount \$	Initial Interest Rate	Type	Security	Discharged
1	1984	1,242,551	18.25%	Mortgage loan	N/A	1986
2	1984	945,718	7.25%	Mortgage loan	N/A	after 1993
3	1984	483,883	8.50%	Mortgage loan	N/A	1986
4	1984	291,747	17%	Mortgage loan	N/A	1986
5	1984	229,762	8%	Mortgage loan	N/A	1986
6	1984	175,000	12.25%	Mortgage loan	N/A	1990
7	1985	1,732,331	8%	Mortgage loan	N/A	1988
8	1986	1,198,295	10%	Mortgage loan	N/A	1988
9	1986	8,174,083	12.75%	Mortgage loan	N/A	after 1993
10	1986	887,749	10.25%	Mortgage loan	N/A	1990
11	1986	1,635,000	0%	Mortgage loan	N/A	after 1993
12	1987	720,000	10%	Mortgage loan	N/A	1987
13	1989	7,147,222	Prime + .25%	Mortgage loan	Preston Squa	after 1993
14	1990	1,988,578	14.5%	Mortgage loan	Preston Squa	after 1993
15	1990	1,500,990	0%	Related party loan	None	after 1993
16	1990	583,071	0%	Related party loan	None	1990
17	1991	799,937	12%	Mortgage loan	N/A	after 1993

Source: SDC Financial Statements 1984-1993.

While the Financial Statements do not provide information on the lenders, some inferences can be made from public records available at the land registry. According to the identified land transfers and debentures, SDC took on mortgage loans both from vendors of properties (vendor mortgages) and from commercial lenders.

It is not easy to match loans mentioned in land registry records with the loans mentioned in the financial statements because the dates and figures in the land registry documents differ from those in SDC's financial statements and because some properties were purchased "in trust" for SDC by third parties. An attempt to match the mortgages and loans has been made in Table 26.

Table 26: Sakto Group mortgages 1984-1993, according to Land Registry files

Date	Amount \$	Interest	Owed to	Type	Security	Source	Match Table 25
02/09/1983	1,791,639	N/A	Campeau Corp.	Vendor mortgage	Beaverbrook	NS208412	#1
06/09/1983	976,053	N/A	Campeau Corp.	Vendor mortgage	Walkley Rd	N337563	#2
21/08/1984	1,800,000	8%	Mahoney Holdings Ltd	Vendor mortgage	Preston St 307-351(Tower I-II)	NS254414 NS254413	#7
02/07/1985	900,000	Prime +1%	Guaranty Trust Co. of Canada	Commercial lender mortgage	801-873 Provost St 816-829 Thorndale St 870-944 Walkley Rd	LT417573 LT529939 LT546065	
20/05/1986	1,635,000	13%	Canada Mortgage and Housing Corporation	Assumed upon purchase	40 Landry St	N382311	#11
27/05/1986	8,174,588	12.75%	Toronto Dominion Bank	Assumed upon purchase	40 Landry St	N382312	#9
27/05/1986	1,200,000	10%	Monot Development Ltd	Vendor mortgage	40 Landry St	N337333	#8
02/06/1986	720,000	10%	Barbann Realities Ltd	Vendor mortgage	Aberdeen St 25-35 (The Adelaide)	N338643 N338644	#12
13/01/1989	20,000,000	24%	Royal Bank of Canada	Commercial lender debenture	307-351 Preston St 25-35 Aberdeen St	N474269	#13
24/12/1989	1,060,000	N/A	Gilles & Lorraine Ste-Marie	Vendor mortgage	15 Aberdeen St 410 Rochester St	N517627 N517628	

Source: Ottawa- Carleton Land Registry.

While SDC was mostly funded by its shareholders, third party funding also played an important role. As of 31 August 1993, \$19.8 million in loans (31% of total loans) were seemingly provided by third parties. SDC's biggest commercial lender was the Royal Bank of Canada, which, based on a \$20 million debenture signed in 1989, had lent SDC at least \$9.8 million for the Preston Square development.¹¹⁴

¹¹⁴ Ottawa-Carleton Land Registry, instrument N47469; SDC 'Financial Statements 1993', Note 3. Another \$ 2.6 million loan for the Preston Square development was secured by a \$4.8 million debenture, which has not been found yet but may also have been connected to the Royal Bank of Canada.

7.2 Sakto Group finances 1994 to the present

7.2.1 Sakto Group's auditors 1994 to the present

The current auditors of the Sakto Group are unknown. SDC's last published financial statements for the financial year ended 31 August 1993 were audited by Deloitte Touche.

7.2.2 Revenues and expenses

No general information on SDC's revenues and expenses and the Sakto Group's profitability is available from public records after 1993. In particular, it is not known whether SDC continued its particular business model based on operational losses and reliance on shareholder loans to cover an ever increasing capital deficiency.

Land registry records do, however, show that the Sakto Group had a number of leases registered for its Preston Square development, which must have created significant revenues. In particular, the Sakto Group signed a 10-year lease with the Ontario government for 102,000 square feet of office space in the 353 Preston Street building (Preston Tower) starting from 1 January 2008.¹¹⁵ Another 7,521 square feet of office space was leased to the Ontario Government in the 333 and 343 Preston St buildings.¹¹⁶ The price rates of these government leases are unknown.

7.2.3 Development of Sakto Group's assets

Since 1994, Sakto Group's assets have grown strongly, with two marked increases: the May 2000 purchase of a \$31.5 million property portfolio from O & Y Properties Inc.¹¹⁷ and the \$120 million development of Preston Square, stages 2 to 4, between 2003 and 2007. The capital-intensive Preston Square development seems to have been partly funded by the \$33.5 million sale of three properties on Iris Street and Queensview Drive to BRIQ Nominee Inc. in 2006 (see chapter 6.3).

Based on historic cost, the Sakto Group invested an estimated \$146 million in the Preston Square development (see chapter 6.7.2). Taking depreciation into account, the book value would have diminished considerably. However, in terms of market value, the rising property prices more than compensated for this loss of book value.

An informal 'order of magnitude' appraisal by an Ottawa-based property appraiser concluded in 2014 that \$200 million "represents the bottom value of the potential value range" for the whole Preston Square Development. The minimum market value of the three Preston Towers with their total surface area of 484,017 square feet was estimated at \$157-169 million (table 27).¹¹⁸ The 158 luxury apartments in "The Adelaide" residential building were estimated to be worth at least \$31.8 million (table 28). Other significant factors contributing to the overall value of the development are a big underground parking garage complex and many ground-level retail concourse amenities.

115 Ottawa-Carleton Land Registry, Instrument OC677966.

116 Ottawa-Carleton Land Registry, Instrument OC844717; OC923796.

117 Ottawa-Carleton Land Registry, Instrument LT1287175.

118 Informal appraisal by an Ottawa property appraiser, January 2014.

Table 27: Estimated market value of Preston Square - office component (2014)

Building	Floors	Surface in square feet	Minimum value range per square foot	Minimum rough value in million dollars
Tower I (333 Preston St)	11	138,000	\$325-350	\$44.9-48.3
Tower II (343 Preston St)	11	221,253	\$325-350	\$71.9-77.4
Tower III (353 Preston St)	4	124,764	\$325-350	\$40.5-43.7
TOTAL		484,017		\$157.3-169.4

Sources: BOMA office building directory; BMF estimate.

Table 28: Estimated market value of Preston Square – apartment component (2014)

Luxury Apartments (“The Adelaide”)	Units	Surface in square feet	Estimated price per unit	Rough value in million dollars
One-bedroom	47	633-1131	\$180,000	\$8.5
Two-bedroom	111	923-1379	\$210,000	\$23.3
TOTAL	158			\$31.8

Source: Sakto website; BMF estimate.

Other current Sakto Group assets include 1575 Carling Avenue, an 18,000 square ft two-storey office building¹¹⁹ and City Gate International’s lands on Howe Island.

While the book value of these properties is unknown, it appears safe to say that Sakto Group’s real estate holdings have a current market value of well over \$200 million.

¹¹⁹ www.sakto.com, accessed 05 April 2016.

7.2.4 Sakto Group's lenders 1994 to the present

For the period starting 1994 and up until the present, the Sakto Group has had access to funding from at least three different sources: 1) from the Taib family and two related offshore companies, 2) from the Royal Bank of Canada and 3) from Manulife Financial (see table 29). Additionally, some existing mortgages were assumed with the purchase of new properties in 1998 and 2000.

Table 29: Sakto Group mortgages 1994-2016

Date	Amount \$	Interest	Owed to	Type	Security	Charger (Debtor)	Source
14/09/1994	5,000,000	N/A	Royal Bank	Commercial mortgage	Walkley Road & other properties	SDC	N879647
19/08/1996	20,000,000	N/A	Jamilah Taib	Related party mortgage	Preston Square / Walkley Road	SDC	LT994558
19/08/1996	20,000,000	N/A	Jamilah Taib, In Trust	Related party mortgage	Preston Square / Walkley Road	SDC	LT994559
27/08/1997	29,958,820	Prime + 10%	SDC	Internal group mortgage	Preston Square / Walkley Road	Sakto Corporation	LT1069421 OC903343
28/05/1998	1,274,998	N/A	N/A	Assumed upon purchase	120 Robertson Road	City Gate International	LT1123804
17/12/1999	1,210,000	7.45%	Sakto Investment Corp.,	Internal group mortgage	120 Robertson Road	City Gate International	LT1256327
28/03/2000	1,205,261	7.45%	Jamilah Taib (transferred from Sakto Investment)	Related party mortgage	120 Robertson Road	City Gate International	LT1272560
31/05/2000	11,450,773	N/A	N/A	Assumed upon purchase	Iris Street / Queensview Drive prop.	Sakto Corporation	LT1287175
19/09/2003	13,000,000	6.39% / 20%	Manulife		333 Preston Street	Tower One Holding Corp.	OC248221 OC903223
14/04/2004	15,000,000	N/A / 20%	Manulife		17 Aberdeen Street	Adelaide Ottawa Corp.	OC318707 OC903269
03/02/2006	45,000,000	5.69% / 20%	Manulife		343 Preston Street	Tower Two Holding Corp.	OC560626 OC903294

Source: Ottawa-Carleton Land Registry. "Prime" interest relates to the individual bank's definition of prime, usually slightly higher than that of the Bank of Canada's rate.

7.2.4.1 Taib family funding

No information is available on the full amount of loans granted to the Sakto Group by its shareholders, the Taib family, after 1994. According to the available mortgage records, it seems clear though that related party funding retained a very important role for the group.

In August 1996, Sakto Development Corporation registered two mortgages of \$20 million each on its Preston Square and Walkley Road properties. One was registered to Jamilah Taib in her personal capacity and one to Jamilah Taib “in trust”. The loans would be repayable upon demand, the interest determined “from time to time” (subject to a maximum of the Royal Bank of Canada Prime Rate plus 5%). It is not clear why there were two mortgages registered for the same amount and on the same date. However, the two documents mean that the Taib family secured itself \$40 million interest on the Sakto Group properties.

The mortgage registered “in trust” (LT 994559) indicates that Jamilah Taib was acting on behalf of a group of family investors and Taib-family-related offshore companies who had concluded a financial agreement with her and the Sakto Group on 31 December 1995. The mortgage provisions stated that all monies and liabilities under this \$20 million loan were owed to “Onn Bin Mahmud, Leila Taib, Mahmud Taib, Rahman Taib, Sogo Holdings Ltd and Richfold Investment Limited” and “any other persons who, with the consent of Jamilah H. Taib, lend money to Sakto and become parties to the Agreement.”¹²⁰

While this loan confirms the primordial role of the Taib family as the provider of the Sakto Group’s funds, two things are noteworthy:

- 1) For the first time, Leila Taib, Chief Minister Taib Mahmud’s wife, appeared as a Sakto Group lender, together with their two sons and Taib’s brother, Onn Mahmud. In other words, the lenders were the politician’s closest family members and as such clearly Politically Exposed Persons. It remains totally unclear where Leila Taib, the wife of a Malaysian politician without any independent income, could have legally earned her share of the \$20 million dollars that were lent to Sakto.
- 2) The loan also exposes Richfold Investment Limited and Sogo Holdings Ltd, two Taib family-related offshore companies based in Hong Kong and Jersey (see below), as lenders of the Sakto Group.

7.2.4.2 Funding by Richfold Investment Ltd., Hong Kong (“Richfold”)

Richfold Investment Limited (“Richfold”) is a Hong Kong company incorporated in 1983 which was controlled by Onn Mahmud. Out of the share capital of HK\$ 50,000, Onn Mahmud held 49,999 shares at HK\$ 1. One share was held by Shea Kin Kwok, a Hong Kong resident of Chinese nationality. Onn Mahmud and Shea Kin Kwok were the company’s only directors and shareholders

¹²⁰ Ottawa-Carleton Land Registry, Instrument LT994559, page 5.

from 1983 until 2007 when the company was deregistered in the wake of a kickbacks scandal centred on Richfold's twin company, Regent Star.¹²¹

Richfold was party to a financial agreement concluded with Jamilah Taib, Sakto Development Corporation and four Taib family members on 31 December 1995. Subsequently, Richfold became one of six lenders of a \$20 million mortgage secured on SDC's properties in 1996 by Jamilah Taib "in trust" (see above).¹²² The amount lent by Richfold to Sakto Development Corporation remains unknown. It is unclear if and when the loan was paid back to Richfold. Apart from its involvement in the funding of the Sakto Group, no other business activity is known for Richfold.

Richfold is intimately linked to another Hong Kong company, Regent Star Company Ltd ("Regent Star"), which was incorporated by Richfold director Shea Kin Kwok on the same day at the same office address in Hong Kong's financial district.¹²³ Regent Star became internationally known in 2007 when the Tokyo tax authorities uncovered the fact that nine Japanese shipping companies had paid over 1.1 billion yen (CAD 13 million) to Regent Star and had deducted these payments from their taxes. The Tokyo Regional Taxation authority found that these payments were kickbacks ("entertainment expenses") paid to the Taib family to facilitate tropical hardwood exports from Sarawak to Japan and ordered the shippers to pay over 400 million yen (CAD 4.8 million) in back taxes.¹²⁴

Sarawak Chief Minister Taib Mahmud reacted strongly to the scandal with a personal statement in the Sarawak State Assembly, denying all allegations and threatening to sue all Malaysian media that reported on the matter.¹²⁵ Subsequently, the Japanese shipping companies successfully appealed against this provision with Japan's National Tax Tribunal. In July 2008, the judge came to the conclusion that the shippers had been compelled to make the payments to Regent Star under a 1983 brokerage agreement if they didn't want to risk losing access to Sarawak timber and that the payments thus qualified as legitimately tax-deductible expenses.¹²⁶

Given that Onn Mahmud was involved at all levels – the negotiations with the Japanese timber carriers, the directorship of Richfold Investment and the loan of the funds to Sakto Development in Canada – it appears likely that Regent Star and Richfold Investment were conduits used by the Taib

¹²¹ Companies Registry, The Government of the Hong Kong Special Administrative Region and the People's Republic of China, Richfold Investment Limited, Company Number 130308, Annual Return 1996; Application for Deregistration of a Defunct Private Company, 20 December 2007. For the Taib family's Hong Kong businesses, see also: <http://www.sarawakreport.org/2011/06/funny-business-in-hong-kong>, accessed 10 December 2015.

¹²² Ottawa-Carleton Land Registry, Instrument LT994559, page 5.

¹²³ Richfold (Company Number 130308) and Regent Star (Company Number 130318) were both incorporated on 20 November 1983 with Room 1001 on the 10th floor of the Yardley Commercial Building at 1-6 Connaught Road West, Hong Kong, being the office address. Companies Registry, The Government of the Hong Kong Special Administrative Region and the People's Republic of China.

¹²⁴ Wood carriers allegedly hid 1.1 billion yen income, *The Japan Times*, 29 March 2007.

¹²⁵ Personal statement made by the Chief Minister in the Dewan Undangan Negeri on 14 May 2007. Subsequently, Taib sued Malaysian news service Malaysiakini for defamation. They retracted their coverage on the matter in an out-of-court settlement in January 2012, following the death of their reporter on the matter. Hafiz Yatim: Taib withdrawals suit after out-of-court settlement, *Malaysiakini*, 4 January 2012.

¹²⁶ Decision by Judge Junichi Kaneko, National Tax Tribunal, 23 July 2008.

family to conceal the flow of illicitly obtained funds from Japan via Hong Kong to their real estate holdings in Canada.

7.2.4.3 Funding by Sogo Holdings Ltd., Jersey (“Sogo Holdings”)

Sogo Holdings Limited (“Sogo Holdings”) is a Jersey company incorporated in 1989. Between 1991 and 1999, it was operated by BT Trustees (Jersey) Limited, a subsidiary of Bankers Trust. In 1996, Sogo had a share capital of US\$ 12. Eight shares of \$1 each were held by BT Trustees (Asia) Limited, Jersey, another four shares of \$1 by BT Trustees (Jersey) Ltd.¹²⁷ Since the takeover of Bankers Trust by Deutsche Bank in 1999, Sogo Holdings has been administered by Deutsche Bank International.¹²⁸

Sogo Holdings was party to a financial agreement concluded with Jamilah Taib, Sakti Development Corporation and four Taib family members on 31 December 1995. Subsequently, Sogo became one of six lenders of a \$20 million mortgage secured on SDC’s properties in 1996 by Jamilah Taib “in trust” (see above).¹²⁹ The amount lent by Sogo Holdings to Sakti Development Corporation remains unknown. It is unclear if and when the loan was paid back to Sogo Holdings.

Sogo Holdings was also connected to the Taib family’s American real estate group, Sakti Holdings International (“Sakti”), based in San Francisco. In 1996/1997, faxes were exchanged between BT Trustees (Jersey) and Sakti’s Californian lawyers regarding “the transfer of Sakti International Holdings Inc to the above company [Sogo Holdings Ltd]”. It remains unclear from the available records if such a transfer was ever carried out.¹³⁰ In 2007, Ross Boyert, a former Taib family aide in the US, alleged in court that all of Sakti’s shares were held by Sogo Holdings, an offshore company located in the Channel Islands. In reply, the Taib family company denied the allegation and (falsely) claimed it had no knowledge or information about Sogo Holdings.¹³¹

7.2.5 The Royal Bank of Canada loans

The Royal Bank of Canada, Canada’s largest bank, was Sakti Development Corporation’s most important commercial lender for the development of the first phase of Preston Square between 1989 and 1991. On 13 January 1989, the Royal Bank secured a \$20 million debenture on the Preston Square properties. Secured by that mortgage, the Royal Bank lent SDC several million dollars (\$9.8 million by 1993) until 1995 when the mortgage was discharged.¹³² A second mortgage of \$5 million

¹²⁷ Jersey Financial Services Commission, Sogo Holdings Ltd (Company number 43148), Annual Return 1996.

¹²⁸ Currently, the shares of Sogo Holdings Ltd are held jointly by Regula Limited, Tortola, British Virgin Islands (an offshore subsidiary of Deutsche Bank) and Deutsche Bank International Trust, Guernsey. Sogo Holdings Ltd, Annual Return 2016, Jersey Financial Services Commission.

¹²⁹ Ottawa-Carleton Land Registry, LT994559, p. 5.

¹³⁰ BT Trustees (Jersey) to Brand Farrar Dziubla, 10 September 1996 and 8 July 1997. BMF archives, Ross Boyert papers.

¹³¹ Ross J Boyert vs. Sakti International Corporation Inc., A et al, Complaint, 06 February 2007 and Answer to Complaint filed by Defendant, 10 May 2007, San Francisco Superior Courts, Case Number CGC-07-460255.

¹³² Ottawa-Carleton land registry, N474269, see also table 26.

had been registered by the Royal Bank on SDC's Walkley Road properties in September 1994 which was also discharged.¹³³

7.2.6 The Manulife Financial loans

Manulife Financial, a globally active Canadian insurance company and finance services provider, has been the Sakto Group's main commercial lender since 2003, when the development of Preston Square's phases 2 to 4 began. Between 2003 and 2006, Manulife registered three mortgages totalling \$73 million on the Preston Square development (see table 26). The loan principal amounts are \$13 million, \$45 million and \$15 million for 333 Preston Street, 343 Preston Street and 17 Aberdeen Street, respectively. There are two sets of loans for each amount – one set at commercial rates averaging 6% p.a., the other set at 20% interest p.a. Each loan is cross-guaranteed by other members of the Sakto Group. No mortgage was registered on 353 Preston Street, the commercial building on Preston Street ("Preston Building"), which presumably was funded by the Sakto Group without assistance from commercial lenders.

When questioned about the reasons for the two sets of mortgages for each property and the unusually high interest rate of 20% for the second set, Manulife stated:

*"The additional mortgages that you questioned are, in fact, collateral mortgages, which Manulife and other commercial lenders use to provide additional collateral security to the lender. There was no advance of additional money to the borrower with these collateral mortgages above the original amounts originally lent to the borrower and no obligation to lend more in the future. The stated interest rates in collateral mortgages are often high on their face, but the borrower does not pay or owe these amounts. These mortgages frequently state that they are payable upon demand, as a convenient, short hand method of securing other obligations to the lender. A high, nominal rate of interest and the demand feature, in effect, tie-up equity in a property – i.e. the value in the real estate above amounts owed on the first mortgage – so that it is not available as security for loans to other parties."*¹³⁴

While the \$13million loan was expected to have been fully repaid by 1 October 2013, the \$15million and \$45million loans are not expected to mature until 2020 and 2021, respectively. Hence, they should be currently active with balances outstanding, subject to prepayments, to which the borrowers are entitled under the terms of the mortgage loans.

Manulife defended its loans to Sakto Group, an entity linked to the politically exposed Taib family, as follows:

"Our commitment to responsibility extends to all Anti-Money Laundering requirements, including those relating to Politically Exposed Foreign Persons. (...) We also check third parties in whom or with whom we invest against commercially available lists of Politically Exposed Foreign Persons

¹³³ Ottawa-Carleton land registry, N934848; see also table 29.

¹³⁴ Stephen Sigurdson, Executive Vice-President & General Counsel, Manulife, to BMF, 2 May 2014.

(PEFP). Those on the list appear not for any wrongdoing, but affirmative matches require a higher level of due diligence and confirmation, which becomes part of the investment evaluation process.”¹³⁵

In March 2015, Manulife’s Executive Vice-President and General Counsel, Stephen Sigurdson, conceded that their due diligence on the Sakto Group had its limitations:

“Various public reports, and from information provided to Manulife by Bruno Manser Fonds, indicate that you have referred the Taib family to law enforcement entities for investigation. They will have investigative tools at their [hands] that are not available to entities such as Bruno Manser Fonds and Manulife. I respectfully suggest your concerns [be] handled by law enforcement.”¹³⁶

¹³⁵ Stephen Sigurdson, Executive Vice-President & General Counsel, Manulife, to BMF, 02 May 2014.

¹³⁶ Stephen Sigurdson, Executive Vice-President & General Counsel, Manulife, to BMF, 09 March 2015.

8 SAKTO GROUP OPERATIONS OUTSIDE CANADA

A recent PR text describes the Sakto Group and its CEO, Sean Murray, as follows: “As President and CEO of Sakto Corporation, a real estate development and management firm based in Ottawa, Canada, Sean Murray has transformed a small single asset entity into an international corporation with holdings not only in Canada, but in the United States, United Kingdom, and Australia.”¹³⁷ While Sakto Group’s operations outside Canada cannot be examined in detail in this report, they should nevertheless be briefly outlined.

8.1 The Ridgeford Group, UK (“Ridgeford”)

Ridgeford is a British property group founded in 1996 by Sean Murray and his cousin Chris Murray, a former Vice President Operations of the Sakto Group. Its current directors are Chris Murray and John Murphy, a British businessman of Irish origin. Sean Murray is named as “Chairman” on Ridgeford’s website but does not hold a formal role in the company. Until recently, Ridgeford described itself as “sister company” to Sakto and referred to the Sakto Group on its website under a link “What we do (Canada)”.¹³⁸

According to its current website, Ridgeford is specialized “in producing exceptional quality single and mixed use developments in central London.”¹³⁹ The Ridgeford Group currently consists of at least seven British companies, Ridgeford Developments Ltd, Ridgeford Properties Ltd, Ridgeford Consulting Ltd, Ridgeford Properties Management Ltd., Ridgeford (Bolsover Street) Ltd, and Ridgeford Concord (Marylebone Square) Ltd. and W1W Developments Ltd.¹⁴⁰

From 1996 to 2001, Ridgeford’s shares were held by two Taib family-related offshore trusts in the British Virgin Islands, Astar Properties Ltd and Tagus Investments Ltd. From 2001 to 2011, Ridgeford was a wholly-owned subsidiary of City Gate International Corporation, Ottawa. In 2012, Ridgeford rearranged its structure and transferred the shareholdings to Ottawa-based Urban Sky Investments Ltd that is currently named as the “ultimate parent company” into whose financial statements the results of Ridgeford are consolidated.¹⁴¹

According to Ridgeford’s last available financial statements (2014), the group had a called-up share capital of £100, assets of £16.6 million and liabilities of £15.0 million. At least £7 million (CAD 12.9 million) had been lent to Ridgeford by its Canadian parent company, another £7million by undisclosed non-bank lenders.¹⁴²

¹³⁷ www.yelp.ca/biz/sakto-development-corporation-ottawa, accessed 10 December 2015.

¹³⁸ Web archive for www.ridgeford.com, 2011, <http://web.archive.org/web/20110715184701/http://www.ridgeford.com/site-map.aspx>, last accessed 17 December 2015.

¹³⁹ www.ridgeford.com, accessed 07 April 2016.

¹⁴⁰ Companies House UK.

¹⁴¹ Companies House UK, Ridgeford Developments Ltd. Financial Statements for the year ended 31 March 2014.

¹⁴² Companies House UK, Ridgeford Developments Ltd. Financial Statements Year Ended 31 March 2014.

These figures are significantly lower than two years earlier. In 2012, Ridgeford's assets still amounted to £33.3 million and its liabilities to £37.3 million. A financial analysis by the Bruno Manser Fund based on 2012 figures showed that Ridgeford benefited from a £1.95 million (CAD 3.6 million) parent company loan from City Gate International and another £17million (CAD 31.3 million) in non-commercial loans from Tess Investments Ltd, an offshore company incorporated in the British Virgin Islands.¹⁴³

8.2 Sitehost Pty Ltd, Australia (“Sitehost”)

Sitehost Pty Ltd (“Sitehost”) is an Australian proprietary company incorporated in 1993 and currently registered in Blacktown (NSW), Australia. Its main asset is the Hilton hotel in the city centre of Adelaide, South Australia, with a current book value of AUD 43million. In 2014, Sitehost's revenues amounted to AUD 34.8 million.¹⁴⁴ Formally, Sitehost is not part of the Sakto Group but is closely connected to it by virtue of common directors and shareholders. The company's directors are Jamilah Taib Murray, Sean Murray and Australian lawyers Gary Patrick Doherty and John Antoine Kiosoglous.¹⁴⁵

Sitehost's share capital amounts to AUD 10,000,001 with its shareholders being the four Taib children, Jamilah Taib Murray (\$3.8 million), Sulaiman Abdul Taib (\$1.9million), Hanifah Hajar Taib (\$1.9million), and Mahmud Abu Bekir Taib (\$1.9million) plus Norstar Overseas S.A. (\$0.5million), an offshore company registered in the British Virgin Islands.¹⁴⁶ Norstar Overseas S.A. was formerly named Astar Properties Ltd and is identical to the holding company that held 99% of the shares of Ridgeford Properties Ltd from 1996-2001 prior to their transfer to City Gate International Corporation (see chapter 8.1).

A 2015 investigation by the Bruno Manser Fund showed that Sitehost was founded in November 1993 by Malaysian timber and construction tycoon Ting Pek Khing who had major business interests in Sarawak. In January 1994, five Taib family members – the wife of Chief Minister Taib Mahmud (Leila Taib) and his four children – acquired AUD 9.5million in Sitehost shares with funds whose origin is unclear.

In February 1994, Sitehost took up an unsecured loan of AUD 20.75 million from a non-bank lender, Golborne Pty Ltd (later Fordland Pty Ltd) with a shadow structure in the Isle of Man, a known offshore jurisdiction. As of 31 December 2014, AUD 18.5 million were still owed to Fordland. This unsecured multi-million-dollar loan, which has not been repaid after 20 years, suggests a co-

¹⁴³ Companies House UK, Ridgeford Properties Ltd, Report and Financial Statements Year Ended 31 March 2012.

¹⁴⁴ Australian Securities & Investments Commission, Sitehost Pty Ltd, Copy of financial statements and reports 2014, Australian Securities & Investments Commission.

¹⁴⁵ Australian Securities & Investments Commission, Sitehost Pty Ltd, ACN 062 312 743, Current & Historical Company Extract as of 21 May 2015.

¹⁴⁶ Australian Securities & Investments Commission, Sitehost Pty Ltd, ACN 062 312 743, Current & Historical Company Extract as of 21 May 2015.

equivalence of interest and ownership between Fordland and Sitehost. In other words, it is believed that the lending company is, like Sitehost, controlled by the Taib family.¹⁴⁷

8.3 The Sakti Group, USA

The Taib family's real estate business in the USA started in September 1987 with the incorporation of Sakti International Corporation ("Sakti International"), a Californian company. The company's purpose was to purchase and administer real estate in California, with its initial directors being two of Sarawak Chief Minister Taib Mahmud's brothers, Onn Mahmud and Arip Mahmud, and his son Mahmud Abu Bekir Taib.¹⁴⁸ 100% of the 1000 shares at USD 1 were held by Taib's two brothers, his two sons, and his daughter Jamilah. Remarkably, a company document dated 8 April 1988 stated that 500 shares (50% of the share capital) were being held "in trust for Abdul Taib Mahmud", which made the Sarawak Chief Minister the controlling shareholder of Sakti International.¹⁴⁹

In 1991, three new single asset companies for properties in Seattle, WA, became part of the Sakti Group. W.A. Everett Inc. and W.A. Boylston Inc were registered in California, while Wallysons Inc. was incorporated in Washington State (Tumwater). In 1993, the three Californian companies (Sakti International Corporation, W.A. Everett and W.A. Boylston) were integrated into a new holding company, Sakti International Holdings, which was registered in California.¹⁵⁰

Sean Murray was involved with Sakti in the early 1990s and commissioned his brother-in-law Nicholas Carigianis, an Ottawa-based architect, to perform some construction work on 260 California Street, a 55,000 square foot historic building in San Francisco's financial district, which the Taibs had purchased in 1988 for USD 13.25 million.¹⁵¹ Other Taib family acquisitions included a residential building at 43 Presidio Street, San Francisco, and the purchase of the Abraham Lincoln Building, an 11-storey office tower in Seattle for USD 17.1 million in December 1991.¹⁵²

There seems to have been little contact between the Sakti Group and the Sakti Group between the end of 1994 and 2006, when Sakti's operations were run by Ross Boyert, a Californian real estate administrator. Boyert reported confidentially to Taib's younger son, Sulaiman Abdul Rahman Taib ("Sulaiman"), who had studied in San Francisco and moved back to Malaysia in 1995.¹⁵³

In May 2006, Sulaiman resigned from his role as sole director of Sakti and informed Boyert that the shareholders had appointed Sean Murray as his replacement.¹⁵⁴ An October 2006 resolution by Sakti

¹⁴⁷ Bruno Manser Fund: The Adelaide Hilton Case. How a Malaysian politician's family laundered \$ 30 million in South Australia, September 2015.

¹⁴⁸ Action by Written Consent of the Sole Incorporator of Sakti Corporation, 2 September 1987. BMF Archives, Ross Boyert papers.

¹⁴⁹ Action by unanimous written consent of the board of directors of Sakti International Corporation, 8 April 1988. BMF Archives, Ross Boyert papers.

¹⁵⁰ California Secretary of State, Business Entity Detail, Sakti International Holdings, Entity Number C1867577, <http://kepler.sos.ca.gov>.

¹⁵¹ Straumann, Money Logging, p. 21; <http://www.city-data.com/san-francisco/C/California-Street-2.html>, accessed 08 April 2016.

¹⁵² King County, Washington, Records Office, Instruments no. OPR 1224022 and OPR199112301455.

¹⁵³ Straumann, Money Logging, p. 21f. and 33f.

¹⁵⁴ Rahman Taib to Ross Boyert, 27 May 2006. BMF archives, Ross Boyert papers.

International Holdings' shareholders shows that the shareholders had remained unchanged since Sakti's commencement of business.¹⁵⁵ From then on, until its dissolution in 2014, the Sakti Group was directed and managed by Sakti Group and its key executives, Jamilah Taib, Sean Murray and Lee Gartley.¹⁵⁶

The only Sakti Group company still active is Wallysons Inc. (the owner of the Abraham Lincoln Building in Seattle) which had not been integrated into Sakti International Holdings. Wallysons is of particular political interest as the company is currently renting its entire premises to the Federal Bureau of Investigation (FBI). In 1998, the Sakti Group managed to secure itself a long-term rental contract from the US Government's General Services Administration for the FBI's Northwestern Regional Headquarters.¹⁵⁷ As of June 2016, Washington State records list Rahman (Sulaiman) Taib as Wallysons' Chairman/Director and Sean Murray as President, Secretary and Treasurer. Its registered company address is 333 Preston Street, Suite 910, Ottawa – the Sakti Group's headquarters.¹⁵⁸

¹⁵⁵ Action by unanimous written consent of the holders of all outstanding shares of Sakti International Holdings, Inc., 27 October 2006. BMF archives, Ross Boyert papers.

¹⁵⁶ Action by Unanimous Written Consent of the Holders of all Outstanding Shares of Sakti International Holdings Inc., October 27, 2006, Boyert documents, Bruno Manser Fund archive.

¹⁵⁷ King County, Washington, Records Office, Instruments no. OPR1224022 and OPR199112301455, December 26/27, 1991.

¹⁵⁸ Washington Secretary of State, Corporations Division – Registration Data Search Wallysons Inc., UBI 601338627, http://www.sos.wa.gov/corps/search_detail.aspx?ubi=601338627, accessed 08 April 2016.

9 KEY FINDINGS

Having examined the Sakto Group's real estate transactions and finances in detail, it is time to get back to the key questions of this report, namely the amount of money involved in the Taib family's real estate business in Ontario and the origin of these funds. Based on publicly accessible records, our investigation has hitherto shown the following results:

1 Starting in 1983, **the family of Abdul Taib Mahmud**, the former Chief Minister and current Governor of the Malaysian state of Sarawak, has built up the Sakto Group, an Ottawa-based property developer with business interests in Canada, the UK, the US and Australia.

2 **The Sakto Group's current real estate assets in Ontario exceed \$200 million**, with its main asset being the Preston Square development in Ottawa. In addition, **Jamilah Taib Murray** (the daughter of Abdul Taib Mahmud) and her husband Sean Murray purchased and constructed **private residences** in Rockcliffe Park (Ottawa) and on Howe Island (Frontenac), **with a current tax worth in excess of \$15.2million**.¹⁵⁹

2 According to the Sakto Group, **its initial shareholders were four Taib family members**, including Jamilah Taib Murray and Onn Mahmud, the daughter and brother of then Chief Minister Abdul Taib Mahmud. The group does not disclose its current shareholders.

3 While **Sean Murray** (the husband of Jamilah Taib Murray) and a number of his relatives have increasingly assumed management responsibility for the Sakto Group and its foreign subsidiaries since the late 1980s, **no records have been found indicating that Murray family members have had a role as shareholders, lenders or beneficial owners** of the Sakto Group.

4 In its first ten years of operation (1983 to 1993), Sakto Development Corporation (SDC) developed **a business model based on continual operational losses**. By 1993, the capital deficiency had reached \$9.43 million.

5 The resulting capital deficiency was covered by a continuous capital influx from SDC's shareholders, the Taib family. **By 1993, the Taib family had invested at least \$29.8 million in the Sakto Group** (\$28.8million in loans, \$1.01million in share capital). The source of these funds remains unknown.

6 Abdul Taib Mahmud publicly stated that **he provided his daughter Jamilah Taib Murray with the initial capital** to start a real estate business in Ottawa (i.e. the Sakto Group). He claimed this was from a gratuity he had received for resigning from the Federal Government in 1981. The exact date and amount of the contribution remain unknown.

7 In 1996, **the Taib family secured itself two mortgages of \$20million (totalling \$40million)** on Sakto Group properties in Ottawa. One of the mortgages was registered for Jamilah Taib, and the

¹⁵⁹ Municipal Property Assessment Corporation. Assessed Value Reports for 72 Buena Vista Road and 688 Manor Avenue, Ottawa; 2968 Howe Island Drive, Frontenac Islands Township. Valuation Date: January 1, 2012.

other for Jamilah Taib “in trust”. It remains unclear why two mortgages were registered for the same amount.

8 **The lenders behind the 1996 mortgage loan registered for Jamilah Taib “in trust” (see above) were four members of the Taib family, including Laila Taib (the wife of Abdul Taib Mahmud), and two offshore companies, Richfold Investment Ltd in Hong Kong, and Sogo Holdings Ltd in Jersey.** It is unclear precisely which amounts were contributed by the six different parties to the \$20 million loan. Furthermore, it is worth noting that, despite the lenders being from the Taib family, **they were not identical to the initial shareholders** of Sakto Development Corporation. While SDC’s shares were initially held by four family members, including Jamilah Taib, an additional family member plus two offshore companies are linked to this loan.

9 **Richfold Investment Ltd was a Hong Kong company controlled by Onn Mahmud. Its only known business activity was to provide loans to the Sakto Group. It shared its offices, management and a shareholder with a twin company, Regent Star Ltd.** Both companies were registered on the same date, 22 November 1983, less than three months after the incorporation of Sakto Development Corporation.

10 **Regent Star Ltd’s only known business activity was to collect payments from Japanese companies that imported tropical hardwood from Sarawak** when Abdul Taib Mahmud exerted unfettered control over the Sarawak timber business as Chief Minister, Minister of Resource Planning and Chairman of the Sarawak Timber Industry Development Corporation.

11 In 2008, the Japanese National Tax Tribunal found that **nine Japanese shipping companies had paid at least 1.1billion yen (CAD 13million) to Regent Star** based on a 1983 “brokerage agreement” for the shipping of Sarawak timber. The circumstances indicate that these payments were presumably extorted by the Taib family from the Japanese timber importers.

12 It appears likely that part of the \$20 million loan provided to the Sakto Group in 1996 by Jamilah Taib in trust (for Richfold Investment Ltd) **was money paid by Japanese timber importers to the Taib family** through Richfold Investment Ltd’s twin company, Regent Star Ltd.

10 RED FLAGS

Our investigation has established that **the Malaysian Taib family invested approximately \$70 million** in Ontario real estate between 1983 and 1996, which was mostly held by the Sakto Group but also in private residences. Given the Sakto Group's strong growth in the last twenty years, it appears likely that the Taib family invested significant further amounts between 1996 and 2016. However, no information on further investments is available from public records.

Most of the funds seem to have been provided by four Taib family members who initiated the Sakto Group in 1983, including Jamilah Taib Murray and her uncle Onn Mahmud. The origin of the funds remains unknown, with two exceptions:

- Jamilah Taib Murray's initial capital was provided by Taib Mahmud, money he claims he was given by the Malaysian government as a gratuity when he resigned as a federal government minister in 1981.
- the funds provided by Richfold Investments Ltd, Hong Kong, in a 1996 mortgage loan are likely connected to payments made by Japanese timber merchants to Richfold's twin company, Regent Star, under very questionable circumstances.

According to the definitions used by the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), the Taibs qualify as **Politically Exposed Foreign Persons (PEFPs)** due to Abdul Taib Mahmud's role as head of government of the Malaysian state of Sarawak. The definition also applies to the children, spouse and siblings, i.e. to all the Taib family members involved in the real estate transactions examined in this report.¹⁶⁰ Financial transactions with Politically Exposed Foreign Persons are, **by definition, high risk transactions** with regard to potential money laundering and require enhanced due diligence from financial institutions, including senior management approval.

In 2007, the Financial Action Task Force (FATF), an intergovernmental body of which Canada is a member, published a list of **specific red flags for money-laundering in the real estate sector**.¹⁶¹ As the FATF stated, the real estate sector is prone to misuse by criminals for "the facility the sector may provide for obscuring the true source of the funds and the identity of the (ultimate) beneficial owner of the real estate asset, which are two key elements of the money laundering process."¹⁶²

¹⁶⁰ FINTRAC: Politically Exposed Foreign Person Determination, January 2012; FATF Guidance: Politically Exposed Persons (Recommendations 12 and 22), June 2013.

¹⁶¹ FATF: Money Laundering & Terrorist Financing through the Real Estate Sector, 29 June 2007.

¹⁶² FATF (2007), p.5.

Basic techniques used for money-laundering in the real estate sector include:

- the use of complex loans or credit finance
- the use of non-financial professionals as gatekeepers
- the use of corporate vehicles
- the manipulation of the appraisal or valuation of a property
- the use of mortgage schemes
- the use of investment schemes and financial institutions and
- the use of properties to conceal money generated by illegal activities¹⁶³

These operations may be extremely difficult to detect. It has to be borne in mind that the purpose of a money-laundering operation is always to create an appearance of legitimacy, i.e. to pretend “that the funds are legitimate and thus are derived from a real business activity”.¹⁶⁴ A promising way of achieving this goal is by mixing legally and illegally obtained funds, e.g. rental income from properties with a secret influx from money from outside.

FATF lists a number of specific money laundering red flags for the real estate sector. A close examination of the FATF red flags has shown that the following might apply to the Sakto Group and the Taib family’s real estate businesses in Canada.

10.1 Red flags applying to natural persons

10.1.1 Transactions involving persons residing in tax havens or risk territories, when the characteristics of the transactions match any of those included in the list of indicators

Comment: With the exception of Jamilah Taib Murray, all Taib family members resided in Malaysia, a corruption high risk territory. Onn Mahmud, founding director of Sakto Development Corporation, signed some documents declaring he was at the time a resident of Hong Kong, a known tax haven. (It seems questionable if this was true and if Onn Mahmud was ever officially a Hong Kong resident).

10.1.2 Several transactions involving the same party or those undertaken by groups of persons who may have links to one another (for example, family ties, business ties, persons of the same nationality, persons sharing an address or having the same representatives or attorneys etc.)

Comment: The Taib family’s real estate business in Canada is characterized by many related party transactions. The role of interests of the various family members becomes hard to distinguish. A second related group of persons involved is the Ottawa-based Murray family.

¹⁶³ FATF (2007), p. 7.

¹⁶⁴ FATF (2007), p. 7.

10.1.3 Individuals who unexpectedly repay problematic loans or mortgages or who repeatedly pay off large loans or mortgages early, particularly if they do so in cash

Comment: A number of mortgages taken up by the Taib family and the Sakto Group seem to have been paid back early, particularly some vendor mortgages assumed upon the purchase of new properties. This topic needs further investigation.

10.2 Red flags applying to legal persons

10.2.1 Transactions involving legal persons or legal arrangements domiciled in tax havens or risk territories, when the characteristics of the transaction match any of those included in the list of indicators

Comment: A 1996 mortgage loan document mentions Hong Kong–based Richfold Investments Ltd and Jersey–based Sogo Holdings Ltd as lenders of the Sakto Group. Both Hong Kong and Jersey are known tax havens and risk territories. In 2001, City Gate International Corporation took over 100% of the shares of Ridgeford Properties Ltd (Sakto’s “sister company” in London) from two corporations based in the British Virgin Islands, Astar Properties Ltd and Tagus Investments Ltd. The British Virgin Islands are a known tax haven and risk territory.

10.2.2 Transactions involving recently created legal persons, when the amount is large compared to their assets

Comment: The Sakto Group started with multi-million-dollar real estate transactions in Ottawa immediately after its incorporation in September 1983. Obviously, big money was behind these transactions. The origin of these initial funds is not sufficiently explained by Taib Mahmud’s claim that he had passed on to his daughter Jamilah a gratuity received for resigning from the federal government.

10.2.3 Transactions involving legal persons which, although incorporated in the country, are mainly owned by foreign nationals, who may or may not be resident for tax purposes

Comment: Sakto Development Corporation has from its very beginnings been owned by four members of the Taib family. All of them were citizens and residents of Malaysia, with the exception of Jamilah Taib Murray, who lived in Canada from 1981 onwards to pursue her studies.

10.2.4 Various transactions involving the same party. Similarly, transactions carried out by groups of legal persons that may be related (for example, through family ties between owners or representatives, business links, sharing the same nationality as the legal person or its owners or representatives, sharing an address, in the case of legal persons or their owners or representatives, having a common owner, representative or attorney, entities with similar names, etc.).

Comment: The report showed a significant number of related party transactions among the Taib family and the Sakto Group, e.g. the transfer of properties, the granting of loans etc. A significant example is also the takeover of management responsibility for the American Sakti Group by Sakto executives in 2006. Both entities were controlled by the Taib family.

10.2.5 Transactions in which unusual or unnecessarily complex legal structures are used without any economic logic

Comment: It is unclear why the Sakto Group has comprised at least 13 different legal persons which have been involved in numerous related party transactions. Some of these are numbered companies without a company name other than a number. Another suspicious element is that Sakto Group companies frequently changed their names for no apparent reason. Sakto Development Corporation's business model that involves constant operational losses and a continuous influx of shareholder funds is highly unusual and defies common economic logic. Non-commerciality of a business is an important indicator of money-laundering.

10.3 Red flags applying to natural and legal persons

10.3.1 Transactions in which there are signs, or it is certain, that the parties are not acting on their own behalf and are trying to hide the identity of the real customer

Comment: A significant amount of real estate transactions, including the granting of mortgage loans, have been signed by Jamilah Taib Murray, Onn Mahmud or Titus Chou "in trust". It is unclear in trust of whom they really acted.

10.3.2 Transactions in which the parties are foreign or non-resident for tax purposes and:

- Their only purpose is a capital investment (that is, they do not show any interest in living at the property they are buying, even temporarily, etc.)

- They are interested in large-scale operations (for example, to buy large plots on which to build homes, buying complete buildings or setting up businesses relating to leisure activities, etc.)

Comment: From the commencement of its business, the Sakto Group undertook operations on an amazingly large scale. The Sakto Group officially acknowledged that it acted for a group of foreign investors who were looking for a secure long-term investment for their funds.

10.4 Red flags applying to intermediaries

11.4.1 Transactions performed through intermediaries, when they act on behalf of groups of potentially associated individuals (for example, through family or business ties, shared nationality, persons living at the same address, etc.)

Comment: Some of the Sakto Group's early property transactions were concluded by intermediaries, such as Ottawa businessman Titus Chou or lawyer Laird James Rasmussen. Sakto Group CEO Sean Murray might also be looked upon as an intermediary who acted and is still acting on behalf of the Taib family as the public face of their business interests. For instance, it appears that Sean Murray's role as sole director of the recently incorporated Urban Sky Investments Ltd, Urban Sky Europe Ltd and Waterford Property Group Ltd is to conceal the fact that these companies are beneficially owned by the Taib family.

10.5 Red flags applying to means of payment

10.5.1 Transactions in which a loan was granted, or an attempt was made to obtain a loan, using cash collateral or where the collateral is deposited abroad.

Comment: This requires further investigation. Given that the Sakto Development Corporation was a heavily indebted company due to its operational losses, it may well have been the case that a commercial lender asked for additional collateral in the form of cash or a bank guarantee, even from a foreign bank.

10.5.2 Transactions with funds from countries considered to be tax havens or risk territories, according to anti-money-laundering legislation, regardless of whether the customer is resident in the country or territory concerned or not.

Comment: The Sakto Group's shareholder loans were granted by Taib family members residing in Malaysia, a corruption high risk jurisdiction. In 1996, a Hong Kong company and a Jersey company, appear as Sakto Group lenders. Both Hong Kong and Jersey are known tax havens and offshore jurisdictions.

10.6 Red flags applying to the nature of transaction

10.6.1 Transactions relating to the same property or rights that follow in rapid succession (for example, purchase and immediate sale of property) and which entail a significant increase or decrease in the price compared with the purchase price.

Comment: At least one transaction, the 1986 sale of Sakto Development Corporation's (SDC) Beaverbrook properties followed this pattern, which is also known as an "ABC transaction". The properties were sold by SDC to 681222 Ontario Inc. for \$5.38million on 7 November 1986. On the same day, they were sold on to Beaverbrook-Varley Properties for \$5.9million (see chapter 6.2).

11 SAFE HAVEN CANADA

In June 2010, when Abdul Taib Mahmud was still Chief Minister of Sarawak, the Bruno Manser Fund first alerted the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) that the Ottawa-based Sakto Group might be involved in money-laundering in Canada on behalf of the Taib family. The letter to FINTRAC was followed up by a letter to then Prime Minister Stephen Harper and to the Ministers of Finance and Foreign Affairs in which the Bruno Manser Fund called for Taib family assets in Canada to be frozen.¹⁶⁵

In 2011, FINTRAC acknowledged receipt of the information and provided assurance that “any information volunteered by persons or organizations concerning their suspicions of money laundering is analyzed and assessed in accordance with the Proceeds of Crime (Money Laundering) and Terrorist Financing Act.” However, FINTRAC stated it was prohibited “from making public the fact that it did or did not disclose financial intelligence to police in relation to a particular case.”¹⁶⁶

Similarly, when asked for a public comment as to whether it was conducting an investigation into the Taib family’s questionable real estate investments in Ottawa, the Royal Canadian Mounted Police (RCMP) replied that the RCMP “does not normally confirm or deny the existence of any criminal investigation. These types of investigations are conducted confidentially to protect evidence, international partnerships and reputations. A public statement is not issued identifying suspects until the matter is one of public record.”¹⁶⁷

In September 2011, the former Minister of Finance, James M. Flaherty, replied on behalf of the Canadian government, providing assurance that Canada was “an active participant in international initiatives to combat corruption and related illicit financial flows, including the G20 Anti-Corruption Plan”: “Domestically, Canada has implemented a strong and comprehensive anti-money laundering and anti-terrorist financing regime that ranks in the top tier with respect to compliance with international standards.”

Despite these assurances, the multi-million-dollar real estate holdings by a notoriously corrupt foreign public official’s family members have never been criticized or officially investigated by the Canadian Government nor have steps been undertaken to freeze those assets. In the contrary: The provincial government of Ontario continues to rent significant office space from the Sakto Group based on a 2007 rental agreement (see chapter X), thus allowing the Taib family to make more profits and to enjoy the proceeds of their unexplained wealth. Ironically, even the Attorney General of Ontario’s Ottawa Office at 351 Preston Street is rented from the Taib family.

To challenge this setting, the Bruno Manser Fund has lodged a complaint against Sakto with the Canadian government based on the disclosure requirements by the OECD’s guidelines for

¹⁶⁵ BMF to FINTRAC, 17 June 2010; BMF to Prime Minister Stephen Harper, to the Minister of Finance, James Flaherty, and to the Minister of Foreign Affairs, John Baird, 1 July 2011.

¹⁶⁶ FINTRAC Deputy Director Denis Meunier to BMF, 8 August 2011.

¹⁶⁷ RCMP, C/Supt. Serge Therriault, to BMF, 26 July 2011.

multinational enterprises. While these guidelines provide voluntary standards of good corporate practice, the Canadian government has made a binding commitment to implement them. The guidelines require multinational enterprises to disclose “all material matters regarding their activities, structure, financial situation, performance, ownership and governance.”¹⁶⁸ The complaint, lodged in January 2016, is currently being assessed by the OECD’s National Contact Point in Canada.

¹⁶⁸ OECD guidelines for multinational enterprises: <http://mneguidelines.oecd.org/text>, accessed 17 January 2016.

12 CONCLUSION

This report has shown that, since the early 1980s, the closest family members of a Malaysian public official – former Sarawak Chief Minister and current Governor Abdul Taib Mahmud – have invested tens of millions of dollars and potentially over 100 million Canadian dollars in Ontario real estate, mostly in the city of Ottawa. It seems impossible that the Taib family could have acquired this amount of money, whose origins remain unclear, in a lawful way.

Despite Taib Mahmud's reputation as a corrupt leader, no efforts have been undertaken by the Canadian authorities or by the Taib family's Canadian business partners to ascertain or question the origin of the enormous amounts of unexplained wealth invested in Canada.

One important element assisting the Taib family in shielding their Canadian assets from public scrutiny for over 30 years is that, according to Canadian legislation, the shareholders and beneficial owners of private corporations are protected by privacy laws.

The only conclusion we can draw from these facts is that anti-money laundering legislation and its enforcement in Canada are too weak to prevent foreign corrupt officials from laundering the proceeds of their crimes in Canada. Despite all legal safeguards, Canada provides a safe haven in which the fruit of foreign corruption can be enjoyed and a lavish lifestyle be led to the detriment of the citizens of the country of origin.

As a signatory to the UN Convention against Corruption, Canada has an international obligation to fight corruption and money laundering by foreign corrupt officials and to assist in recovering stolen assets. The Bruno Manser Fund thus calls on the Canadian authorities to use all available legal and political means to resolve the question of the Taib family's stolen assets in Canada.