2016 was the year that 1MDB came to a head: billions in ill-gotten assets were seized, two Swiss banks shut down in Singapore, and three people sentenced to prison time. How did we get here?

This time last year, Swiss authorities had already frozen tens of millions in assets in Swiss bank accounts as well as launched criminal proceedings against two unknown 1MDB executives over suspected corruption, misconduct in public office and money laundering.

In Malaysia, where the scandal had barely registered, Prime Minister Najib Razak was given a controversial whitewash by the country’s prosecutor in a review of 1MDB’s dealings – for now.

But officials outside of Malaysia weren't going to drop the matter. In May, authorities in Singapore and Switzerland struck with unprecedented force, shutting down Banca della Svizzera Italiana, or BSI, in the city-state and imposing a profit clawback in Switzerland.

«Wolf of Wall Street»

Swiss regulator Finma called the bank’s misconduct particularly egregious, and hinted heavily it would have imposed further penalties against BSI were the bank not in the process of being sold to rival EFG International anyway. Two unnamed former BSI top executives face enforcement proceedings through the regulator in Switzerland.

Instead of being used to foster state development as intended, 1MDB funds were allegedly pilfered to buy luxury real estate, jewelry, expressionist fine art later seized in a Swiss warehouse, pay for a reelection campaign for Najib, and even to finance a blockbuster, «The Wolf of Wall Street».

Authorities in the U.S., Switzerland, Singapore and elsewhere had teamed up to trace how the billions were funneled through an opaque system of offshore havens and intransparent structures, including in Switzerland, the British Virgin Islands, Abu Dhabi, and Luxembourg. At the center? Officials allege it was Jho Low, a mysterious Malaysian businessman and charity donor who vanished from public sight after initially denying wrong-doing.

Next Strike: Falcon, UBS

The message sent by financial regulators in shutting down BSI caused massive ructions on the ground, while Singapore’s determination to root out wrong-doing in its relatively young financial center is predicted to cost everyone more. For Swiss banking, which has been instrumental in
helping Singapore set up its financial center, it translates to a reputational wipeout.

The next strike came five months later: Abu Dhabi-owned Falcon Private Bank, was shut down in Singapore, and its branch manager, Jens Sturzenegger, arrested. The Falcon case laid bare how former Abu Dhabi sovereign wealth officials had used the bank as a pass-through for illicit funds, against warnings of employees. Two high-ranking former officials are under arrest in Abu Dhabi, which isn’t officially part of the global 1MDB probe.

Other banks including Swiss giant UBS, Standard Chartered, Coutts and DBS are also caught up 1MDB and rapped for their dealings, though none as seriously as Falcon or BSI.

Close-Knit Swiss Network

Meanwhile, the protagonists surrounding 1MDB and their helpers came into far sharper focus. The trial of former BSI banker Yeo Jiawei showed how BSI disdained compliance while bankers arranged lavish kickbacks for themselves from the illicit 1MDB dealings. The former wealth planner, who ultimately went to work directly for the elusive Jho Low, was found guilty in an initial trial and faces further charges in Singapore in April.

Two others, including Jho Low's private banker, Yak Yew Chee, pleaded guilty and were sentenced to jail time over 1MDB. Yak's guilty plea brought to light the close-knit network of Swiss banks working hand-in-hand to launder millions pilfered from 1MDB.

Meanwhile, one bank which managed to keep away from the 1MDB mess was nevertheless drawn in: Julius Baer. The bank’s relationship to «Wolf» actor DiCaprio drew fire from a non-profit organization devoted to rainforest protection. Even though Baer has no known connection to 1MDB, CEO Boris Collardi’s ties with DiCaprio, who went to justice authorities when the 1MDB link surfaced, made for uncomfortable headlines.

BSI’s Brunner Awaits Fate

What’s next for banks and private bankers involved in the 1MDB scandal? A Swiss whistleblower in Asia was recently deported back to Switzerland, where the prosecutor is keen to glean what he knows about the scandal.

Other such as former BSI private banking big-wig Hanspeter Brunner and Falcon's Singapore branch manager Jens Sturzenegger are waiting to hear whether they face criminal charges in the city-state.
Malaysian leader Najib may come into stronger focus in 2017: while his step-son Riza Aziz and close associate Jho Low are identified in U.S. judicial documents, the prime minister himself isn't.

However, descriptions and identifying details of an unnamed «Malaysia Official 1,» or MO1, match Najib's position at 1MDB. He has kept a lid on the scandal at home, but prosecutors have shown themselves to be powerful and savvy in connecting even the most opaque money dots – will this trip up Najib?