

25 FEB 2002

Mahathir-MAS

MISAPPROPRIATION OF FUNDS WILL NOT BE TOLERATED, SAYS PM

By: Zaharah Othman

LONDON, Feb 25 (Bernama) -- The government will not tolerate misappropriation and mismanagement of funds by anyone, crony or otherwise. This stark warning was delivered by the Prime Minister Datuk Seri Dr Mahathir Mohamad during a question and answer session with students at Imperial College here Sunday.

The Prime Minister made the warning in response to a question about the allegations of misappropriation and mismanagement of funds in Perwaja and MAS. Dr Mahathir is on a five-day working visit to London after visiting the Antarctica and Argentina.

Referring to the case of the MAS investigation, Dr Mahathir said the present management had discovered certain misappropriation of funds that were not sanctioned by the board.

"The case has already been reported to the police," he said.

"Even though the previous owner was probably a crony of the government, this does not prevent us from taking actions against the people who have misappropriated funds."

The Prime Minister told an audience of about 600 Malaysian students that the courts will have to decide whether there is a case against the person or not.

MAS was doing very well until the recession of 1997, he said, adding that all airlines are facing difficulties, especially in the wake of Sept 11.

"All airlines will lose money if they could only fill less than 35 per cent of seats and people are reluctant to travel," he said.

"So, it is not just bad management but also external environment that can affect a company."

He explained that when MAS was continuing to make losses, the government had to take over control of the company.

Another company which is still under investigation, said the Prime Minister, is Perwaja.

Referring to a businessman who took over the running of the company after it was incurring losses, the Prime Minister said that he too incurred further losses.

"It is believed that he has mismanaged and taken money from the company. We have already investigated. Unfortunately, the money which was supposed to have been siphoned out is not easily located," he said.

Dr Mahathir explained that the money is said to have been transferred into Swiss accounts and the unwillingness of the Swiss to cooperate and give evidence in Malaysian courts is hampering investigations.

"We are still continuing with investigations and if there are evidence, we will bring the person to court and he will have to face the consequences," he said.

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