

**Tajudin's appeal: Corporate governance under scrutiny**  
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Malaysia's corporate governance will come under the microscope this week when court hears former Malaysia Airlines boss Tajudin Ramli's appeal against a court order to pay RM589 million to Pengurusan Danaharta Nasional Bhd.

The hearing is set for a week at the Court of Appeal, where a controversial letter issued by de facto Law Minister Nazri Abdul Aziz on Aug 8 last year is speculated to play a major part in the proceedings.

Tajudin is likely to use the letter to compel the GLCs to settle their suit against him.

In the letter, Nazri said government mandate had been obtained to order several government-linked companies (GLCs) to reach a global settlement for Tajudin's RM13 billion claim against them.

Some critics view the letter as an attempt by the government to interfere with the running of public listed companies.

Sources familiar with Tajudin's appeal said his affidavit may raise the notion of corporate governance, in which the GLCs involved - Telekom Malaysia Bhd, Syarikat Prasarana Negara Bhd, Khazanah Nasional Bhd, Celcom Axiata Bhd and Malaysia Airlines Bhd - should be dictated by its respective board of directors and answerable to their shareholders, and not the government.

The affidavit reads that Nazri's letter should be interpreted as a directive, which Nazri had previously argued was merely "advice".

Former Kuala Lumpur CID chief Mat Zain Ibrahim, in an open letter to the government, had expressed concern that Nazri's letter can potentially be used as leverage against Tajudin.

### **Avoiding embarrassment?**

However, since a settlement would likely favour Tajudin at the expense of the taxpayers, Mat Zain raised the question whether the decision to reach a settlement was an attempt by the federal government to avoid having the GLCs dragged to court.

This is because Tajudin's (left) RM13 billion counter-claim against the government and GLCs could be potentially embarrassing to the ruling party.

In the counter-claim, Tajudin has alleged that former premier Dr Mahathir Mohamad and former finance minister Daim Zainuddin had directed him to take over MAS as part of the former's "national service".

Another observer in the case who has refused to be identified, warned that Nazri's letter could be interpreted as an abuse of power.

"The Malaysian Anti-Corruption Commission Act and the Penal Code have provisions that members of the administration (the government) whether individually or collectively, cannot abuse their positions whether for personal or for their collective gain,

"These provisions are to prevent abuses; if a new government (comes to power) they (the present government) can all be charged. There is no such thing as immunity," said the observer.

### **Will cabinet come clean?**

The observer pointed to Section 131 and 132 of the Companies Act 1965, that stipulates that public listed companies are run by its board of directors who have their own fiduciary duties.

"It is for them (the board of directors) to decide, not for some minister to settle (and decide) what is good for the company," said the source, who declined to be named.

The source added that although Nazri has claimed in his letter (as is mentioned in Tajudin's affidavit) that he has the mandate to settle the dispute, the onus is on cabinet to clarify the matter.

"Is the cabinet prepared to say that? Are there cabinet minutes to prove this? Produce it and the prime minister as finance minister should also not keep quiet.

"Or is Nazri, Umno and the cabinet abusing their public powers to cover up for a crony?" asked the source.

Minority shareholders watchdog group (MSWG) chief executive officer Rita Bunoy Bushon said the GLCs' board of directors should act with full responsibility and accountability to all shareholders in mind.

She said "full and proper disclosures" will go a long way to help clarify shareholders' doubts of a settlement

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