

Najib's lawsuit won't stop DAP pursuing 1MDB

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Prime Minister Najib Abdul Razak's threat to sue DAP lawmaker Tony Pua won't stop the party's pursuit of answers from 1Malaysia Development Bhd (1MDB).

DAP secretary-general Lim Guan Eng said Najib's letter of demand served on Pua yesterday is "historic" as a PM has never filed a legal suit against an opposition lawmaker.

"However, DAP will not be detracted by the prime minister's proposed defamation suit to desist from persisting with our questioning and probing of 1MDB.

"DAP will continue to press for a full accounting in the public interest, the financial viability and rationale of 1MDB, especially in using tens of billions of ringgit in debts to finance its business operations," said Lim in a statement today.

Pua, who is Petaling Jaya Utara MP, along with PKR Pandan MP Rafizi Ramli has been actively questioning various aspects of 1MDB's finances, activities and accounts.

"DAP hopes that whilst this suit by the prime minister is personal and private, the management decisions taken by 1MDB and the Finance Ministry is public and of national interest, will not stifle public discourse and choke off any media coverage on 1MDB when it involves RM41.9 billion in debt and RM 49 billion in total liabilities.

"Should this (suit) happen, then this would be a national disservice to 30 million Malaysians and contrary to the principles of transparency and accountability," added Lim.

He said claims that 1MDB can service its RM41.9 billion debt because it has RM51.4 billion in assets is false, because the total value of assets should be compared against the total value of liabilities. Debt, he said, is only one part of the liabilities.

With RM49 billion in liabilities, he said 1MDB has only RM2.44 billion in excess of assets over liabilities.

However, quoting a report by The Edge Malaysia, Lim (left) said this includes land valuation gains, which he argued cannot be used to service loans because these gains do not generate revenue.

If this is taken out of equation, along with the goodwill from purchasing assets from independent power producers, those excesses will be wiped out and 1MDB would be left with excess of liabilities over assets of RM4.7 billion, he said.

"This raises the likelihood of a debt default and whether 1MDB has the capacity to repay its

loans.

“Whether 1MDB possesses the funds to repay its loans and interest, as well as remain solvent, when its assets include public assets of the highest priority given in trust for national economic development and public interest, is the critical question of national importance,” he said.

‘Bad example’

Meanwhile, Gelang Patah MP Lim Kit Siang said the move to threaten Pua with a lawsuit sets a bad example for other ministers on how to evade accountability.

He urged Najib to make a statement to answer some questions regarding 1MDB, namely:

1. Why did the government issue a ‘letter of support’ for 1MDB's US\$3.0 billion (RM9.6bn) bonds issued in March 2013?

2. Why did 1MDB pay an average of more than 10 percent in "certain commissions, fees and expenses" to raise its loans of US\$3.0 billion (Mar 2013) and US\$1.75 billion (May 2012)?

3. Why did 1MDB divert US\$1.1 billion of its US\$3.0 billion raised by its subsidiary, 1MDB Global Investment Limited to repay the former's own debt and cover its operating expenses?

4. Why did 1MDB agree to accept a corporate loan guarantee by International Petroleum Investment Corporation (IPIC) with such onerous terms?

5. Why did 1MDB invest US\$1 billion in a joint-venture with PetroSaudi in 2009, a company with no track record and dubious origins?

6. Why did 1MDB invest the US\$2.32 billion proceeds from the redemption of Petrosaudi loans in 2013 in an opaque investment fund with Bridge Capital Partners in Cayman Islands?

7. Why did the Ministry of Finance hastily acquire a 1MDB subsidiary, SRC International Sdn Bhd?

8. Why did 1MDB overpay for its power assets - Genting Sanyen (RM2.38bn) and Tanjong Energy (RM8.5bn) which required an immediate impairment of RM1.2 billion out of its recorded goodwill of RM2.6 billion?

9. Why did the Ministry of Energy, Green Technology and Water reverse its policy of open tenders for new power?

10. Why did the federal government sell super-prime land to 1MDB at heavily discounted prices?

11. Why did international auditing firms - Ernst & Young and KPMG quit their lucrative work with 1MDB in 2009 and 2012 respectively?

“Although the current budget parliamentary meeting is to end on Thursday, 27th November 2014, it will be the height of irresponsibility for Najib as Prime Minister, Finance Minister and Chairman, 1MDB Board of Advisers to evade and avoid accountability for the numerous questions that have been raised over the 1MDB scandal and which have not been satisfactorily explained by the Deputy Finance Minister, Ahmad Maslan.

“Najib should in fact arrange for a full debate in Parliament to be held on his ministerial statement on 1MDB,” Kit Siang said in a statement today.

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