

PM cannot wash hands of PetroSaudi scam

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By Kim Quek

COMMENT Prime Minister Najib Razak's simple statement that all's well with 1Malaysia Development Berhad (1MDB) has failed completely to address the stunning revelation that massive funds have been allegedly ripped off from the 1MDB-PetroSaudi joint venture the day after the joint venture (JV) agreement was signed.

Whistleblower website Sarawak Report together with London's Sunday Times have done an in-depth investigation by browsing through thousands of relevant emails and documents related to the joint venture and the picture stitched together by them is shocking and sensational.

The entire joint venture, falsely billed as worth US\$2.5 billion, was a fraud allegedly orchestrated by Najib's family friend Jho Low.

Leveraging on his special relations with the prime minister's family to the hilt, Jho Low achieved the fantastic feat of rushing through this multi-billion dollar JV deal in a matter of days, with the top management of 1MDB shockingly appearing more as spectators rather than active participants.

1MDB innocent bystander?

Imagine the then CEO of 1MDB Shahrol Halmi was brought into the proceedings only as late as Sept 15, 2009, a mere two weeks from the signing of the JV agreement when 1MDB was obliged to inject US\$1 billion cash immediately.

In fact, Shahrol had not even seen PetroSaudi International's company profile as intimated by him in an email dated Sept 20 to Jho Low (below) and Tarek Obaid, founder of PSI.

When Shahrol and his team met their counterparts for the first time in London on Sept 23, they were presented with the already completed JV agreement drafted earlier by Jho Low's team. By Sept 29, the agreement was signed.

Central to this scam is that PetroSaudi, a cashless shell, had acted as a front for Jho Low to siphon cash pumped in by 1MDB. PetroSaudi's more than US\$2 billion assets are only paper valuation of oil concessions it did not own.

On Sept 30, a day after signing the agreement, US\$700 million was paid by 1MDB, ostensibly to PSI, but in fact to an account in Zurich belonging to Good Star Ltd, which is controlled by Jho Low.

This payment was in compliance with a clause in the JV agreement whereby there was a US\$700 million "loan repayment" obligation to PSI, payable upon signing the JV agreement.

The above details of the transactions were published in Sarawak Report that reproduced selected email and documents to substantiate its report. A similar story featuring the flamboyant Jho Low as a “secret broker for 1MDB” was published simultaneously in the century-old Sunday Times.

Probably aware of the gravity of this scandal, Najib called in 1MDB and its auditor Deloitte to brief the cabinet. As a result, the PM issued a statement on March 4, saying “recent allegations directed at 1MDB relate to transactions undertaken by third parties such as PetroSaudi, not 1MDB.”

The PM further said that “cabinet expressed confidence that no wrong-doing has been committed within 1MDB”.

Not just audit, but probe

It is significant to note that the PM has not denied the veracity of the scam as exposed by Sarawak Report; he only disagrees that 1MDB was involved.

How could 1MDB be not involved, when it partnered with a shell, for which 1MDB had to pump in massive cash, only to be allegedly siphoned off fraudulently?

The best scenario for 1MDB is that it is guilty of gross dereliction of duty, and the worst, complicity in crime - from the executive level right up to PM himself, who chairs its advisory board besides heading the Finance Ministry, which wholly owns 1MDB.

In fact, the PM has to bear a special responsibility for this fiasco, for it was based on his special relationship with Jho Low that the latter was able to pull off this spectacular ‘Heist of the Century’, as billed by Sarawak Report.

The PM has also instructed the auditor-general to verify 1MDB’s accounts. That is of course a right move.

But what is even more urgent and imperative is to instruct both MACC and the police - aided by forensic auditors - to launch a full-scale probe to uncover all aspects of frauds, abuse of power and criminal dereliction of duty and bring the culprits to book.

In view of the extensive scandals plaguing this so-called sovereign wealth fund - monumental debts of RM49 billion, repeated failure to repay loans on time, and heavy and persistent operating losses - MACC and the police should extend their investigations beyond the abortive 1MDB-PetroSaudi JV to cover the fund’s entire operation.

KIM QUEK is the author of banned book 'The March to Putrajaya'.

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