

Gov't admits it is liable for RM11 bil of 1MDB's debt

MalaysiaKini.com

Mar 16, 2015

By Ram Anand

PARLIAMENT The federal government has finally admitted that it will be liable for a US\$3 billion (RM11.11 billion) debt of 1MDB Global Investment Ltd (1MDBGIL) if the 1MDB arm fails to pay off the debt.

It, however, denies that tycoon Jho Low has anything to do with state investment firm 1Malaysia Development Bhd.

In a written answer in Parliament to Tony Pua (DAP-Petaling Jaya Utara), the Finance Ministry said the support letter by the government for the debt would become "effective" if 1MDBGIL's assets cannot cover up the debts accrued.

This is the first time the government has admitted to being liable for the 1MDBGIL debt, which is based on a support letter issued when 1MDB raised these bonds in 2012 and 2013.

The government initially denied the existence of the letter, which was exposed by opposition lawmakers, including Pua.

It later admitted to the letter but refused to state that it was a form of guarantee that would make the government liable for the debt.

However, in its brief reply to Pua (left) today, the Finance Ministry said if 1MDBGIL could repay the debt using its assets, the letter of support would become "effective".

Pua in his question asked if the government had to pay the US\$3 billion debt should 1MDBGIL be unable to repay the money.

In another written answer, the ministry said 1MDB does not employ tycoon Low, and that all its decisions are made by its board of directors and shareholders.

Low, or his real name Teak Jho Low, has been accused of orchestrating 1MDB's deals and raking in millions of ringgit in the process.