

## **Parallels between 1MDB and Scorpene scandals**

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**By Cynthia Gabriel**

COMMENT The complex web of the 1Malaysia Development Bhd scandal has placed it as one of Malaysia's biggest financial controversies. The money trail has been a maze, keeping the scandal snowballing beyond control, much to Prime Minister Najib Abdul Razak's peril.

Friends and associates of the prime minister and his family seem to have huge powers to direct deals worth billions of ringgit, turning confusion into rage for many Malaysians.

The staggering RM42 billion ringgit debt 1MDB accumulated in just five years has clearly shown how power play, patronage politics and corruption have systematically ruined this nation of ours.

Financial scandals in Malaysia are aplenty, and so it isn't a surprise to note that 1MDB is indeed not the first mega financial scandal involving Prime Minister Najib.

Surely we recall, with the same fervour, the Scorpene submarine deal - another multi-billion ringgit purchase, reeking of corruption that scandalised the nation just prior to the 13th general election.

The numerous inconsistent answers dished out in Parliament finally led human rights group Suaram to file a judicial complaint with the French tribunal.

There are interesting parallels between the 1MDB and the Scorpene cases. So, what do they have in common?

### **PM Najib**

**SCORPENE:** Back in 2002 when the Scorpene deal was inked, Najib was defence minister. He then took on the position of deputy prime minister from 2003 onwards, when the submarines were being manufactured and delivered.

He signed the contract with the French submarine builder DCNS in 2002, and as such is responsible for the purchase. He was well aware of the wheeling and dealing of the chief negotiators, and the elements of the deal agreed to by both parties.

**1MDB:** Najib is chairperson of the board of advisers of 1MDB. 1MDB is wholly-owned by the Finance Ministry, and Najib is also the finance minister. The buck stops with Najib on the 1MDB fiasco.

### **Najib's friends and associates**

**SCORPENE:** Najib contracted his close associate Abdul Razak Baginda to lead the

negotiations for the Scorpene purchase. Razak was not a personnel of the Defence Ministry, but was handpicked by Najib to lead the negotiations.

In fact, in documents confidentially shown to Suaram by French lawyers then, it was highlighted that Razak was handpicked also because his wife, Mazlinda Makhzan, had a close relationship with Najib's wife, Rosmah Mansor. It was also made known to us that Najib had favoured Razak over the finance minister then, Daim Zainuddin.

**1MDB:** Now isn't Jho Low, the man at the centre of the 1MDB controversy, also Najib's family friend? What exactly was Low's role in the PetroSaudi International deal remains a huge mystery.

Did Razak and Low take centre stage in both these mega deals only because they are friends and close associates of Najib? Isn't this practice one that stinks of cronyism and patronage politics?

### **Najib's friends funnel money into own companies**

**SCORPENE:** Documents show that Razak set up two companies specific to the French purchase. The first, Perimekar, a subsidiary of Ombak Laut Sdn Bhd, is largely controlled by his wife, Mazlinda.

The second, a more discreet company found out mainly through the French probe, was called Terasasi and was formed to receive illicit funds never meant to be made public. Here, Razak (left) and his father are the controlling directors.

While it was revealed in Parliament that Perimekar had received close to RM550 million (Euro 114.9 million), for coordination services, Terasasi received amounts of up to Euro 42 million (RM171.23 million).

A Hong Kong chapter of the company was then established to continue the business deals between Terasasi and the French companies.

**1MDB:** Much has already been reported about Low's role in the Petrosaudi deal, and how RM700 million of the RM1 billion investment money from 1MDB was allegedly banked into the account of a firm controlled by Low, called Gold Star Ltd.

The largesse received by Najib's friends and associates in such mega deals is no small bonus. They run into hundreds of millions of ringgit of public money.

Both men have not been investigated over their roles in these deals, reeking of power abuse and financial mismanagement. This suggests that they receive protection from the system, and continue to roam around scot free.

### **Who is Lodin Wok Kamaruddin?**

**SCORPENE:** Lodin Wok Kamaruddin (right), another close associate of Najib, was a director of Perimekar, the go-between company involved in the submarine purchase till 2010. Lodin oversaw the transfer of money amounting to Euro 114.9 million into Perimekar's account. Perimekar's only client was the Malaysian government.

**1MDB:** Lodin, incidentally, is also on the board of directors and is chairperson of 1MDB. Lodin is also the chief executive of Lembaga Tabung Angkatan Tentera (LTAT), the military pensioners' fund. LTAT owned 20 percent of Perimekar, hence the use of public funds was involved in the purchase of the submarines.

We draw parallels here between LTAT and the Lembaga Tabung Haji's (Pilgrims Fund Board) purchase of 1MDB land. Now, the Retirement Fund Incorporated (KWAP) has also been thrown into controversy, although it says it has not committed to buying the 1MDB land. There seems to be no concern over safeguarding government-linked companies tasked with administering public funds.

### **International web of power**

**SCORPENE:** The deal took on a complicated money trail, not just involving France and Malaysia. French lawyer Joseph Breham had revealed at a press conference that several companies, including Terasasi, had parked themselves in Hong Kong to receive monies, purportedly from the sale of a confidential report from the Royal Malaysian Navy, that eventually won them the deal.

The money trail further extended to Malta and Luxembourg, where French companies were set up to facilitate kickbacks and payments, in order to avoid the OECD convention that the French government had signed in 2002.

Breham (right) said payment slips of airfare tickets with the names of Razak and murdered Mongolian woman Altantuya Shaariibuu were issued from covert companies in these countries.

**1MDB:** From the Middle East to Cayman Islands, the money trail has been laden with controversies.

The similarities drawn between Scorpene and 1MDB are deeply worrying and illustrate the true machinations of those in power.

Too much money has been plundered with zero accountability, at the expense of ordinary Malaysians. Najib's empty chest-beating, pledges to combat corruption and promote people-centred governance, rings hollow. As the English idiom goes, "What goes around, comes around".

Najib must be held responsible for these scandals.

C4 thus joins the chorus of concerned voices and demands that Najib relinquishes his

finance minister portfolio with immediate effect, to save Malaysia from further catastrophes.

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