

1MDB hides behind 'gov't secrecy', laments Dr M
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Former prime minister Mahathir Mohamad has slammed 1MDB for hiding behind "government secrecy" to shield itself from his repeated criticisms of the troubled investment fund.

"To all my criticisms, 1MDB can only say that they are all wrong. But there are no proofs given. The answer is always about secrecy of government matters."

He said that Terengganu Investment Authority (TIA), the precursor to 1MDB, had refused to allow its oil wells to be used as collateral for its loans.

"The federal government as guarantor for the RM5 billion loan was because Terengganu rejected the absurd.

"Why should Terengganu pull out of the federal government's initial proposal that its oil wells future production be the collateral?"

"No cabinet paper on the 5 billion loan was presented. Produce the paper for the public to see. Of course you will say cabinet papers are secret," Mahathir wrote on his blog today.

"If the loan is not off-budget then show in the government yearly budget provision for raising the loans. There is none."

Mahathir said this after 1MDB in a lengthy response yesterday insisted that there was a Cabinet paper about the RM5 billion loan and ministers had been made aware of it.

In its response yesterday, 1MDB also picked apart Mahathir's blog postings for what it said were erroneous figures quoted by the former prime minister.

Among others, 1MDB said Mahathir mistook the initial RM5 billion loan as being arranged by investment bankers Goldman Sachs when in fact it was done by Ambank.

'Confidential, secret'

Goldman Sachs only came in when 1MDB sought to raise funds to purchase power assets and the firm reportedly charged 1MDB a 10 percent interest rate for handling its bonds.

However, Mahathir said regardless of whether it was Goldman Sachs or Ambank, 1MDB did not address the exorbitant charges.

"There is written evidence about Goldman Sachs' terms for the bond issue.

"Show that Goldman Sachs or Ambank did not impose a high interest rate and a 10 percent

commission on the loan. Don't just say it is a secret," he said.

Mahathir, nevertheless, conceded that his estimation of the RM3 billion in annual interest 1MDB had to pay was not accurate and accepted 1MDB's RM2.4 billion but pointed out the company did not address the issue of it struggling to repay its debt.

"Okay. The interest per annum is RM 2.4 billion and not RM3 billion. Can 1MDB pay that amount?

"Already it had to get money from tycoon Ananda Krishnan and the IPIC to pay.

"Borrowing money to pay interest does not reduce the principal. It only increases the debt.

"Even if it is payment for shares or whatever, the loan would still be there. So you cannot explain more. It is confidential – secret," he said.

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