

WSJ: Najib used 1MDB's funds for GE13
MalaysiaKini.com
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A Wall Street Journal (WSJ) report today claimed that 1MDB's funds were used to bankroll Prime Minister Najib Abdul Razak's campaign in the 13th general election.

The report said this was achieved by having 1MDB make overpriced purchase of power assets from Genting Group in 2012.

Genting then made a donation to a foundation controlled by Najib before the 13th general election and it claimed the funds were used for campaigning.

"The 1MDB fund in October 2012 acquired a Genting unit that owned a 75 percent stake in a 720-megawatt gas-fired power plant near Kuala Lumpur.

"The price, which was equivalent to about US\$740 million at the time, came to RM2.3 billion.

"A few months after the sale, a unit of Genting called Genting Plantations Bhd made a donation of about US\$10 million to a Najib-linked charity, according to a spokesperson for Genting Plantations," said the report.

The foundation, WSJ said, was Yayasan Rakyat 1Malaysia, which lists Najib as chairperson on its website.

"Though set up to help underprivileged Malaysians through education and sport, this charity soon got involved in spending that appeared designed to help Najib retain power in the May 2013 election," it said.

1MDB, which has accumulated RM41.8 billion in debt, is owned by the Finance Ministry, a portfolio held by Najib.

'Spent millions'

WSJ said 1MDB's purchase of Genting's stake in the power asset was around five times what it was then worth.

"The price, which was equivalent to about US\$740 million at the time, came to RM2.3 billion.

"Genting later reported it had a 1.9 billion ringgit extraordinary gain on this sale, implying a value for its stake in the power plant of just 400 million ringgit - or less than one-fifth what 1MDB paid for it.

"In a second sign that 1MDB paid a high price, the fund's financial statement for the fiscal

year ended in March 2013 said the power unit's property, plant and equipment were worth a little under RM500 million at the time of acquisition," it said.

WSJ said the "donations" to Yayasan Rakyat 1Malaysia were then poured into the election campaign in Penang for BN's bid to recapture the state.

"It and other charities linked to the government spent millions of dollars before the voting in Penang, a northern state that was an important election battleground.

"Najib visited Penang during the campaign and announced that Yayasan Rakyat 1Malaysia would donate RM2 million to two local schools.

"These schools serve Chinese communities that are not a poor demographic but whose support would be crucial to win votes in the area," it said.

'Goldman pushed to raise money before GE13'

It said regulators found the charity had failed to file its required financial status since 2013.

WSJ added that Goldman Sachs, which received a handsome commission for raising US\$3 billion (RM11.22 billion) in bonds for 1MDB, was pressed to do so quickly shortly before the general election.

"Goldman Sachs Group Inc arranged the bond sale and took on extra risk to get the deal done quickly at 1MDB's request, according to a person familiar with the matter, earning unusually high profits as a result," it said.

Shortly after the general election, Kinibiz reported that Genting made an unexpected RM190 million in donations, believed to be related to the election.

"Analysts were puzzled that the Genting group made such a huge donation, and that too spread out over several companies, in just one quarter, significantly impacting its bottom line.

"They speculated that the so-called donations could be election-related, using charities as fronts. It is normally unthinkable that such large contributions were made to charities, Kinibiz quoted an analyst as saying.

The Prime Minister's Office (PMO) did not directly address the allegation in the WSJ report.

"Unfortunately, the prime minister's political opponents, unwilling to accept his record or the facts, continue to try to undermine him with baseless smears and rumours for pure political gain," the PMO told WSJ.

WSJ said it was told by 1MDB to refer the matter to Genting. Genting Group declined to

comment.

Malaysiakini has contacted the PMO, 1MDB and Genting Group on the WSJ report and is awaiting their responses.

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