

1MDB slams Pua for making 'damaging' claims
MalaysiaKini.com
July 14, 2015

The state investment company 1MDB has slammed Petaling Jaya Utara MP Tony Pua for making 'unsubstantiated and damaging' allegations regarding the company earlier today.

"1MDB regrets that such statements on the company are being made by a third party such as Tony Pua and reported as facts on social media and online news websites.

"Such actions impact the day to day operations of 1MDB, a 100 percent government-owned company, and the implementation of the 1MDB rationalisation plan," it said in a statement today.

Earlier today, Pua (photo) had claimed that 1MDB had doctored its March 2014 audited financial statement to give the false impression that it has set aside most of a US\$1.22 billion (RM4.03 billion) fund from one of its investments to settle its debts with various creditors.

The purportedly doctored document was provided to banks that had lent money to 1MDB, and differed from the certified-true copy available from the Companies Commission of Malaysia (SSM).

A paragraph from Page 93 of the copy available from SSM reads:

"As at the date of this report, the amounts received from the redemption of investments of US\$1.22 billion (RM4.03 billion) in the (segregated portfolio company) above have been substantially utilised for the purposes of debt interest payment, working capital and payments to Aabar as refundable deposits pursuant to a Settlement Agreement to extinguish the Options Agreement as disclosed in Note 41(ii)(j)."

Pua claims that the financial statement provided to 1MDB's bankers had been altered such that the term 'substantially utilised' had been replaced with the term 'substantially set-aside'.

He had furnished reporters with a copy of page 93 of the financial statement from SSM's records, but said he could not provide a copy of the version held by bankers because this would mean running afoul with banking secrecy clauses of the Banking and Financial Institutions Act 1989.

He also evaded questions on whether he has evidence of the alleged tampering at hand, but instead said he would not have made an easily disproved allegation unless he is confident of its veracity.

Confidentiality obligations to lenders

Meanwhile, 1MDB in its statement did not confirm nor deny Pua's allegations, but instead cited its confidentiality obligations to its lenders.

It also pointed out that no lender has declared an event of default on 1MDB for the reasons that Pua had mentioned, which is that doctoring financial statements would trigger an event of default under most loan agreements.

"It is unclear to 1MDB on what basis Tony Pua, a third party who is not a banker to 1MDB - nor privy to the company's internal dealings, is making such unsubstantiated and damaging allegations against 1MDB.

"We note that Tony Pua has declined to elaborate further on the 'valid reasons' behind his statements. In any event, interaction between 1MDB and its bankers, including confidentiality obligations, are governed by contract and national law.

"1MDB highlights that no lender to 1MDB has declared an event of default for the reasons highlighted by Tony Pua," it said.

The company also urged members of the public to refer to 1MDB's official statements and publically available audited accounts for factually correct information, including SSM's website where any interested person can access its financial statements for verification purposes.