

**The Edge: Our reports exposed fraud
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The Edge Financial Daily's latest report on 1MDB today denied the allegation that it was part of a political conspiracy, and instead recounted an alleged scheme by tycoon Jho Low and PetroSaudi International (PSI) to steal billions from Malaysia.

"We have a duty to find and report the truth. Our reports on 1MDB had exposed how a group of individuals - Malaysians and foreigners - schemed a multi-billion ringgit fraud against the people of Malaysia.

"How can the work that we have done be deemed as a political conspiracy?" *The Edge* asked in a publisher's note accompanying the report.

The business paper in its four-page expose claimed that Jho Low, whose real name is Low Taek Jho, had worked with PSI to siphon off at least US\$1.83 billion in cash from 1MDB, through the 1MDB-PetroSaudi Limited joint venture company.

"We have in this report, which is possibly the last on this subject, laid out all the key facts about what happened during the three-year business ties between 1MDB and PSI - especially what happened to the US\$1.83 billion of real cash invested by 1MDB," it said.

The Edge said its report on the alleged scandal was corroborated by documents including bank transfers and statements, all of which would now be handed over to the authorities, with whom they would fully cooperate.

The financial daily is being investigated for its previous reports on 1MDB, which Home Minister Ahmad Zahid Hamidi (*photo*) claims was based on false information.

Among the highlights of *The Edge* report is that US\$700 million from 1MDB's initial US\$1 billion investment in the JV allegedly went instead to Good Star Limited, which the daily claimed was controlled by Low at the time.

1MDB's board of directors were reportedly not informed of this transaction before signing the JV, and two directors Mohd Bakke Salleh and Azlan Zainol resigned over the matter. The transaction was also a breach of the approval given by Bank Negara for 1MDB to remit US\$1 billion for the JV.

Money went into bank accounts

The Edge also claimed that PSI acted fraudulently when setting up the JV, by pledging oilfield assets in Turkmenistan that it never owned, as its US\$1.5 billion contribution to the company.

The JV was called off in 2011, and 1MDB never got back the US\$1.83 billion. *The Edge* said the money had gone to various accounts of those involved in several global banks, including JP Morgan, RBS Coutts, Credit Suisse, HSBC and BSI Bank.

The investment arm meanwhile had ended up with murabaha and promissory notes which they claimed to be worth US\$2.23 billion. This were the alleged assets 1MDB had in the Cayman Islands.

1MDB however was unable to prove the value of its assets, a main contention with external auditors Ernst & Young and KPMG. *The Edge* claimed KPMG was sacked because it refused to sign off 1MDB's accounts for FY March 31, 2014.

It then went on to detail how 1MDB had tried to cover this hole by paying Aabar Investments US2.23 billion to terminate options issued to the latter. Aabar would then pay the money to 1MDB's Cayman accounts, allowing it to withdraw the assets.

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