

## **1MDB board needs to call EGM over WSJ allegations**

**MalaysiaKini.com**

**Sept 20<sup>th</sup>, 2015**

**Tony Pua**

MP SPEAKS It's board's duty to appoint independent auditor to review its accounts in light of all the allegations.

1Malaysia Development Bhd (1MDB) provided a quick and smug reply to my statement issued yesterday.

I had challenged 1MDB to deny the allegations carried in The Wall Street Journal (WSJ) reports that 1MDB's US\$1.4 billion "refundable deposit" and US\$993 million payment to buy back its options from International Petroleum Investment Corporation (IPIC) was missing and unaccounted for in the latter's financial statements.

1MDB claimed that:

*(a) despite the spurious and unproven allegations raised by the Wall Street Journal in its first article dated 9 September 2015, further to the US\$1.4 billion (RM5.9 billion) deposit from 1MDB in 2012, IPIC was and remains, the guarantor of two 1MDB bonds totalling US\$3.5 billion; and*

*(b) despite the malicious and wrong second Wall Street Journal article on September 18, 2015, upon payment of the "nearly US\$1 billion" deposit by 1MDB, the options over the energy assets have indeed been terminated.*

YB Tony Pua, the facts above speak for themselves. – 1MDB statement

Unfortunately, the above "denials" were only attempts to obfuscate the issue, but did not address the allegations made by WSJ.

### **Non answers by 1MDB**

In the first instance, WSJ never claimed that the US\$1.4 billion collateral wasn't reflected in the 1MDB financial statements.

WSJ also never disputed the fact that IPIC provided a US\$3.5 billion guarantee for 1MDB's bonds. WSJ claimed that the US\$1.4 billion was not accounted for in IPIC's books and the so called collateral was never mentioned as a condition to providing the guarantee.

Hence the question which remains unanswered is, where did the US\$1.4 billion "refundable deposit" paid by 1MDB go to, if it did not go to IPIC?

With regards to the second instance cited by 1MDB, the WSJ never queried the termination of "the options over the energy assets".

The question raised by the WSJ is if 1MDB did indeed pay “nearly US\$1 billion” to terminate the options, and IPIC’s accounts which are audited by Ernst & Young did not reflect any such payments received, where did the “nearly US\$1 billion” go to?

I have asked that 1MDB issue a joint statement with IPIC to clarify the “missing billions” and put the allegations by the WSJ to rest once and for all. However, 1MDB ignored the request altogether.

This raises a further question as to whether IPIC is refusing to corroborate 1MDB’s protests of innocence.

### **MP’s business to ask**

Instead of answering the above scandalous questions pertaining to the billions of ringgit of “missing” funds entrusted with 1MDB, the company executives are acting with impunity by telling an elected member of parliament to effectively go mind his own business.

1MDB said, “YB Tony Pua should focus his energies on properly answering the ongoing police investigations and answering the rakyat on this scandal which has now disgraced the PAC process.”

Let me set the record straight. It is my role and responsibility as a Malaysian member of parliament (MP) to scrutinise entities responsible for the taxpayers’ monies. It is my sworn duty to demand accountability and transparency from the government.

Hence I will fail my voters and ordinary Malaysians at large if I did not highlight the exposes and allegations made by the WSJ or any other media which are back by facts and figures.

The roles of 1MDB executives are to ensure that the accounts of the wholly-owned government subsidiary are squeaky clean and that they comply with the strictest standards of good corporate governance.

It is their primary responsibility to ensure maximum protection for the taxpayers’ funds which have been entrusted with them. It is not the role of 1MDB or its executives to question my role as an MP or to tell me how to do my job.

### **Board must call EGM**

As 1MDB is refusing to be truthful and forthcoming with the answers on the various allegations against the company, including the latest exposes by the WSJ, the 1MDB board of directors must take note of the company’s belligerence.

The key fiduciary duty of board members is to ensure that the organisation is well-managed and that its financial situation remains sound.

Therefore, we call upon the 1MDB board of directors to convene an emergency meeting to appoint an independent auditor to conduct a special review the 1MDB financial statements for March 2013 and 2014 to ensure that every sen in 1MDB has been properly accounted for and has not been embezzled or misappropriated.

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Source: <http://www.malysiakini.com/news/312892>