

1MDB told to come clean on 'illegal funds transfer'

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1MDB president and executive director Arul Kanda must come clean if the state-owned fund breached Bank Negara conditions on the transfer of funds overseas, a DAP lawmaker insists.

Referring to a copy of Bank Negara's Sept 29, 2009, letter of authorisation that was uploaded to whistleblower website Sarawak Report on Sunday, Petaling Jaya Utara MP Tony Pua urged Arul to confirm if the document was genuine.

It was reported that the central bank had issued the letter of authorisation for 1MDB to transfer and invest US\$1 billion in a joint venture with PetroSaudi International Ltd or acquire a 40 percent stake in the joint venture on the basis of particular information provided by 1MDB in its application.

According to Pua, the three key points revealed by the letter are:

- The joint venture will have combined equity funds of US\$2.5 billion to be used for investment in various sectors;
- The US\$2.5 billion of funds will be deposited with Banca della Svizzera Italiana SA, Geneva, while waiting for the prospective investments to be identified; and
- The funds will be transferred in tranches to ensure an orderly foreign exchange market.

"But, based on publicly available information today, the state-owned firm has clearly misled Bank Negara in its application to transfer the US\$1 billion in funds overseas," Pua pointed out.

The joint venture never raised US\$2.5 billion in funds as Petrosaudi did not inject any cash into the joint venture for its 60 percent stake.

"Instead, Petrosaudi injected assets allegedly worth more than US\$1.5 billion, which was subsequently proven to be fraudulent or non-existent," he said.

Secondly, said Pua, the US\$1 billion invested by 1MDB was never deposited with Banca della Svizzera Italiana SA at all.

"Instead, the US\$700 million was misappropriated directly to Good Star Ltd's account with Coutts Bank, Switzerland, which is in turn controlled by Low Taek Jho (photo), or better known as Jho Low," Pua said.

"Thirdly, the funds were never transferred in tranches but at one go to two different accounts, within days of receiving the Bank Negara letter.

"Arul Kanda must now also confirm if the letter of authorisation from Bank Negara, as published by Sarawak Report, is also genuine," he urged.

AG asked to take action

The exposé is of massive importance because it provides clear-cut evidence to charge the responsible officials for criminal breach of trust, misappropriation and embezzlement as well as a host of wrongdoings under the Financial Services Act.

"At the very least, Tang Keng Chee, the then executive director of 1MDB to whom the letter is addressed, and Shahrol Halmi, who authorised the payments to Good Star Ltd, must be immediately investigated for the above crimes," Pua added.

"The question is, will Apandi Ali, the attorney-general now take the necessary action?"

"Or, is it his paramount duty to cover up all crimes relating to 1MDB to ensure that none of them will see the light of day in our courts of law?" asked Pua, who is also DAP publicity secretary.

Bank Negara has called on the Attorney-General's Chambers on two occasions to prosecute 1MDB officials for contravening the Exchange Control Act 1953, but to no avail.

Following this, the central bank announced last Friday that it had cancelled prior approvals for 1MDB to transfer US\$1.83 billion (about RM7.5 billion) overseas and wants 1MDB repatriate all the funds.