

'Livid 1MDB directors wanted US\$700m back from PetroSaudi'

MalaysiaKini.com

Oct 16th, 2015

1MDB's board of directors wanted to redeem US\$700 million belonging to the firm meant for a joint venture (JV) from PetroSaudi International (PSI), claimed whistleblower Sarawak Report.

This was based on alleged leaked minutes from a board of directors meeting on Oct 3, 2009.

"Documents from a special meeting of the board held on Oct 3, 2009, shortly after the signing of the joint venture with PSI, reveal that furious directors complained at how US\$700 million was siphoned off from the company's original US\$1 billion investment in the venture," said Sarawak Report editor Clare Rewcastle-Brown in an email to Malaysiakini.

An excerpt from the minutes said that the board "was not consulted on the change of plans to remit US\$700 million to PSI. The board of directors' understanding was for the full US\$1 billion to be wired to the joint bank account under the name of the JV company."

Malaysiakini has contacted 1MDB for its comments on this latest leak.

The leaked minutes appears to corroborate a report by The Star in July that two 1MDB directors had resigned in protest after the US\$700 million intended for its JV with PSI was diverted.

Similarly, The Edge had also reported 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 businessman Jho Low at the time.

1MDB had criticised The Star's report as sloppy reporting.

Besides asking for the US\$700 million back, the leaked minutes also showed that the board of directors was concerned at the speed the 1MDB-PSI JV was formed.

"(It) raises questions as to whether adequate control measures, checks and balances were put in place to protect the company's (1MDB) interests," the minutes read.

It also stated that the directors wanted confirmation that all the assets injected into the JV by PSI were now owned by the JV.

The directors wanted these assets to be evaluated, and to receive a briefing on the evaluation.

Previous reports said these assets were oilfield assets in Turkmenistan.

The JV was called off in 2011 and 1MDB was compensated with a 49 percent stake in PetroSaudi Oil Services Limited (PSOSL) valued at US\$2.2 billion.

This stake was sold to Bridge Partners International Investment in August that year in exchange for promissory notes worth US\$2.32 billion.

This was the alleged assets 1MDB had in the Cayman Islands.

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Source: <http://www.malaysiakini.com/news/315920>