

Ex-1MDB boss must explain US\$700mil debacle

MalaysiaKini.com

Oct 18th, 2015

Tony Pua

MP SPEAKS Former 1Malaysia Development Bhd (1MDB) chief executive officer Shahrol Halimi must tell Malaysian taxpayers why he allowed US\$700 million to be misappropriated to Good Star Limited and why he should not be charged with criminal breach of trust, with the latest board minutes expose from the Sarawak Report.

The Sarawak Report exposed the minutes of the 1MDB board meeting on 3rd October 2009 which recorded that the board of directors (BOD) were furious with the top management team led by Shahrol.

According to the minutes, 1MDB went ahead with the signing of the joint venture with Petrosaudi (PSI) without specific knowledge and approvals from the board. More specifically, the top executives of 1MDB transferred US\$700 million of the proposed investment to an account unrelated to the joint venture company (JVco).

The minutes clearly stated that “the BOD was not consulted on the change of plans to remit US\$700 million to PSI. The BOD’s understanding was for the full US\$1 billion to be wired to the joint bank account under the name of the JVCo...”

The minutes of the meeting proved beyond reasonable doubt that the US\$700 million of the proposed US\$1 billion had been misappropriated by Shahrol. It beggars belief that despite the clear case for criminal breach of trust, Shahrol remains today a director of 1MDB.

Perhaps Shahrol’s performance is so impressive that Premier Najib Abdul Razak has also made him a director in the performance management delivery unit (Pemandu) of the Prime Minister’s Department.

In contrast, the BOD were so livid that they demanded for the US\$700 million to be returned “so that the funds could be remitted through the originally agreed channel”.

Reprimanded for intransigence

The directors also openly reprimanded the top management for their intransigence. They specifically instructed Shahrol and his top management “not to deviate from the BOD’s instructions”. They further “advised Shahrol to seek clarification from the BOD if the CEO and management have doubts on any particular matter”.

Of course, based on information already available on the public domain, we know that the US\$700 million was never returned to 1MDB. Instead of Shahrol being removed from office for his outrageous actions, it was the Mohd Bakke Salleh (photo) who quit as the chairperson of 1MDB two weeks later, presumably in absolute disgust.

With the 1MDB board minutes as the incontrovertible evidence, Shahrol Halmi must explain to all Malaysians why he signed the 1MDB Petrosaudi joint venture agreement in such haste.

He had agreed to invest US\$1 billion in the joint venture within five days of meeting the Petrosaudi executives for the very first time in London.

He must also explain why he misappropriated US\$700 million to Good Star Limited, a company unrelated to the joint venture, and why he subsequently disobeyed specific instructions by the Board to have the money returned to 1MDB.

He owes the explanation to Malaysians because 1MDB is a wholly-owned Ministry of Finance subsidiary. Today, 1MDB is in a desperate need of a multi-billion ringgit bailout with taxpayers' funds. It is also today a major cause of the collapse of confidence in Malaysia's economy and its currency causing untold hardship to the man-on-the-street because of the scandal Shahrol ignited.

The question is, did he defy the BOD because of his own wilfulness, or did he dare to do so, because he had even more powerful personalities giving him instructions to carry out the misdeeds?

If he fails to explain himself, Shahrol must be charged with criminal breach of trust, fraud and even abetting embezzlement. He will then undoubtedly go down in the record books as the villain behind the single largest financial scandal in the history of Malaysia to be remembered for generations.

Copyright © 1999-2012 Mkini Dotcom Sdn. Bhd
Source: <http://www.malysiakini.com/news/316141>