

Australian firm managing 1MDB proceeds being liquidated

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An Australian company that was supposedly managing 1MDB's proceeds from its short-lived joint venture with PetroSaudi International is being liquidated by Australian authorities, says a report in The Wall Street Journal (WSJ).

The company, Avestra Asset Management, manages US\$2.32 billion (RM9.93 billion) of 1MDB's funds, but the regulators are liquidating it over concerns that it is putting its clients' money at risk in questionable investments, WSJ said.

"Australian regulators aren't looking into the relationship with 1MDB but instead at whether retail investors may be at risk.

"They allege Avestra hid its investments from Australian regulators by routing them through the Bridge Global fund, where 1MDB had invested its money," the US financial daily's report says.

It quoted 1MDB as saying that it had put the US\$2.32 billion from what it claims to be proceeds from its joint venture with PetroSaudi into the Cayman Islands-registered entity Bridge Global Absolute Return Fund SPC.

The entity was set up in 2012, just weeks before it received the 1MDB money, but the Cayman Islands corporate registry documents do not disclose who had set up the entity.

Avestra became adviser in March 2014

Avestra, the Australian Securities and Investments Commission (ASIC) reportedly said, became Bridge Global's 'investment adviser' in March 2014, but the report said it is not clear whether Avestra had any connection with Bridge Global prior to that, or whether it still has any role in it today.

The WSJ quoted an ASIC affidavit as stating that Avestra's activities are focused in 'Malaysian penny stocks and obscure merger finance'.

Investigations against Avestra are ongoing, and the report quoted an unnamed person as saying that Australian authorities would be willing to cooperate with their Malaysian counterparts as the latter investigates 1MDB.

1MDB was supposed to invest a total of US\$1.8 billion in the joint venture, but the partnership fell apart just months later.

Opposition politicians and former prime minister Dr Mahathir Mohamad have repeatedly raised questions about where the money had gone since, especially with 1MDB facing problems repaying its RM42 billion debt.

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