

WSJ claims 1MDB board jittery over probe, feared CBT charge

MalaysiaKini.com

Dec 29th, 2015

Board members of the state investment fund 1MDB had been jittery over the investigations on the company, US financial daily Wall Street Journal (WSJ) reported today.

It said that based on the minutes from a meeting that took place in December last year, the police had visited 1MDB's headquarters after an unnamed Umno politician lodged a police report claiming financial mismanagement in the company.

The police had left without taking any evidence, the report said, but it had the board members worried and they had discussed about what to do with the police.

“One board member worried whether they could be charged with 'criminal breach of trust'. The fund's general counsel answered it was unlikely given no one on the board had personally benefited from 1MDB's activities, the minutes say.

“The board's chairman suggested convening in the future outside of 1MDB's offices to 'reduce the risk of bugged meeting rooms',” the WSJ reported.

It said 1MDB had prioritised spending for the 2013 general election even as the company suffered from insufficient cashflow, with the tycoon Low Taek Jho (also known as Jho Low) directing the election spending.

The report added that based on the minutes of an earlier meeting on February that year, 1MDB's auditor Deloitte Touche Tohmatsu Ltd had told the board that it has received e-mails and letters alleging "financial reporting fraud" in the fund's joint venture with PetroSaudi International, the changing of its previous auditors, and the overpayment for 1MDB's power assets.

Nevertheless, the auditor saw fit to sign off 1MDB's accounts.

“The auditor said there was no evidence of wrongdoing, according to the minutes, and signed off on 1MDB's accounts.

“The fund reported a net loss of around US\$200 million (RM859 million) in the year to March 31, 2014, the last available results. Deloitte declined to comment,” the WSJ said.

Propagated by the opposition

Meanwhile, 1MDB panned the WSJ for recycling unsubstantiated allegations.

“The fact is that there is no real news in this article. For reasons best known to its management, the WSJ appears happy to have become a noticeboard for conspiracy theories and smears propagated by the Malaysian opposition. This is a sad state of affairs for its

readers, who deserve better.

“As the WSJ is fully aware, these allegations are the subject of an extensive inquiry being conducted by multiple lawful authorities in Malaysia. Furthermore, as the newspaper itself admits several times in the article, no illegal activity is alleged to have taken place,” it said in a statement today.

1MDB has been the subject of investigation by, among others, the police, Bank Negara, the Auditor-General's Office, and the Public Accounts Committee, as well as several other agencies abroad.

Copyright © 1999-2012 Mkini Dotcom Sdn. Bhd

Source: <https://www.malaysiakini.com/news/324889>