

## **1MDB's 'original sin' and Jho Low**

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**Aidila Razak**

The story of 1MDB begins in 2009, in the oil-rich east coast state of Terengganu. Flushed with this black gold, the state decides to start a sovereign wealth fund so its riches could last for generations and more.

But what transpired between the formation of Terengganu Investment Authority (TIA) on Feb 27, 2009 and the day it was rebranded 1MDB on July 31, 2009 is not the stuff of fairy tales.

Instead, it was a tale of boardroom tussles, menteri besar intervention, royal outrage and a special adviser named Jho Low.

Below is the chronology of events, according to the Public Accounts Committee's (PAC) report on 1MDB tabled at the Dewan Rakyat yesterday.

**Feb 27, 2009** - TIA set up

**April 1, 2009** - Cabinet approves government guarantee for TIA to raise RM5 billion through a 30-year Islamic Medium Term Notes.

**May 13, 2009** - Menteri Besar Incorporated Terengganu (MBI Terengganu) sends a letter to the Finance Ministry supporting the issuance of the notes according to several terms.

**May 15, 2009** - TIA signs agreement with AmInvestment Bank Bhd to raise RM5 billion, but MBI Terengganu opposes, claiming the agreement did not adhere to MBI's terms. The menteri besar is Ahmad Said.

(TIA chief executive Shahrol Azral Mohd Halmi told PAC later that it was a "bought deal", where Ambank had a secondary market for the notes.)

**May 22, 2009** - TIA board decides to suspend the bond issuance on an urgent basis and revoke all authority given to Shahrol or any director on the Islamic notes issuance.

(Board members are Terengganu princess and sultan's sister, Tengku Rahimah Puteri, Tabung Haji managing director Ismee Ismail and Shahrol.)

However, the marketing process for the Islamic notes commences on this very day.

**May 25, 2009** - Shahrol signs deal with Ambank to issue the Islamic notes.

**May 27, 2009** - Shahrol dropped as chief executive through TIA shareholders resolution

and Tengku Rahimah resigns from the board.

Shahrol and Ismee use their powers as remaining board members to reinstate Shahrol as chief executive.

The Terengganu government sends a letter instructing a halt on the Islamic notes issuance.

(Shahrol later tells PAC he adhered to TIA Memorandum of Articles of Association, but PAC disagrees. He tells PAC "the train had left the station" and there was no way to stop the Islamic notes issuance.)

**May 29, 2009** - Menteri Besar Incorporated Terengganu (MBI Terengganu) sends a letter to Finance Ministry supporting Shahrol's sacking as chief executive.

It also sends a warning letter to Ambank alleging the bank's culpability in wrongdoing.

TIA Islamic Medium Term Notes subscription period expires and RM4.835 billion is raised. Ambank pockets RM11.25 million as arranger fee plus RM7.14 million in trustee and agency fee, payable at RM238,000 a year for 30 years.

**June 3, 2009** - Cabinet is told that the Terengganu sultan wants a report on "unauthorised issuance of Islamic Medium Term Notes by TIA".

**June 30, 2009** - Shahrol tells a meeting chaired by the Treasury secretary the letter by MBI Terengganu to halt the bond issuance arrived after marketing for the notes started. He says the process went on despite the letter to protect TIA's credibility.

**July 25, 2009** - TIA is rebranded 1Malaysia Development Bhd, with RM1,000,002 paid up capital and allowable capital of RM1 billion. It is fully-owned by the Ministry of Finance Incorporated.

**Aug 28, 2009** - Prime Minister Najib Abdul Razak, who is also finance minister and chairperson of 1MDB advisory board, receives a letter from one "Prince Turki". Along with the letter is an introduction to PetroSaudi International by its chief executive Tarek Obaid.

Tarek proposes a 40 percent stake worth US\$1 billion in a joint venture worth US\$2.5 billion. PetroSaudi offers a discount on its assets, supposedly valued at US\$1.5 billion.

(Incidentally, Prince Faisal Turki Bandar al Saud of Riyadh was among those named in documents obtained by ABC's Four Corners who made hundreds of millions of ringgit deposits to Najib.)

**Oct 10, 2009** - Shahrol tells the 1MDB board the TIA notes were issued urgently on advice of TIA's "special adviser" for the purpose of developing Pulau Bidong with the Abu Dhabi firm Mudabala.

This despite Mudabala in a press statement in May 2009 denying involvement in any other Malaysian project besides the Iskandar development in Johor.

TIA's special advisers are Abdul Aziz Mohd Akhir and Jho Low.

**Tomorrow:** The tale continues - the PetroSaudi ruse

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