

1MDB gets 'we own Good Star' letter - six years later

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PAC 1MDB only got a document confirming that Good Star Ltd belonged to PetroSaudi International six years after it transferred US\$700 million to the allegedly Jho Low-linked company.

When grilled by the Public Accounts Committee last year, former 1MDB CEO Shahrol Azral Halimi said they verified that PSI owned Good Star through a letter.

However, the deputy director of special audits and research at the Auditor-General's Department, Nadhirah Abdul Wahab, said the letter was dated 2015.

"The letter was dated 2015, not dated at that time of investment (2009)," Nadhirah was recorded as saying in the PAC Report in the parliamentary Hansard on Nov 11, 2015.

However, Shahrol insisted that 1MDB had known Good Star belonged to PSI in 2009, although he appeared to have trouble remembering how they verified it, as shown in the Hansard.

Shahrol: I had verification then.

Tony Pua: And representation from PSI and Good Star that Good Star is a subsidiary of PSI?

Shahrol: Correct.

Pua: Who are the representations for these?

Shahrol: I don't recall exactly, but we checked at...

Pua: Documents?

Shahrol: I don't recall exactly, but we checked and we were comfortable that the company is a PSI company.

In 2009 1MDB diverted US\$700 million out of the US\$1 billion meant for its joint venture with PSI into Good Star's accounts.

Shahrol said the instructions to split the payment came from PSI's solicitors.

He then defended the move, despite it not being approved by 1MDB's board of directors, by giving an analogy on buying houses.

"The analogy is actually if I were to buy a house for RM100,000 and in return for paying RM100,000, the owner will give me the title of the house.

"But the owner can instruct me, to say, give RM70,000 to him, and RM30,000 to another party. The result is the same. I still get the title to the house."

PAC members, including those from BN, did not appear to accept this explanation, with Jasin MP Ahmad Hamzah questioning if splitting the payments may have violated Bank Negara's rules.

Bank Negara had said last October that it had been given "inaccurate information" by 1MDB on its foreign investments.

The central bank then cancelled prior approvals for 1MDB to transfer US\$1.83 billion overseas and ordered 1MDB to repatriate all the funds.

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