

White House urges M'sian transparency in wake of fund scandal

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Jeff Mason & Susan Cornwell, Reuters

The White House urged Malaysia yesterday to demonstrate good governance and a transparent business climate, a day after US prosecutors sued to try and seize US\$1 billion in assets they said were bought with money stolen from a state development fund.

The civil lawsuits present a potentially thorny issue for the two countries that have grown closer during the administration of President Barack Obama, who has visited the Southeast Asian nation twice in the last two years.

The lawsuits will likely affect relations, but they did not come as a surprise, said a US congressional aide. "It has been a concern of a lot of people for a long time. Corruption in Malaysia is a huge problem," the aide said.

No criminal charges have been filed in the scandal surrounding Malaysia's 1MDB sovereign wealth fund, which was overseen by Malaysian Prime Minister Najib Abdul Razak.

Obama spoke generally with Najib on a visit to Malaysia last year about the need for transparency and good governance, White House spokesman Josh Earnest said at a news briefing.

"For business interests who are considering doing business in Malaysia, they're going to be looking for signs that there is good business climate," Earnest told reporters.

The Malaysian government "should be conspicuous about making clear that they're committed to transparency and good governance, and the kind of rules that will encourage people who are considering investing in Malaysia's fast-growing economy to have confidence that they can do so fairly," Earnest said.

Najib said in response to the lawsuits that his government would give its full cooperation to international investigations of the 1MDB case.

Malaysia's attorney-general Mohamed Apandi, however, expressed "strong concerns at the insinuations and allegations" of wrongdoing against Najib in the lawsuits.

He said in a statement that none of the probes conducted by law enforcement agencies across the globe over the past year show that any funds were misappropriated from 1MDB.

The US investigation is the largest set of cases brought by the Justice Department's Kleptocracy Asset Recovery Initiative, which seeks the forfeiture of the proceeds of foreign corruption.

Targeting assets ranging from valuable paintings and a private jet to the 2013 hit movie 'The Wolf of Wall Street' and rights to popular songs, the civil lawsuits said US\$3.5 billion was misappropriated from 1MDB.

1MDB said in a statement that it was not a party to the lawsuit, did not have any assets in the United States, "nor has it benefited from the various transactions described."

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