

## **'Did Putrajaya rush Goldman deal for quick cash amid struggling economy?'**

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The Center to Combat Corruption and Cronyism (C4) today questioned if Putrajaya rushed the settlement with Goldman Sachs in order to raise funds for the struggling economy.

"Was the settlement obtained in a hurry to help the struggling economy?" it asked in a statement.

C4 urged the Perikatan Nasional government to be transparent in the settlement with Goldman Sachs, which is paying compensation for its role in arranging three bonds for 1MDB totalling US\$6.5 billion, most of which was later misappropriated.

Under the settlement, Goldman Sachs will pay US\$2.5 billion cash to the Malaysian government and also guarantee US\$1.4 billion worth of recovered assets allegedly acquired using stolen 1MDB funds.

Critics, including former finance minister Lim Guan Eng, have argued that Malaysia was getting a poor deal as the previous Harapan government had pursued US\$7.5 billion in compensation.

Joining the criticism, C4 said the settlement "leaves gaping holes in logical reasoning for the hurried settlement".

"The 'successful' settlement somehow misses the point.

"It disregards the severity of the crime and sidesteps the prominent role Goldman had played in this entire episode of widescale corporate fraud.

"We must remember here, that this is not a case of compliance failure by a certain individual or agent of the bank as claimed by Goldman, rather it was a full-scale structural scam approved and participated by its top management to scheme and rob billions of US dollars," it said.

C4 also questioned why the PN government tried to amend the criminal charges brought against Goldman Sachs and its executives in favour of civil disgorgement.

"The evidence out there is clear and a conviction is highly probable according to former attorney-general Tommy Thomas.

"He further clarified that in addition to secure a conviction, which would render a sharp slap on the credibility and reputation of the Wall Street bank, the courts could order Goldman to pay compensation on the same basis a civil court would under the Capital Markets and Services Act 2007 as demonstrated in previous cases of Pesaka and Aldwich," it said.

Finance Minister Tengku Zafrul Abdul Aziz had argued that there were many uncertainties if the cases went to court and the civil disgorgement route had contributed to Goldman Sachs' willingness to settle for an appropriate sum.

He had also said that the "illusion of fighting for billions" may seem attractive, but the previous Harapan government did not arrive at a settlement and the current PN government adopted a pragmatic approach.

C4 said Zafrul should explain if Malaysians were shortchanged compared to what it could have recovered and why was there a hurry to settle.

"Where will the monies be deposited and how will it be disbursed? Is there a plan?" the anti-corruption think tank asked.

It said the government must put forth a strong message to financial institutions and corporations that they cannot get away with massive consequential

corporate fraud, money laundering financial crimes and corrupt practices.

Goldman Sachs had said it did not know that the proceeds it arranged would be misappropriated and had apologised to Malaysians for the scandal.

“It’s very clear that the people of Malaysia were defrauded by many individuals, including the highest members of the prior government,” Goldman Sachs Group Inc chief executive officer David Solomon had said.

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