

Shahrol refuses to say Najib unaware of Devonshire deal

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1MDB TRIAL | The 1MDB board and then prime minister Najib Abdul Razak were not informed of numerous fund transfers from 1MDB Global Investments Limited to the Devonshire Capital Growth Fund, the Kuala Lumpur High Court heard today.

This according to the testimony of former 1MDB CEO Shahrol Azral Ibrahim Halmi (above) when cross-examined by defence counsel Wan Aizuddin Wan Mohammed in court.

However, Shahrol refused to confirm if Najib, also the then finance minister - the main shareholder of 1MDB - had no knowledge of the Devonshire deal.

Both the company and the fund were incorporated in the British Virgin Islands.

Shahrol confirmed that at the material time, he had not heard of Devonshire. He

also confirmed that the directors of 1MDB Global - Mohd Hazem Abdul Rahman and Azmi Tahir - did not inform the 1MDB board about the transfers.

Wan Aizuddin then tendered several bank documents to which Shahrol agreed that there were several transactions from 1MDB Global to Devonshire.

Shahrol also agreed that another document shown by Wan Aizuddin confirmed that 1MDB was the beneficial owner of Devonshire.

Although Devonshire did crop up during 1MDB board meetings, Shahrol said the board never approved Devonshire's acquisition.

Wan Aizuddin: The documents show that the debts from 1MDB Global to Devonshire were made completely without the knowledge of the 1MDB board and shareholder.

Shahrol: I can speak as a (former) board member that the transfer was not raised to the board, but I don't know what the shareholder knows.

Wan Aizuddin: As there was no resolution issued by the shareholder, it can be concluded that the shareholder has no knowledge of this company or debit transaction.

Shahrol: I cannot (come to the conclusion that) a lack of formal approval means the shareholder has no knowledge. I can (only) say no formal approval was sought from the board or shareholder.

What Shahrol could confirm was that there was no shareholder resolution on acquiring Devonshire nor the transfer of funds.

Little is known about Devonshire although some of the names mentioned by Wan Aizuddin appear to match those of the senior management at Bangkok-based Devonshire Capital Limited. This company claimed to be a "boutique" merchant bank with an international presence.

The defence counsel went through a list of individuals and even showed passport copies to which Shahrol confirmed that he had never heard of them before.

In view of this, Wan Aizuddin then put it to Shahrol that Devonshire appeared to be a phoney company.

Wan Aizuddin: Based on documents I showed you, including this certificate of claim that Devonshire is owned beneficially by 1MDB, do you agree that this company appears to be a made-up company for the purpose of embezzling funds from 1MDB Global without knowledge of parent company 1MDB?

Shahrol: Yes.

Wan Aizuddin: Do you confirm that there was no resolution from the director or shareholder? No written approval from the prime minister in accordance with Article 117 of the memorandum and articles of association for 1MDB, for the debt to Devonshire?

Shahrol: Yes.

The Devonshire chapter in the 1MDB saga was related to a US\$3 billion bond raised by 1MDB for a joint venture with Abu Dhabi's Aabar PJS Ltd. Goldman Sachs had arranged the bond issuance.

The joint venture project was known as Abu Dhabi Malaysia Investment Company (Admic) which was supposed to develop the Tun Razak Exchange project in the Malaysian capital.

According to prosecutors, Devonshire received US\$646,464,649 in five tranches over two days on March 21, 2013, before transferring the amount to another company called Tanore Finance.

Prosecutors are also trying to prove that Tanore transferred US\$681 million

between March 21, 2013, and April 10, 2013, to Najib's bank account.

Najib is on trial for four counts of abuse of power and 21 counts of money laundering involving RM2.28 billion of funds allegedly from 1MDB. He has repeatedly maintained that the money from Tanore was a donation from the Saudi royal family.

Still receiving talking points

Meanwhile, during proceedings before judge Collin Lawrence Sequerah this afternoon, Shahrol testified that fugitive businessperson Jho Low still sent him talking points linked to 1MDB even after he stepped down as CEO in March 2013.

The ninth prosecution witness previously testified to receiving talking points emailed from Jho Low on a range of matters linked to the sovereign wealth fund when he (Shahrol) was 1MDB CEO between 2009 to 2013.

Shahrol stepped down as 1MDB CEO in March 2013 but remained on the sovereign wealth fund's board of directors until 2016.

The prosecution witness was testifying during cross-examination by Wan Aizuddin in relation to the then proposed public listing of 1MDB in 2014.

"In May 2014, there were occasional talking points from him (Jho Low). The points were regarding the (1MDB) IPO (initial public offering). They (talking points) were copied to me. Per my evidence (the witness statement), it was on the structure of the IPO, including names of senior officers in the listed entity," Shahrol said.

When Wan Aizuddin asked why it was necessary for Jho Low to still provide talking points when Shahrol was no longer 1MDB CEO and merely a member of its board of directors, the witness said only Jho Low could explain that.

Wan Aizuddin: Why was it necessary for you to be provided with these talking points?

Shahrol: You have to seek the explanation from Jho Low.

Wan Aizuddin: You did not ask Jho Low?

Shahrol: No.

When the lawyer asked whether Shahrol had later "destroyed" the talking points, the witness confirmed that he did.

The RM2.28 billion 1MDB corruption trial before Sequerah resumes tomorrow morning, with Najib's defence team expected to continue cross-examining Shahrol.

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