

Ex-CEO: I was told 1MDB was meant to fund Umno

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1MDB TRIAL | Former 1MDB CEO Mohd Hazem Abd Rahman today testified that businessperson Low Taek Jho, or Jho Low, had informed him that the company was set up to help fund Umno.

Hazem, reading his witness statement, told the Kuala Lumpur High Court that Low had said so during a meeting in a Putrajaya hotel in July 2012, in the presence of then prime minister Najib Abdul Razak's aide, Azlin Alias.

He testified that Azlin, who died in an accident in 2015, had arranged for the introductory meeting with Low because the witness had applied to be 1MDB's chief operating officer.

"During this meeting, Low informed me that the real purpose of 1MDB was to help Umno through businesses involving the company's strategic investments.

"He did not go into detail on how 1MDB would be used to help Umno. Azlin didn't say much because the meeting was designed for me to meet Low," Hazem claimed.

Hazem would mention "Umno" several times during his testimony today, mostly explaining how he was reminded by Low that 1MDB's funds were meant for the party.

The 10th prosecution witness was testifying during Najib's RM2.28 billion corruption trial before judge Collin Lawrence Sequerah this afternoon.

"I wish to state here that since the time I joined 1MDB, and was told by Azlin that the company was meant to protect the interest of both Najib and Umno, I had suspicions that the company's money will be misused.

"However, I was of the opinion that the funds that were misused could be returned to the company within a certain time frame," he alleged.

He explained that if the investments were properly managed, it would pay for the money used by Umno.

In portions of his 110-page witness statement read out today, Hazem did not at

any point provide specific examples of how Umno purportedly benefitted from 1MDB.

Hazem took office in August 2012 and was tasked with handling 1MDB's 13 power plants, as well as the Tun Razak Exchange and Bandar Malaysia projects.

In March 2013, he took over the CEO's position from Shahrol Azral Ibrahim Halmi (photo) and was reassigned to handle the Abu Dhabi Malaysia Investment Company (Admic) Ltd project.

Admic is a joint venture between 1MDB and Abu Dhabi's Aabar Investment PJS. Najib witnessed the signing in Kuala Lumpur on March 12, 2013.

As CEO and managing director of 1MDB, Hazem said he had voiced opposition to the company's foreign investments because of a lack of clarity and was worried when the company's funds in domestic accounts were running low.

These foreign investments and fundraising activities were entirely handled by former 1MDB general counsel Jasmine Loo and then 1MDB finance director Terence Geh, under Low's instructions, Hazem said.

Worried that the funds could be misused, Hazem claimed he had approached

Azlin and 1MDB chairperson Lodin Wok Kamaruddin to relay his concerns to Najib.

"The answer that I received was that Najib acknowledged that there were (1MDB) funds abroad and that during end-2014, Najib told Lodin that the foreign funds could not be repatriated although 1MDB had trouble paying back RM2.5 billion to Maybank," he alleged.

Although Hazem testified feeling that 1MDB was managed unethically, he claimed he did not have the authority to question how the company's money was managed because of direct instructions from Najib.

He alleged that he did not report the matter to the authorities because of his "respect" and "fear" of Najib. Hazem testified he was also worried that his career and Minister of Finance Incorporated (the sole shareholder of 1MDB) might be affected.

"If 1MDB failed to repay its debts, then the government will have to bear the burden, and this would affect the economy and the people," he said.

Like Shahrol before him, Hazem testified that Low's instructions were akin to receiving instructions from Najib.

Although claiming he never got much direct contact with Najib, he alleged that the then prime minister's "execution" did not contradict instructions from Low.

"I was informed since the first meeting with Low and Azlin that any decisions through them were instructions from the prime minister, which is Najib.

"I have to obey because Low informed me that all funds raised by 1MDB abroad is for Umno's interest and I cannot question this matter."

Hazem described himself and Azlin as "loyalists" who would follow instructions of their leaders. He said Azlin was also a long-time family friend because they worked in the stock analysis industry before.

Najib is on trial over four counts of abuse of power and 21 counts of money laundering involving RM2.28 billion of funds from sovereign wealth fund 1MDB.

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