

1MDB CEO post exposed to political elements, court hears

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1MDB TRIAL | The chief executive officer's (CEO) post of 1MDB was exposed to political elements, the Kuala Lumpur High Court heard today.

Former 1MDB CEO Mohd Hazem Abd Rahman (above) testified this during the RM2.28 billion 1MDB corruption trial of former prime minister Najib Abdul Razak.

The 10th prosecution witness made this claim over events that occurred prior to his stepping down from the CEO post in January 2015.

Hazem helmed 1MDB from March 2013 until January 2015.

He alleged that in October 2014, after he came back from performing the Haj in Mecca, Saudi Arabia, he shared his intention of stepping down with 1MDB-linked businessperson Low Taek Jho, also known as Jho Low, as well as with Najib's

then principal private secretary Azlin Alias.

"I had told Azlin to tell Low to find a candidate to replace me because all the officers who worked under me did not want to take over from me on the reason that the CEO's position is exposed to political elements," Hazem testified.

The witness was testifying just before he wrapped up reading his 110-page written witness statement.

However, he did not go into further detail on what he meant by "exposed to political elements".

Earlier today when testifying on why he chose to step down as 1MDB CEO, Hazem said that around early 2014, he began feeling worried about the sovereign wealth fund's mounting debt.

The witness said that many of 1MDB's projects, such as the Tun Razak Exchange (TRX) infrastructure project, was funded with new debt while previous debts such as for the acquisition of Tanjong Power in 2012 was still then pending.

Hazem claimed the problem was further compounded by his allegation that Low ordered him not to bring back 1MDB's funds from abroad.

"As the company's (1MDB) CEO, I should have the full power to control the outflow or inflow of funds from the country, because the control of the company's funds is placed under the company's management.

"However, I received direction from Jho Low not to disturb the funds overseas," Hazem claimed.

The trial before judge Collin Lawrence Sequerah will resume on Oct 5.

Najib is on trial over four counts of abuse of power and 21 counts of money laundering involving RM2.28 billion of 1MDB's funds.

Aside from being the premier, the accused was also the finance minister and chairperson of the board of advisors of 1MDB at the time.

1MDB was fully owned by the Minister of Finance Incorporated.

Towards the end of the prosecution's examination-in-chief conducted by DPP Mohamad Mustaffa P Kunyalam today, Hazem testified that he did not receive a single cent from loans or bonds issued by 1MDB during the witness' tenure as CEO.

Mustaffa: Did you receive a cent from funds raised from loans or bonds of 1MDB during your tenure as CEO of 1MDB?

Hazem: No, I did not.

Mustaffa: Did you conspire with Low (among others) to defraud 1MDB?

Hazem: No, I did not.

During proceedings, Hazem also said that efforts for the initial public offering (IPO) of 1MDB Energy Group on Bursa Malaysia were not successful due to negative media coverage against the sovereign wealth fund, among others.

"The majority of the mass media, (and) business publications like The Edge, Kinibiz had many negative perspectives against 1MDB which in turn led to negative perception to investors of the 1MDB IPO," Hazem said.

The witness testified that other factors which caused 1MDB's energy arm unable to be listed on Bursa Malaysia were that the main investors of the IPO, such as the Employees Provident Fund did not give their support, as well as 1MDB's unpaid debt of RM2.5 billion over its acquisition of independent energy producer Tanjong Power in 2012.

On Oct 7 last year, Hazem's predecessor Shahrol Azral Ibrahim Halmi testified that "negative media attention" caused by the then opposition in 2015 was behind the failure of the public listing.

After the prosecution wrapped up its examination-in-chief, lead defence counsel Muhammad Shafee Abdullah conducted a brief cross-examination of Hazem over his academic qualifications and work experience prior to joining 1MDB as its chief operating officer in August 2012.

Shafee then informed the court that the defence would conduct the bulk of its cross-examination of Hazem on the next trial date.

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