

1MDB board disappointed US\$700m transferred to Jho Low-linked entity - witness

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1MDB TRIAL | 1MDB's board of directors were not only left in the dark, but also disappointed with its management's decision to transfer US\$700 million to a corporate entity linked to Low Taek Jho, the Kuala Lumpur High Court heard today.

The sovereign wealth fund's former board member Ismee Ismail testified that the board raised its concerns over the issue during a meeting at Royale Bintang Damansara on Oct 3, 2009.

Thirteenth prosecution witness Ismee said that besides himself, others who attended the 1MDB board meeting were its then chairperson Mohd Bakke Salleh, its then CEO Shahrol Azral Ibrahim Halmi, and then board members Che Lodin Wok Kamaruddin and Azlan Mohd Zainol, as well as its then secretary Lim Poh Seng and Casey Tang.

He testified that among the issues raised at the meeting were the diversion of part of a US\$1 billion monies, meant for a joint venture between Malaysian sovereign wealth fund 1MDB and its Saudi Arabian counterpart Petrosaudi International Limited (PSI), to Low-linked Good Star.

Low, who is also known as Jho Low, is currently a fugitive being sought by Malaysian authorities over a probe into the 1MDB affair.

The prosecution contended that Low's influence over 1MDB's financial transactions were at the behest of then prime minister Najib Abdul Razak.

However, the defence claimed that Najib had no knowledge about any wrongdoing at 1MDB, and contended that Low conspired with several other personnel at the sovereign wealth fund in diverting its monies.

During today's RM2.28 billion 1MDB corruption trial against Najib, Shahrol told the court that the 1MDB board was briefed by its then CEO Shahrol Azral Ibrahim Halmi that Good Star, which received the US\$700 million, was an affiliate of PSI.

"Actually during the meeting, the entire board disagreed with the management's action of transferring the US\$700 million to Good Star Limited without the prior greenlight from the board.

"The board was also disappointed with management who disregarded the board's direction previously.

"However, at the time, nobody on the board knew that the US\$700 million paid by 1MDB was transferred to an account of Jho Low.

"By right, 1MDB's management should have first obtain approval from the board over the transfer of the money, in light of its financial impact on 1MDB," Ismee said while reading from his 111-page witness statement during proceedings before trial judge Collin Lawrence Sequerah.

The witness noted that Bakke was also very angry during the meeting as the joint venture agreement between 1MDB and PSI was not like the one approved by the board, as there were additions that looked improper and hidden.

Ismee however pointed out that they had to be careful as they needed to safeguard the government-to-government relationship between Malaysia and Saudi Arabia. PSI is owned by Saudi Arabia.

The witness said Bakke then ordered Shahrol to meet PSI officials in London, United Kingdom, to negotiate on the return of the money to 1MDB.

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

Besides being former prime minister, Najib also used to be finance minister and chairperson of 1MDB's board of advisors.

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