

Najib worried 1MDB audit report 'spun politically' - Arul Kanda

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Arul Kanda Kandasamy testified that the original copy of the 1MDB audit report would have been sent to the Public Accounts Committee (PAC) if not for a meeting on Feb 24, 2016.

The former 1MDB CEO also told the court today that former prime minister Najib Abdul Razak was concerned with the audit report on the Malaysian sovereign wealth fund being "spun politically".

The co-accused was giving oral evidence at the Kuala Lumpur High Court this morning in the 1MDB audit report trial against him as well as former finance minister Najib.

The prosecution is contending that a decision to amend the 1MDB audit report was made during the 2016 meeting at the office of then chief secretary to the government Ali Hamsa.

Besides Ali and Arul Kanda, others who were present at the meeting were former auditor-general Ambrin Buang, former National Audit Department officer Saadatul Nafisah Bashir Ahmad, Najib's former principal private secretary Shukry Salleh, and then Attorney-General's Chambers representative Dzulkifli Ahmad.

During examination-in-chief by deputy public prosecutor Gopal Sri Ram today, Arul Kanda testified that he received a telephone call from Najib a day before the meeting, telling the witness to attend said meeting.

Sri Ram: Did he explain why (the need for Arul Kanda to attend the meeting)?

Arul Kanda: Yes, there were a number of reasons given by Najib, among them to defend the interest of the company (1MDB) and regarding the scope of the audit National Audit Department (NAD) verifying the accounts of 1MDB.

Arul Kanda said Najib was concerned that the contents of the report could be spun from a political perspective.

When Sri Ram asked whether Najib's telephone call influenced him when he attended the Feb 24 meeting, Arul Kanda claimed what he got from the call was that Najib was concerned the 1MDB audit report may be "spun politically".

“To my understanding, it was to the detriment of Najib,” the witness claimed to Sri Ram’s question on the former’s understanding of Najib’s concern over the political spin of the audit.

To a question whether, if not for the Feb 24 meeting, the 1MDB audit report Watermark 09 (original copy of the audit report) would have gone to the PAC instead, Arul Kanda agreed.

Back in 2019, former NAD officer Nor Salwani Muhammad testified that she kept the 1MDB audit report Watermark 09, which was one of 60 original copies that were ordered to be destroyed.

In December last year, former auditor-general Madinah Mohamad testified that she did not destroy the Watermark 09 audit report copy as it was material evidence linked to the 1MDB affair.

Earlier today, trial judge Mohamed Zaini Mazlan allowed the prosecution’s bid to turn Arul Kanda into a star witness against Najib.

Previously, Sri Ram submitted before the court that Arul Kanda possesses material information that can boost the case against Najib, including in relation to the Feb 24 meeting.

Arul Kanda today testified that prior to his attending a PAC hearing over the 1MDB affair on Dec 1 2015, he was instructed to attend a meeting with the committee's then chairperson Hasan Arifin.

Not revealing who told him to attend the meeting held one or two weeks before the PAC hearing, Arul Kanda claimed that the meetup was held at the house of Ahmad Farid Ridzuan, the then special officer to Najib.

The then 1MDB CEO testified that at the meeting, he gave a presentation on 1MDB's background and why the Malaysian sovereign wealth fund faced financial difficulties.

Sri Ram: Did you receive any instruction (during the meeting at Farid's house) from anyone regarding the evidence to be given to the PAC?

Arul Kanda: No. It was more like me sharing information rather than (anyone) telling me what to do (during the PAC hearing).

Sri Ram: Since you were to give evidence before the PAC on the 1MDB affair, what purpose would it serve (for you) to meet Hasan?

Arul Kanda: I found it unusual to have that session (with Hasan among other

attendees), but I was asked to do so and so I did.

In previous proceedings before Zaini, former 1MDB chairperson Mohd Bakke Salleh claimed that Najib had directed him to attend similar meetings with Hasan, prior to him attending a PAC hearing over 1MDB.

Pre-GE14 1MDB ceramah

During questioning by Sri Ram, Arul Kanda claimed that Najib directed him to attend several ceramah about 1MDB that took place in the run-up to the 14th general election (GE14) in May 2018.

The witness alleged that Najib wanted him to explain the issues faced by 1MDB, the fund's rationalisation plan, the United States Department of Justice (DOJ) civil suit linked to the fund, and the various investigations over the affair.

Arul Kanda said he would give PowerPoint presentations and then occasionally there would be questions and answer (Q&A) sessions with ceramah attendees about the 1MDB affair.

Sri Ram: Did you defend Najib in these sessions (ceramah)?

Arul Kanda: I defended the interests of the company based on the documents available to me.

The witness explained that whenever attendees asked about Najib's role in the 1MDB issue, he would make reference to the then attorney-general Mohamed Apandi Ali's 2016 media statement absolving the then premier of wrongdoing.

"I would invite the (ceramah) audience to come to their own conclusions. I do not come to my own conclusions (about the 1MDB affair)," Arul Kanda said.

When Sri Ram asked whether Najib received money transferred out of 1MDB, Arul Kanda claimed that the former prime minister was not a recipient of such monies based on the fund's company documents.

'Najib concerned with 1MDB's financial difficulties'

Later during cross-examination by Najib's counsel Muhammad Shafee Abdullah, Arul Kanda said that the then premier expressed worry about the financial issues faced by 1MDB.

The witness claimed that during a meeting on an unspecified date, Najib told him about his concerns on why 1MDB could not service its borrowings among other

problems.

Shafee: He (Najib) was concerned about why projects (undertaken by 1MDB) were not moving and financial commitments were not met?

Arul Kanda: Yes.

The former 1MDB CEO claimed during the NAD audit of the fund between 2015 and 2016, that he faced many difficulties trying to obtain proper documents from the fund's management.

Arul Kanda agreed with Shafee that management did not brief the former anything about the issues facing 1MDB until the US DOJ civil suit was reported in the media in 2016.

Shafee: You are saying that you had difficulties trying to get documents from management. (Former auditor-general) Ambrin (Buang) testified (during the 1MDB audit report trial) that he could not get full cooperation from the management.

Arul Kanda: I had to take the brunt of it as I was then president (as well as CEO of 1MDB).

The former CEO also claimed that when he told Najib about the proposal for NAD to audit 1MDB, the then premier answered that he would take that into consideration.

Arul Kanda claimed that following that meeting with Najib, around a week or two later that the cabinet announced that NAD would undertake an audit of 1MDB.

In relation to the witness' alleged meetings with Hasan, Arul Kanda agreed with Shafee that nobody told him to modify his answers or answer a certain way before attending the PAC hearings.

Shafee: Would you compromise if the (1MDB) matter was brought to the PAC?

Arul Kanda: No.

Shafee: Under no circumstances?

Arul Kanda: Under no circumstances.

Proceedings before Zaini will resume on July 4.

Najib is charged with using his position to order amendments to 1MDB's final

audit report before it was presented to the Public Accounts Committee (PAC) to prevent any action against him.

Arul Kanda was charged with abetting Najib in making the amendments.

The charges are framed under Section 23 (1) of the MACC Act 2009, which specifies a jail term of up to 20 years and a fine of no less than five times the amount of gratification or RM10,000, whichever is higher.

The prosecution contended that following the meeting on Feb 24, 2016, a decision was made to remove or alter certain portions of the 1MDB audit report, including dropping the presence of wanted fugitive Low Taek Jho's (Jho Low) at the fund's board meetings.

Another issue that was allegedly dropped from the 1MDB audit report was the two conflicting 2014 financial statements of the sovereign wealth fund.

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