

'Umno Inc' hearing to continue tomorrow
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Malay corporate leaders had served as nominees for Umno leaders like Dr Mahathir Mohamad and Daim Zainuddin, holding shares on their behalf in a private company, according to testimony in an ongoing court case.

More details are expected to emerge when the hearing continues tomorrow at the commercial division of the Kuala Lumpur High Court.

While the mainstream media generally gave the hearing a miss, The Straits Times (ST) on Aug 28 covered it in great detail in a feature story headlined 'Lawsuit sheds light on Umno Inc' .

The battle is over a block of shares in Realmild Sdn Bhd, but it also provides a rare glimpse into how Umno's business empire worked.

"Specifically, it is shedding unusual light on the ruling party's use of nominees, who held stakes in companies on behalf of leading figures like Mahathir," according to the ST report.

Realmild once held a controlling stake in New Straits Times (NST) Bhd and Sistem Televisyen Malaysia Bhd (or TV3), two media groups affiliated to Umno.

"Businessman Khalid Ahmad, one of four original shareholders of Realmild, is suing another businessman, Rahman Maidin, for reneging on an agreement to pay roughly RM10 million for the former's 5 percent interest in the investment holding company," said the report.

"The sum involved is paltry for business disputes involving large corporations in Malaysia. The court case also does not affect control of the two media entities, now in the hands of the Employees Provident Fund."

Testimony and court documents have revealed the extent and influence that senior members of Malaysia's political elite had in the running of large Malaysian conglomerates.

Some of the more startling disclosures included a letter that Rahman wrote in early 2002 to Mahathir, according to the report.

"In the letter, Rahman said he would abide by instructions from Nor Mohamad Yakcop ... to surrender his entire shareholding in Realmild because the shares were held in trust for Umno."

Another nominee, Nazri Abdullah, a former editor of the NST group and one-time Realmild shareholder, told the High Court that he had held 70 percent of Realmild in trust for Mahathir.

"I transferred all my shares. I would have kept them if they were mine," Nazri later told the ST.

The report noted that Umno's corporate holdings have long been a subject of keen interest among bankers and foreign investors because of the party's dominant role in government and its control over the economy.

The party has been in business since the late 1960s, but its corporate expansion went into overdrive only after Mahathir became prime minister and Umno president in 1981.

Under him and then-finance minister and Umno treasurer Daim Zainuddin, large government contracts were awarded to corporate affiliates of the party under the privatisation programme.

'Shares held for Dr M'

In early 1991, Realmild emerged as a prominent private vehicle used by close associates of then-deputy premier Anwar Ibrahim to take control of NST and TV3.

These were then part of the Renong group, a larger, public-listed segment of the Umno business empire. At the time, Anwar was widely considered to be Mahathir's successor.

When Anwar was sacked from his government and party posts in 1998, his closest associates were purged from their privileged positions in politics and business. Among the fallen were Nazri and Khalid of Realmild.

Questioned in court last week, Nazri claimed he was a victim of the Mahathir-Anwar fallout. He also said that Daim had ordered him to transfer his 80 percent holding in Realmild to new business nominees for Umno.

"I was holding 70 percent in trust for Mahathir," he told the court, adding that the other 10 percent were his own shares.

Rahman was later picked as the new nominee for the Umno shares and he negotiated separately to acquire roughly 5 percent of Khalid's shares in Realmild for RM10 million.

According to court documents, Khalid received half the settlement amount and is now suing Rahman for the remainder.

Rahman has claimed in court that he himself was not paid when ordered to surrender his holding in Realmild to Umno. He is also disputing Khalid's claim to be the rightful owner of the shares.

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