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PM: 1MDB's commission to Goldman Sachs 'appropriate'

PRIME Minister Datuk Seri Mohd Najib Razak has defended the amount of fees and commissions paid to New York-based investment firm Goldman Sachs Group Inc to raise funds through three bonds for strategic development firm Malaysia Development Bhd (1MDB).

The fees and commissions paid for the three bonds — raised by 1MDB's subsidiaries — were "appropriate", said the premier in a written reply to Petaling Jaya Utara MP Tony Pua yesterday.

Najib, however, did not dis-

close the exact amount paid W Goldman Sachs to undertake the transactions.

Najib, also the finance minister, said the amount paid for the bonds was suitable in accordance to their size, tenure and liquidity.

"The bonds were valued according to the discount price in the bonds issued, taking into account credit risks."

However, Najib said any difference between the bonds issued and the nett yield does not only consist of fees for services, but also "effectiveness, discount, and the remaining

tenure of the bonds".

The bonds were for 1MDB Global Investment, 1MDB Energy and 1MDB Energy (Langat) Ltd. The government had been criticised for allegedly paying Goldman Sachs commissions above the appropriate market rate.

In a separate written reply on Tuesday, Najib dismissed as "baseless" a claim that 1MDB paid high interest rates to the American investment bank to manage its RM5 billion sukuk.

"Goldman Sachs was chosen to manage the RM5 billion Islamic bonds because the

company is one of the very few banks in the US that has the capacity to monitor such a sizeable bond issuance with large amounts.

"Concerns on the 5.75% interest rate charged for the Islamic bonds (issued) back in 2009, with the perception that the interest rates are particularly high, are baseless merely because the Islamic bonds were the first Islamic bonds issued in Malaysia that has a 30-year tenure," Najib responded to queries from Raub MP Datuk Mohd Ariff Sabri Abdul Aziz — *byPPREMKUMAR*