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## NAJIB

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Although the statement said the Saudi donor didn't expect anything in return from Mr. Najib "in relation to his capacity as a prime minister," the finding could raise questions about the extent of foreign influence over Malaysia's political establishment. The funds were received shortly before a closely contested general election in 2013.

Mr. Najib, who came to power in 2009, has made efforts to strengthen Malaysia's diplomatic and business ties with Gulf nations, including Saudi Arabia. Malaysia's capital, Kuala Lumpur, is a center for Islamic finance, and Malaysia was one of the first non-Arab countries to join a Saudi-led coalition that launched airstrikes against Houthi rebels in Yemen in late March. The two nations are both majority Sunni Muslim, though Saudi Arabia practices a more austere version than Malaysia.

"This is a no-win situation for Najib. Despite the AG decision, public perception will not be on his side," said Wan Saiful Wan Jan, chief executive of the Institute for Democracy and Economic Affairs, a Malaysia-based think tank.

Mr. Najib welcomed the attorney general's decision but didn't give any further details on the transfers. The prime minister has denied any wrongdoing or taking the money for personal gain.

"This issue has been an unnecessary distraction for the country," Mr. Najib said. "Now that the matter has been comprehensively put to rest, it is time for us to unite and move on."

A spokesman for the Saudi Foreign Ministry said ministry officials were looking into the statement and couldn't now comment further. The alleged donation was made under the kingdom's previous monarch, King Abdullah, who died a year ago.

The Wall Street Journal reported in July that an earlier Malaysian government investigation found almost \$700 million had entered Mr. Najib's accounts via banks, companies and entities linked to IMDB, a state fund that Mr. Najib set up in 2009 to foster economic development.

That investigation didn't name the funds' source or how they were used. Malaysia's central bank, the nation's anti-graft body, a parliamentary committee and the auditor general went on to probe IMDB and the transfers.

The fund is now saddled with more than \$11 billion in debt it is having trouble repaying. It was used to help finance Mr. Najib's victorious 2013 election campaign, the Journal reported in December. Mr. Najib didn't respond to questions about this.

Critics of Mr. Najib, who says the prime minister has stymied official probes into

IMDB and the transfers, weren't satisfied by the attorney general's conclusions.

Mr. Apandi "has provided no new or convincing information or arguments" to show the fund transfers were bona fide and not used for corruption, said Tony Pua, an opposition lawmaker.

Malaysia's former attorney general, who was coordinating investigations into IMDB, stepped down in July. The government cited health reasons for his departure, and Mr. Najib named Mr. Apandi as his successor. Mr. Najib fired a deputy prime minister who had been calling for stepped-up investigations into IMDB's activities and promoted the head of the parliamentary committee into his cabinet, delaying the committee's probe into the fund.

That probe, and an investigation of IMDB by the auditor general, are continuing.

Malaysia's central bank in October said it had recommended the attorney general begin criminal proceedings against IMDB's management for allegedly breaking foreign-exchange rules. Bank Negara Malaysia said IMDB had given inaccurate information when seeking to invest \$1.83 billion overseas.

But Mr. Apandi declined to take action, saying evidence was insufficient.

### The finding could raise questions about foreign influence on Malaysia's politics.

Attempts to reach IMDB for comment weren't successful. The fund has denied wrongdoing and said it was cooperating with probes being conducted by the central bank and other investigating bodies.

The IMDB fund had moved the \$1.8 billion overseas to invest in a joint venture with a Saudi oil company, PetroSaudi International Ltd., which is owned by a Saudi prince.

The auditor general, in a draft version of its report into IMDB, a copy of which was viewed by the Journal, found that \$700 million of IMDB funds meant for that venture instead were transferred to another company. Two IMDB board members resigned in 2009 and early 2010 over the matter, the draft report found. What happened to the funds is unclear.

The IMDB fund has said it made a profit from the venture. PetroSaudi called the venture profitable for the Malaysian fund.

Overseas, probes into IMDB's activities are continuing in at least five countries. A U.S. Federal Bureau of Investigation probe is looking at assets owned by Mr. Najib and his family, including luxury real estate in New York and Los Angeles, according to people familiar with the matter.

—Celine Fernandez and Ahmed Al Omran contributed to this article.



Prime Minister Najib Razak, center, in Kuala Lumpur on Tuesday.