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'PM's okay not needed for 1MDB payments'

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US\$3.5 BILLION: Payments to Aabar BVI based on decisions made earlier, says Finance Ministry

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PRIME Minister Datuk Seri Najib Razak's approval was not needed for the US\$3.5 billion (RM14.38 billion) in payments from 1Malaysia Development Bhd (1MDB) to British Virgin Islands-based Aabar Investments PJS Ltd.

The Finance Ministry, in a parliamentary written reply yesterday, said the payments were an administrative undertaking from previously approved decisions and, as such, did not require a written consent from Najib, even though Article 117 of 1MDB's Memorandum and Articles of Association stated that it was necessary for the strategic development company's dealings.

"The payments were made based on several agreements that were signed and as an administrative decision, which was based on approval and ratification from the board of directors generally."

The ministry was responding to a question by Tony Pua (DAP-Petaling Jaya Utara), who asked if the prime minister had given a written consent for the transfer of the funds to the British Virgin Islands-based firm, which has been disavowed by Abu Dhabi-based International Petroleum Investment Company (IPIC).

1MDB had made the payments to Aabar BVI, which has a nearly identical name to IPIC subsidiary Aabar Investments PJS.

IPIC has since said Aabar BVI was not a member of its group.

It also claimed that it did not receive any of the US\$3.5 billion paid to the British Virgin Islands-based firm.

1MDB subsequently insisted that it had made the payments.

The company has since suggested that it may have been a victim of fraud.

In another parliamentary reply, the ministry noted that Najib had been cleared of wrongdoing in the Public Accounts

Committee (PAC) report on the 1MDB controversy.

It said there was no evidence in the PAC report that showed Najib had committed any wrongdoing.

"There is no evidence in the PAC report showing the mismanagement of the company on the prime minister's part.

"The decisions and business dealings of 1MDB were made by the management and company's board of directors alone."

Dr Ko Chung Sen (DAP-Kampar) had asked the prime minister if the latter had read and understood the 1MDB documents that required his signature and approval before signing them.

He also asked if Najib had been deceived by the company's chief executive officer and management, leading to the signing of the documents that allowed the transfer of funds to take place.

Last month, PAC had tabled the report on its investigations into 1MDB and found that there was no evidence of wrongdoing or abuse of power by the prime minister.

The committee had said Najib was not mentioned in the report as there was no evidence against him, adding that it was a unanimous conclusion and consensus reached by the committee members.

The report concluded, among others, that there had been several instances where 1MDB's management failed to comply with proper governance processes.

This included not carrying out the specific instructions of the board of directors, making decisions before receiving full approval from the board and failing to be transparent with the board.

It also recommended that 1MDB's former chief executive officer, Datuk Shahrol Azral Ibrahim Halimi, be investigated, and that the investigations be left at the discretion of the authorities.