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1MDB

Continued from Page One

so. On Thursday, the fund again denied any wrongdoing.

The report didn't mention Prime Minister Najib Razak, who founded 1MDB in 2009 and heads its separate board of advisers, prompting critics to suggest the report and the directors' offer to resign were designed to shield Mr. Najib.

"It's all planned that way; so we could attribute blame on [the board] but exonerate the prime minister. It means nothing," said Zaid Ibrahim, a former minister and leader in an anti-Najib alliance.

The Wall Street Journal, citing Malaysian and global investigations, has reported how investigators have found over \$1 billion was transferred to Mr. Najib's personal bank accounts, the majority originating from 1MDB and moving via a web of intermediary entities.

Mr. Najib has denied wrongdoing or taking money for personal gain. On Thursday, Mr. Najib said the parliamentary report "identified weaknesses in 1MDB's capital structure and management. We will study and act on the report's recommendations. We must ensure that lessons are learned, and action will be taken if any evidence of

wrongdoing is found."

Tony Pua, a member of the committee and of the opposition Democratic Action Party, acknowledged the report had shortcomings, such as failure to detail some international money trails related to the fund. Mr. Pua said the report didn't look at Mr. Najib because 1MDB's management never claimed to have been directed by him. But, in a statement released at the same time as the report, Mr. Pua said "there is more than sufficient damning evidence to indict not only the entire top management but also the entire board of directors."

The committee's head, Hasan Arifin, said in a statement that "PAC calls upon the authorities to study the report very carefully, and carry out the necessary investigations."

The report said that after reviewing final findings from Malaysia's auditor-general and receiving explanations from 1MDB, the committee "is of the view that there are certain constraints and weaknesses at 1MDB's management and board of directors level."

"In particular, PAC is of the view that former 1MDB CEO, Shahrol Azral Ibrahim Halmi, needs to take responsibility of the weaknesses and constraints," the report said. "As such, the law enforcement agencies are being urged to

conduct investigation into Shahrol and the management."

Mr. Shahrol, who was chief executive of 1MDB from its inception in 2009 until early 2013 and now works in the prime minister's office, released a statement via state news agency Bernama saying there was no wrongdoing at 1MDB under his watch.

"I will continue to extend my full cooperation, confident in the knowledge that I have done no wrong and have nothing to hide," he said.

Mr. Pua criticized the actions of 1MDB as investigations into its activities were being pursued, accusing the fund of "giving half-truths, withholding of crucial infor-

mation as well as defiantly refusing to supply simple bank statements of its overseas accounts to allow the audit of multibillion-ringgit money trails."

1MDB said the report didn't specifically reference the recommendation of a criminal probe, though Mr. Pua and legal experts said that any law-enforcement investigation would include probing potential criminal wrongdoing.

Critics of the fund have questioned why the committee hasn't focused more on Mr. Najib, who played a key role at 1MDB, including firing auditors and authorizing transfers of hundreds of millions of dollars, according to board min-

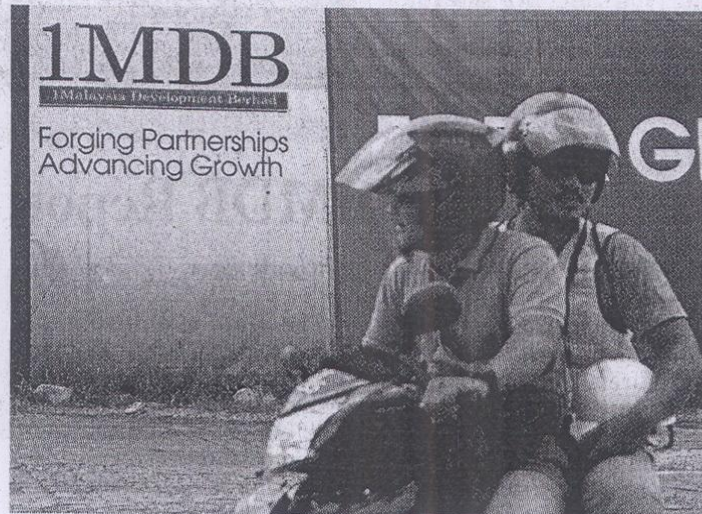
utes reviewed by the Journal.

"This is to be expected since the PAC cannot implicate the elephant in the room, Mr. Najib," said James Chin, head of the Asia Institute at the University of Tasmania. "The report still does not tell us where the money went so the allegations that it ended up in Mr. Najib's account are still unresolved. On the surface, it looks like the previous management has been pushed under the bus."

In November, Malaysian reporters asked Mr. Hasan, the head of the parliamentary committee, why the body wasn't calling Mr. Najib to give evidence. He replied: "I have to earn a living." Mr. Hasan, whose predecessor was promoted last year into the cabinet, stalling the committee's work for months, later said the remarks were a joke.

Malaysia's attorney general in January cleared Mr. Najib of wrongdoing, saying \$681 million of the money that entered his accounts in 2013 was a legal donation from Saudi Arabia's royal family, and that most of it was returned. The attorney general hasn't commented on the other money that entered Mr. Najib's accounts.

—Celine Fernandez
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contributed to this article.



OLIVIA HARRIS/REUTERS

A long-awaited report on the 1MDB fund was released Thursday.