

Newspaper	FINANCIAL TIMES
Date	22 JULY 2016

State investment fund

Malaysia rebuts findings in 1MDB probe

FT- 22/7/2016

Attorney-general says no evidence that money has been misappropriated

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Malaysia's attorney-general criticised "insinuations and allegations" against the prime minister as he insisted in a statement yesterday that there was no evidence money had been misappropriated from state investment fund 1MDB.

The high-level rebuttal came after two days in which US authorities portrayed a global web of corruption emanating from the state investment fund and Singapore's financial regulator said international banks faced action over lax money-laundering controls related to its activities.

Mohamed Apandi Ali, Malaysia's attorney-general, said: "There has been no evidence from any investigation conducted by any law enforcement agencies in various jurisdictions which shows that money has been misappropriated from 1MDB."

Despite mounting pressure from multinational probes into 1MDB — which he created and oversaw — Malaysian prime minister Najib Razak's position within the country appears more secure than ever. He has managed to defeat party rivals while securing local election victories.

In January Mr Apandi ruled that the Malaysian premier had no case to answer over \$681m transferred into his personal bank account, which critics allege was linked to 1MDB.

US prosecutors alleged this week that more than \$3.5bn was siphoned from the state investment fund, with money intended to benefit the Malaysian people diverted to buy real estate, artwork and pay casino bills.

The US justice department alleges that in March 2013, \$681m in proceeds from a 1MDB bond issuance were transferred into an account belonging to a Malaysian official whose description matches that of Mr Najib.

Yesterday, the US findings emboldened Mr Najib's critics, with opposition politicians urging him to step down

while Malaysians mocked the prime minister on social media.

At a press conference, Mahathir Mohamad, Malaysia's influential former premier — and Mr Najib's one-time mentor — called for a referendum on the premier's leadership.

But there is little sign the opposition will prevail. It remains divided and its de facto leader, Anwar Ibrahim, is in

Attorney-general Mohamed Apandi Ali says \$681m put into the prime minister's account was a donation



prison on a sodomy charge his supporters say was trumped up.

"Najib's position is fairly secure because his internal enemies — within his party — have been sidelined or dismissed. The opposition are really fragmented and in no position to take advantage of the situation," said Ibrahim Suffian, director of the Merdeka Center, a Malaysian polling agency.

After revelations about the 1MDB transfers emerged last year, Mr Najib responded by replacing the country's attorney-general and sacking a critical deputy prime minister.

The new attorney-general, Mr Apandi, subsequently ruled that the transfers into Mr Najib's account were a donation from the Saudi royal family.

Meanwhile, a website that published critical coverage of 1MDB, Malaysian Insider, was blocked by the government and has closed.

The electoral damage from the scandal has so far been contained. In May, the ruling coalition increased its majority in a regional election in Sarawak, an oil-rich rural state, and Mr Najib's party won a couple of by-elections last month.

But Mr Najib's moves have prompted criticism. Earlier this year, Malaysia's bar council urged Mr Apandi to resign "to restore public confidence and perception of the rule of law".

In his statement yesterday, the attorney-general expressed "strong concerns" at allegations of criminal wrongdoing against the prime minister.

Mr Najib's allies maintain that the 1MDB affair is being used as a political weapon to unseat a democratically elected head of government. Mr Najib is not named in the US court documents but the description of "Malaysian Official 1" matches his biography and job responsibilities.

The international crackdown around 1MDB widened yesterday as Singapore's regulator pledged to take "firm regulatory actions" against three banks — UBS, Standard Chartered and DBS Bank — for failings in their anti-money laundering controls. The lapses relating to 1MDB fund flows include weaknesses in screening new clients and monitoring transactions, the Monetary Authority of Singapore said.

It said there was "undue delay" in detecting or reporting suspicious transactions, but that there were no pervasive control weaknesses or staff misconduct within these banks.

All three banks said they had voluntarily reported suspicious transactions to the regulator and were co-operating with investigations.