

Najib denies 'veiled direction'

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Ex-PM 'had no power to direct KWAP panel in law or practice'

By NURBAITI HAMDAN
and HANIS ZAINAL
newsdesk@thestar.com.my

KUALA LUMPUR: Former prime minister Datuk Seri Najib Razak has denied giving Retirement Fund Inc (KWAP) a "veiled direction" to double an approved loan to SRC International Sdn Bhd.

Najib, 66, testified that he had no powers to direct KWAP's investment panel either in law or in practice.

Based on KWAP discussions, Najib said the panel had never agreed to lend RM2bil to SRC International, a subsidiary of 1Malaysia Development Bhd (1MDB).

Najib, who was in an examination-in-chief by lawyer Wan Aizuddin Wan Mohamad, was referred to the testimony by former Treasury secretary-general Tan Sri Dr Wan Abdul Aziz Wan Abdullah.

Dr Wan Abdul Aziz had previously told the court that during a one-on-one meeting at the Prime Minister's Office, Najib asked for SRC International's loan from KWAP to be increased from RM1bil to RM2bil.

SRC International had originally applied for a RM3.95bil loan but KWAP only agreed to lend RM1bil.

"How was my discussion with Dr Wan Abdul Aziz interpreted as a directive? It is an obvious intellectual dishonesty to equate the power to hire and fire with the power to direct the KWAP investment panel to obey and follow my instructions," Najib said.

He said Dr Wan Abdul Aziz him-

self had mentioned in his testimony that the investment panel would make decisions based on the merits of each loan application.

Najib also said that the word "agreed", which he sometimes noted as minutes on applications, was not necessarily conclusive.

"There have been instances where I said 'yes' or I wrote 'agreed' (bersetuju), but my officers did not support the decision and asked me to change my decision. So the word 'agreed' does not mean that it was a final decision that couldn't be changed," he said.

The note, he added, was subject to scrutiny by his officers, who would sometimes give different opinions.

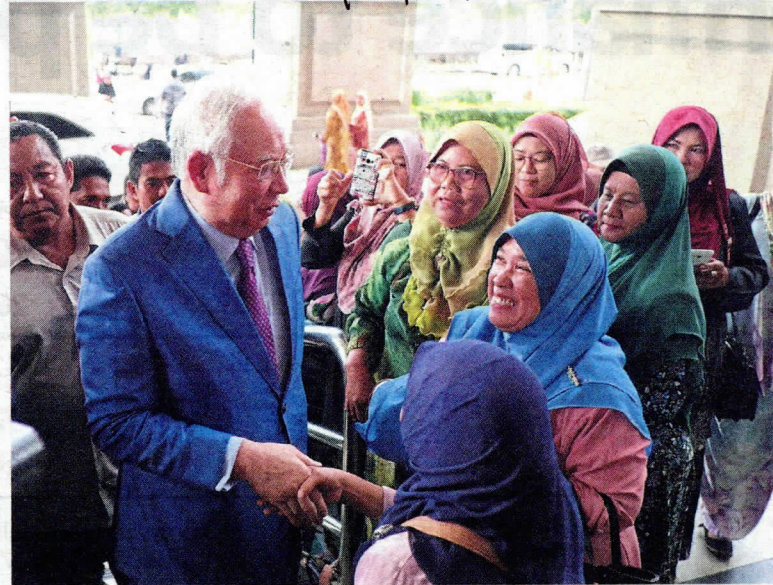
"Therefore, the word 'agreed' does not mean a carte blanche agreement. It did not prevent different views to be discussed and considered," Najib said.

The former prime minister said this when explaining about the first loan request of RM3.95bil from SRC International to KWAP in his witness statement.

On Low Taek Jho, or better known as Jho Low, Najib said he believed the fugitive financier could assist in 1MDB's investments in the Middle East as Low had always portrayed himself as someone who was influential in the region.

"These countries have an excess of cash due to the increase in oil prices.

"I thought that the influence and relationships that Low had would help ease 1MDB's investments and



Pleased to meet you: Najib meeting supporters while arriving at the Kuala Lumpur Courts Complex. — Bloomberg

missions," said Najib.

According to Najib, Low was a "close acquaintance" of Terengganu ruler Sultan Mizan Zainal Abidin, and his sister Tengku Datuk Rahimah Sultan Mahmud at the time when Terengganu Investment Authority Bhd (TIA) was formed and Low was chosen as an adviser to TIA's chairman of the board of advisers (Sultan Mizan).

TIA was formed as a sovereign wealth fund with a capital of RM11bil. It later became 1MDB.

Of that RM11bil, Najib said RM6bil should have come from the state's oil royalty, while RM5bil from the issuance of Islamic Medium Term Notes (IMTN), to be guaranteed by the Federal Government.

In the end, the state government

and Menteri Besar Terengganu Inc did not agree to the terms of the IMTN, even though it had been issued, leading to the Federal Government taking over TIA on Aug 8, 2009.

"It was a decision that was reluctantly made to protect the state government and the then Yang di-Pertuan Agong from embarrassment and also to avoid a negative impact to Malaysian-issued bonds globally," he said.

The hearing continues before Justice Mohd Nazlan Mohd Ghazal today.

Watch the video
thestartv.com

