

# RM4b loans to SRC were fast-tracked, violated KWAP's policies

*A prosecution witness was asked by KWAP top management to speed up the approval of the RM4b credit facility*

by RAHIMI YUNUS

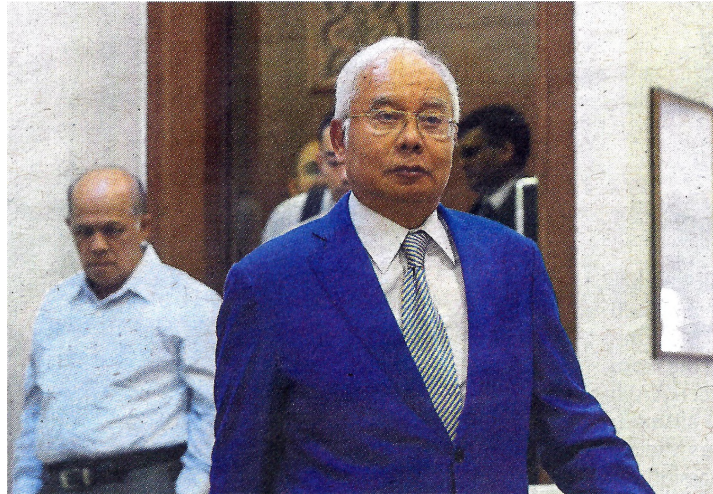
THE RM4 billion loan channelled from Retirement Fund Inc (KWAP) to SRC International Sdn Bhd was rushed through various banks for approval, although the loan amount violated the pension fund's investment policies and guidelines, the Kuala Lumpur High Court was told yesterday.

A prosecution witness, former KWAP assistant VP Amirul Imran Ahmat said he was asked by KWAP top management to speed up the approval of the RM4 billion, credit facility — the largest loan by value ever approved by KWAP.

The loan approval was asked to be pushed through, although Amirul Imran had only approximately 25% of the informations needed to process the application.

"I was instructed by the management to expedite the application. There were a few meetings within a short period of time," Amirul Imran testified in court yesterday.

He is the 29th prosecution witness in former Prime Minister (PM) Datuk Seri Mohd Najib Razak's trial on seven counts of criminal breach of trust and money laundering of RM42



Amirul Imran also testified to having sighted a government guarantee letter dated March 27, 2012, signed by Najib (picture) as the then PM and finance minister

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million belonging to SRC credited into his personal bank accounts.

According to Amirul Imran, the first tranche of RM2 billion clearly violated KWAP's investment policies and guidelines under Paragraph Five, where the loan amount should not exceed the company's shareholders' equity limit.

He revealed that SRC had only RM1 million in equity, in contrast to the loan applications of RM2 billion each in 2011 and 2012 respectively.

He added that there was also a breach under Paragraph Two of KWAP's investment policy whereby the fund's investment via loan could not be more than 10% of its domestic fixed income investment allocations.

The loan amount also cannot be used by the recipient's corporate social

responsibility activities including social, charity and political works—as these were not stated in loan agreements with SRC.

Elaborating further, Amirul Imran said the Finance Ministry had asked KWAP to release the second tranche of RM2 billion to SRC International before the fund even received a government guarantee for the loan.

He said KWAP received a letter dated March 28, 2012 from the ministry, agreeing to guarantee a RM2 billion 10-year loan to SRC in line with the Cabinet's approval on Feb 8, 2012.

"The letter also requested KWAP to consider releasing the loan first, and the Finance Ministry gave the undertaking to submit the government guarantee latest within 10

days," Amirul Imran said.

When asked by deputy public prosecutor Datuk Ishak Mohd Yusoff if he had ever come across such practice where money was released before a government guarantee was received, he said, "Never".

Amirul Imran also testified to having sighted a government guarantee letter dated March 27, 2012, signed by Najib as the then PM and finance minister.

Amirul Imran said KWAP later received a request from SRC for the RM2 billion fund to be channelled into the company's AmIslamic Bank Bhd account "2112022010650".

He added that KWAP investment support services department's Amirah Muhamad Nor had on March 28, 2012 informed him that KWAP had released the RM2 billion sum and transferred it to SRC's account.

Amirul Imran served as assistant VP of KWAP's Fixed Income Department from January 2011 to August 2013, and was involved with the drafting of proposed investment papers and the seeking of supporting documents that eventually led to loans totalling RM4 billion to SRC.

Meanwhile, the prosecution's 30th witness Norhayati Mohd Yunus testified on three transfers out from Yayasan 1Malaysia Development Bhd's corporate social responsibility programmes provider, Ihsan Perdana Sdn Bhd to two personal bank accounts belonging to Najib at AmBank Group.

Norhayati, who is the manager at Affin Bank Bhd's branch in The Curve, Petaling Jaya, said the three transfers via multiple cashier's cheques amounted to RM27 million, RM5 million and RM10 million respectively.

"I now refer to the cashier's cheque application forms signed by two signatories, Datuk Shamsul Anwar Sulaiman and Datuk Abdul Aziz Ismail along with my signature as manager of branch service.

"I recognise their signatures because the signatures are the same with those on our account opening forms when the company (Ihsan Perdana Sdn Bhd) opened a business account," she read in her testimony.

Shamsul Anwar and Abdul Aziz were directors of Ihsan Perdana whom the bank recognised as authorised signatories, she added.

Shamsul Anwar was previously remanded by the Malaysian Anti-Corruption Commission (MACC) during investigations into 1MDB in July 2015.

Norhayati verified that Ihsan Perdana, which has three current accounts with Affin Bank received RM40 million from SRC's subsidiary Gandingan Mentari Sdn Bhd on Dec 24, 2014, RM5 million (Feb 5, 2015) and RM5 million (Feb 6, 2015).

During the cross-examination, the 44-year-old also testified on multiple cheques valued more than RM10 million in total issued by Ihsan Perdana to Mail Global Resources Sdn Bhd — transactions that she said were not scrutinised by the MACC.