

Goldman's offer rejected as 'it is very low'

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BANGKOK: Malaysia has rejected the compensation offer from Goldman Sachs over the losses incurred in 1Malaysia Development Bhd's (1MDB) bond issuance as the figure was too low, says Tun Dr Mahathir Mohamad.

The prime minister said the compensation offered by the New York-based investment bank was very low compared with the US\$7.5 billion (RM31.16 billion) loss borne by the government.

"They may not be able to pay the total losses, but what they have offered is very low. As such, we have rejected their offer.

"If we cannot come to any agreement (in negotiations in Goldman Sachs), we will have to resort to the courts.

"Even if it takes a long time in the courts, we will accept it. This is because we accept the courts' decision and the legal system," he said here yesterday.

A *Financial Times* report had said Malaysia rejected Goldman Sachs' offer because it was dissatisfied with the amount.

It was understood that the investment bank had helped 1MDB raise US\$6.5 billion in bonds.

The report also said Malaysia claimed that two former Goldman employees had offered bribes to ensure that the bank was involved in the bond issuance. Goldman was alleged to have made US\$600 million in



United States investment bank Goldman Sachs had helped 1Malaysia Development Bhd to raise US\$6.5 billion in bonds. FILE PIC

fees from the exercise.

Malaysia has filed criminal charges against three Goldman subsidiaries over the management of 1MDB's US\$6.5 billion bond. This marks the first time a country has filed criminal charges against the bank, which is a major player in the United States financial sector.

Dr Mahathir did not specify the amount Malaysia was expected to receive, saying that it would depend on the negotiations.

"What Goldman Sachs did was wrong. They took a 10 per cent commission and then charged six

per cent on government loans. It's usually three per cent.

"This means for every US\$100 borrowed, one only receives US\$90, but you pay the interest for US\$100. This presents a high cost to the government.

"We will bring this matter to the courts if the negotiations fail. However much (compensation) we receive will depend on the negotiations," he said.

On another matter, Dr Mahathir said he would be going to the ground to help Pakatan Harapan in the Tanjung Piai by-election campaign.