

1MDB didn't get Najib's approval'

Ex-PM did not consent to multibillion-dollar joint venture with PSI, court told

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KUALA LUMPUR: The management of 1Malaysia Development Bhd (1MDB) embarked on a multi-billion-dollar strategic investment joint venture with PetroSaudi International Ltd (PSI) without getting approval from Datuk Seri Najib Razak, the High Court heard.

In a cross-examination by Najib's lead counsel Tan Sri Muhammad Shafee Abdullah, former 1MDB non-executive director Tan Sri Ismee Ismail agreed that the management had never advised the board of directors to obtain Najib's approval in matters involving the company's transactions.

Under 1MDB's Article 117 of the Memorandum & Articles of Association (M&A), every important decision must be under the instruction or the approval of the prime minister.

The witness also agreed to a suggestion that former CEO Datuk Shahrol Azral Ibrahim Halimi did



Court date: Muhammad Shafee arriving at the KL High Court yesterday. -S.S. KANESAN/The Star.

not inform the board about the need to obtain Najib's approval.

The court had previously heard testimony from Shahrol that Article

117 was never invoked as all decisions were made and carried out by the 1MDB board of directors.

"The management avoided the

board. They never went through compliance which required the prime minister to give consent," suggested Muhammad Shafee.

The witness agreed.

Muhammad Shafee then questioned Ismee on six promissory notes, worth a total of US\$2.318bil (RM9.77bil), and reinvested elsewhere.

It was reported that on Sept 12, 2012, 1MDB swapped its 49% stake in PetroSaudi Oil Services Ltd (PSOSL) for six promissory notes amounting to US\$2.318bil from Bridge Partners, a fund management company based in Hong Kong.

On the same day, 1MDB's subsidiary Brazen Sky Ltd entered into an agreement with a Cayman Island-based fund management company linked to Bridge Partners to invest US\$2.318bil into various types of portfolios under a segregated portfolio company (SPC) structure.

Muhammad Shafee suggested it was ridiculous to accept the promissory notes without collateral from an unknown company and the wit-

ness agreed.

Shafee: They never went through Article 117 (to obtain Najib's approval)?

Ismee: Yes.

Muhammad Shafee then suggested that there was no trace of Najib in these transactions.

Shafee: You know the reason why I asked you this is because it goes to the heart of our defence. Did you see the fingerprints of my client?

Ismee: From what you've shown, no.

Najib, 69, is facing 25 charges in total - four for abuse of power that allegedly brought him financial benefit to the tune of RM2.28bil, and 21 for money laundering involving the same amount of money.

He faces imprisonment of up to 20 years and a fine of up to five times the sum or value of the gratification or RM10,000, whichever is higher.

The hearing continues before Justice Collin Lawrence Sequerah today.