

'1MDB bosses duped board in diabolical scheme'

By **NURBAITI HAMDAN**
nurbaiti@thestar.com.my

KUALA LUMPUR: The 1Malaysia Development Bhd (1MDB) management misled the company's board of directors into believing that "money was coming back" to the sovereign wealth fund, the High Court heard.

Former 1MDB non-executive director Tan Sri Ismee Ismail agreed to suggestions by lead counsel Tan Sri Muhammad Shafee Abdullah that the management had executed "the most cunning, most devious, most diabolical" scheme in stealing millions of dollars from the sovereign fund.

Muhammad Shafee, representing Datuk Seri Najib Razak in the trial, highlighted a briefing by former chief financial officer (CFO) Azmi Tahir at a 1MDB board meeting on Oct 20, 2014, where Azmi said a total of US\$870mil had been redeemed as of mid-October 2014 with another US\$300mil to be redeemed within the next few days.

Muhammad Shafee: You see how Azmi lied to the board. What he did was, all this money purportedly went into Brazen Sky Ltd (a company incorporated in the British Virgin Islands by fugitive financier Low Taek Jho specifically



Ongoing case: Najib arriving at the Jalan Duta court complex in Kuala Lumpur for the 1MDB trial.

to repatriate 1MDB's investment in PetroSaudi Oil Services Ltd (PSOSL) to Malaysia). He omitted to mention that the money would return to Aabar (Investments PJS Ltd) and

then (he) claims 'this is the money that has been returned'.

This is the biggest fraud ever. But of course, 1MDB directors would not know this aspect because you

have to be dependent on your management's honesty. Now that you know the truth, what is your comment?

Ismee: I guess the same thing I had said earlier. *Bulan puasa, tak sedap nak cakap.* (it's not good to speak ill of others during the fasting month).

Muhammad Shafee: You still have to tell the truth during bulan puasa. *(court laughs).*

Ismee: Your honour, I have said this even in November last year when he (Muhammad Shafee) asked the same thing. I would still say the same thing. The board was misled.

Muhammad Shafee: When Azmi did the briefing, the board was happy because (it seemed that) the money was returning, right?

Ismee: Yes, of course. Of course.

The witness was also shown a flow chart, which Muhammad Shafee described as a "rollercoaster" with seven cycles of money trail.

The money originated from a US\$975mil loan from Deutsche Bank that was used to show that there was repatriation to 1MDB.

The chart showed that US\$223.33mil and US\$457.98mil of the loan were pumped into Aabar Investments PJS Ltd - otherwise known as the "fake Aabar" - and

went through several transactions between Lambasa Global Opportunity Fund, Bridge Global Absolute Return Fund SPC, Brazen Sky, 1MDB Global Investments Ltd and Universal Ventures Fund SCC.

However, the chart showed that huge sums returned to Aabar Investments PJS Ltd in five cycles.

Muhammad Shafee said 1MDB borrowed the money from Deutsche Bank to mislead the board that the money was repatriated.

However, the money was sent to Aabar Investments PJS Ltd on the pretext of buying back a 49% share in 1MDB subsidiary companies.

The lawyer said the "diabolical scheme" was undertaken by 1MDB's management with the help of "an outsider", referring to Low who, it was said, never had a formal position in 1MDB.

Muhammad Shafee: The board never knew.

Ismee: Correct.

Najib, 69, is on trial facing 25 charges - 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.

The hearing continues before Justice Collin Lawrence Sequerah today.