

"1MDB failed due to silo practices'

Counsel: Three witnesses cited such a work culture throughout their statements

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KUALA LUMPUR: The "working in silos" culture practised in 1Malaysia Development Bhd (1MDB) was a reason why the sovereign wealth fund failed as a company, the High Court heard.

Lead counsel Tan Sri Muhammad Shafee Abdullah, who represented former prime minister Datuk Seri Najib Razak in the 1MDB trial, was questioning former 1MDB non-executive director Tan Sri Ismee Ismail on the work ethic of the company's former top men who testified on the stand.

They were former CEOs Datuk Shahrol Azral Ibrahim Halmi and Mohd Hazem Abd Rahman and former chief financial officer (CFO) Azmi Tahir.

Muhammad Shafee said the three witnesses were "parroting" the same line of "working in silos" throughout their witness statements.

Muhammad Shafee: As a corporate governance person, have you heard of this working in silos?

Ismee: Of course I've heard of the term working in silos, but in general context. Not specifically in any organisation.

Ismee agreed that working in silos was not a good practice in the corporate field because it hindered communication, which the witness said was key to transparency.

Muhammad Shafee: And that is something completely discouraged because secrecy breeds corruption, breeds fraudulent behaviour in any corporation. Working in silos, therefore, is the breeding ground for a corporation to be corrupted, to be full of fraudulent transactions such as what happened in 1MDB. Do you agree with me?

Ismee: That explains why we failed.

The lawyer then questioned Ismee whether the witness knew if his former CEOs and CFO were "ordered" to work in silos.

"Now we know," Ismee replied, adding that he did not know of the situation during the relevant time.

The court had heard previous testimonies from Shahrol Azral, Mohd Hazem and Azmi that they were ordered by fugitive financier Low Taek Jho, or better known as Jho Low, to do their work in silos - on a need-to-know basis.

Ismee agreed with Muhammad Shafee's suggestion that by giving such an order, Low could direct people to do things without the others knowing.



Hearing resumes: Najib arriving at the High Court in Jalan Duta, Kuala Lumpur.

Muhammad Shafee then suggested to Ismee that working in silos was merely an excuse for the witnesses to avoid being queried on their own misdoings in the company, such as not checking before sending out a huge amount of money in the hundreds of millions out of the company.

Muhammad Shafee: (Working) In silos because the defence of these witnesses.

Ismee: In my personal view, you can't use that as an excuse.

The court earlier heard that Low had swindled 1MDB's money even before Najib opened the bank accounts related to the charges against him.

Muhammad Shafee said several posts from a blog, *Malaysia Today*, suggested that Low had been swindling money from 1MDB without Najib's knowledge as far back as the days when 1MDB was still known as the Terengganu Investment Authority (TIA).

He also suggested that his client did not receive money originating from the Islamic Medium Term Notes (IMTN) bond issued in 2009 by TIA because Najib's bank account in AmBank was only opened on Jan 13, 2011.

Ismee agreed that no proceeds from the IMTN bond, flipped by Low for millions in profit, went into Najib's personal account.

Najib, 69, faces 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, if found guilty.

The hearing continues before Justice Collin Lawrence Sequerah today.