

'Najib had to be aware of flow of 1MDB funds'

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KUALA LUMPUR: A former Singaporean banker told the High Court he assumed Datuk Seri Najib Razak knew about the flow of funds transacted by 1Malaysia Development Bhd (1MDB) and three companies through fiduciary funds.

Kevin Michael Swampillai, 59, who is the ex-head of wealth management services at BSI Bank, said he formed the impression based on the fact that SRC International Sdn Bhd - one of BSI's 1MDB-linked clients - was a company owned by the Finance Ministry at the time when Najib was finance minister.

"Najib was chairman of the board of advisers in 1MDB and furthermore 1MDB was wholly owned by the Finance Ministry," he said at Najib's trial involving RM2.28bil funds from 1MDB here yesterday.

Reading his witness statement, Swampillai said SRC International had initiated the use of fiduciary funds in 2011.

"Within a fairly short period of time, these fiduciary fund transactions were also undertaken by various related and affiliated compa-

nies, such as 1MDB, Brazen Sky Ltd and Aabar BVI, which also became clients of BSI," he said.

Investments in fiduciary funds are often directed by the investor (client), and the fund manager's role is to carry out the client's instructions by implementing those instructions.

This is unlike traditional investment funds, where investments are decided and managed by the fund managers on a discretionary basis.

"The primary objective of clients when using fiduciary funds is to facilitate the flow of money to a particular destination of their choosing while also obscuring the identity of the investor," Swampillai said.

The witness also said the origins of the use of such fiduciary funds by companies such as 1MDB, SRC, Brazen Sky and Aabar could be traced back to a meeting he had in 2011 with fugitive businessman, Low Taek Jho, or better known as Jho Low, who had inquired about the inner workings of fiduciary funds with BSI.

He said Low had told BSI on numerous occasions that he was an adviser to Najib, which Swampillai



Apex approval:
Najib arriving at court in Kuala Lumpur where a former Singaporean banker was giving his witness statement on transactions by 1MDB and three companies through fiduciary funds.
- MUHAMAD SHAHRIL ROSLI/
The Star

had heard from his superiors.

"The common denominator prevalent in all these accounts or companies was the presence of Jho Low and the fact that all these companies came under the auspices of the Finance Ministry in Malaysia," Swampillai said.

With all the information that has come out about 1MDB since 2015, Swampillai said it was evident to him that Low intended that fiduciary funds give an "optical illusion" to various stakeholders in Malaysia and elsewhere that the funds

belonging to SRC, 1MDB, and Aabar were invested in bona fide investment instruments.

According to Swampillai, after persistent questioning by BSI on the final destination and use of funds channelled through the fiduciary funds, Low's consistent response was that these transactions were highly confidential government-to-government investments and therefore no further information could be made available.

"Finally, the size of these transactions was of such a high magnitude

and frequency that they had to have some kind of apex approval issued by a highly placed government official such as a prime minister," the witness said.

Najib, 70, is on trial for 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.

The hearing before Justice Collin Lawrence Sequerah continues today.