

Financial scandals of the year
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By Shannon Teoh

KUALA LUMPUR, Dec 31 — Public trust in Malaysia's corporate sector took a beating this year as financial scandals blighted both giant government-linked companies and smaller private players alike.

A number of GLCs were involved in controversial deals while several individuals were accused of insider trading, undue influence and graft.

The Malaysian Insider reviews questionable deals and scandals involving Malaysian interests in the financial world.

MAS losses

Putrajaya said in October it had "no choice" but to implement a controversial share swap with AirAsia to avoid having to bail out loss-making Malaysia Airlines (MAS).

The national carrier posted losses of some RM1.2 billion in the three quarters of the current financial year and is not expected to make profits until 2013 despite a new business recovery plan.

The Malaysian Insider also reported this month that the MAS was investigating allegations of kickbacks in its cargo unit, leading to MASKargo's managing director Shahari Sulaiman going on leave since early November.

However, it is not clear why MAS has not lodged a police report over the alleged kickbacks in MASKargo, which made a record pre-tax profit of RM142 million in 2010.

Sime Darby's E&O deal

Sime Darby's purchase in August of a controlling 30 per cent stake in E&O sparked insider trading allegations and questions over the Securities Commission's (SC) handling of the matter.

The RM776 million deal put SC chairman Tan Sri Zarinah Anwar in a tight spot as her husband, who is also the E&O chairman, raised his personal stake in the company just weeks before Sime Darby announced its proposed acquisition of a 30 per cent interest in the company.

A minority shareholder is now suing the SC for failing to compel Sime Darby to make a general offer for all the shares in the property developer.

Ananda Krishnan under probe in India

India's Criminal Bureau of Investigation (CBI) filed a graft case against Ananda, who controls Southeast Asia's largest multimedia and telecommunications empire, his trusted executive Ralph Marshall and former Indian Telecommunications Minister Dayanidhi Maran and his brother Kalanithi.

Former Indian telecommunications minister Dayadhini Maran and his media mogul brother, Kalainidhi, stand accused of allegedly forcing Aircel founder C. Sivasankaran to sell his stake in the company to Maxis Communications Bhd.

Maxis Communications is said to have bought a 74 per cent stake in Aircel for RM2.5 billion after Dayadhini repeatedly denied licences for the Indian telco's Dishnet DSL.

India's CBI has charged Dayadhini for accepting an illegal "quid pro quo" in the form of a share premium invested in his brother's Sun Direct TV by South Asia Entertainment Holdings, a wholly-owned unit of Ananda's Astro All Asia Networks Plc.

Maxis denies the allegations and insists the purchase of a 74 per cent stake in Aircel from Sivasankaran was done on a willing buyer, willing seller basis.

Banknote bribery

Australian and Malaysian graftbusters nabbed eight individuals in a joint operation, including six former senior executives from Australian banknote companies and former Bank Negara Malaysia (BNM) assistant governor Datuk Mohamad Daud Dol Moin.

Former Prime Minister Tun Abdullah Badawi also had to deny allegations that two Australian banknote firms attempted to bribe him for a RM100 million Malaysian currency contract when he was still in office.

Australian daily The Age had reported in July that anti-graft authorities believe Security and Note Printing Australia (NPA) allegedly sought to bribe Abdullah in 2003 with part of RM13.5 million in commissions made to two Malaysian middlemen.

Mohamad Daud was charged by the Malaysian Anti-Corruption Commission (MACC) with receiving RM50,000 from businessman Abdul Kayum Syed Ahmad as an inducement to assist NPA to secure a banknote printing contract.

Security and NPA's agents were former Umno state assemblyman Datuk Abdullah Hasnan Kamaruddin and Abdul Kayum, an arms dealer who was also arrested and charged for bribing Mohamad Daud.

Alstom employees bribe government officials

French engineering giant Alstom, which has won several billion-ringgit deals from Tenaga Nasional, was fined RM130 million by Swiss authorities for failing to stop its employees from bribing officials in several countries including Malaysia.

Swiss prosecutors had earlier said Alstom's business units paid RM26 million in "success fees" to a company partly controlled by former Perlis Menteri Besar Tan Sri Abdul Hamid Pawanteh, a claim he denied which was later retracted by Switzerland's Attorney General.

Alstom is the second French company in as many years to be fined for bribing government officials in Malaysia, after telecommunications firm Alcatel-Lucent paid RM435 million to resolve US criminal and civil probes in December 2010.

It was awarded a RM2.8 billion contract by Tenaga Nasional earlier this year to provide key power generation equipment to Southeast Asia's first 1,000-megawatt (MW) supercritical

coal-fired power plant Manjung, Malaysia.

Harvest Court recruits, then dumps Najib's son

Shares of Harvest Court Industries Berhad was languishing at below 10 sen before Datuk Seri Najib Razak's son joined the board on October 28.

The share price of the former PN17 company jumped as much as 535 per cent in two weeks to RM2.14 before it was suspended for excessive speculation.

It slumped immediately after Mohd Nazifuddin Najib stepped down on November 22, trading at just 97 sen just before closing.

The 28-year-old, who kept his 2.2 per cent stake, said he resigned to quell market speculation and "not to hurt any parties and just continue with what is the best possible direction."

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