

Reveal details of Danaharta-Tajudin settlement, say BN and PR MPs
The Malaysian Insider
February 15 , 2012
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KUALA LUMPUR, Feb 15 — Politicians want details of the “out-of-court settlement” between national asset management firm Pengurusan Danaharta Bhd (Danaharta) and Tan Sri Tajudin Ramli made public.

They said the public had a right to know how much of public funds were recovered in the settlement which was made confidential by the Court of Appeal yesterday.

Barisan Nasional (BN) and Pakatan Rakyat (PR) federal lawmakers told The Malaysian Insider that the company set up to handle toxic assets during the 1997 Asian financial crisis must reveal if it managed to recover a substantial amount of the RM589 million owed by Tajudin.

“The public has a right to know as it involved a state-owned company, whether or not it is Tajudin or anyone else. We should know how much was recovered, any interest rate to show how well Danaharta did,” Deputy Education Minister Datuk Wee Ka Siong said.

The company’s page on the Bank Negara website says it has dealt with 2,902 non-performing loans (NPL) worth over RM50 billion and recovered 58 per cent of the amount as of 2005, surpassing “the typical 20 – 50 per cent range experienced by similar agencies in Asia.”

“Without transparency, this is like a personal bailout fund for certain individuals. The public is justified in wanting to know if it was a bailout or a settlement which was good business,” said Selangor PAS deputy chief Khalid Samad, who is also Shah Alam MP.

Danaharta and Tajudin ended their drawn out legal battle when they settled out of court yesterday after Putrajaya had directed in August all GLCs to drop civil suits against the former chairman of the national carrier and protégé of Tun Daim Zainuddin.

But the terms of the settlement remain confidential between the two parties despite a High Court decision in December 2009 for Tajudin to pay Danaharta RM589.14 million with two per cent interest per annum backdated to January 1, 2006.

Parties that are still involved in civil suits with Tajuddin include Telekom Malaysia Bhd, Telekom Entreprise Sdn Bhd, Technology Resources Industries Bhd (TRI), Celcom, CIMB, Naluri Corporations, Atlan Holdings Bhd, Atlan Properties and Multi Esprit Sdn Bhd.

DAP strategist Liew Chin Tong (picture) added that as Danaharta had taken over bad debts to keep the economy going during the 1997 crisis, there are question marks over whether “we nationalised and socialised losses but now that things are better, allowing profits to be privatised.”

“They have to pay for their own foolish investments,” the Bukit Bendera MP said.

Tajudin was a poster boy of Tun Dr Mahathir Mohamad’s now discredited policy of nurturing

a class of Malay corporate captains on government largesse. He flew high in the 1990s but fared poorly during the Asian financial crisis.

The case between Danaharta and the tycoon arose after he executed a facility agreement on July 13, 1994 to borrow RM1.79 billion from a group of syndicated lenders to finance the purchase by him of a 32 per cent stake in MAS.

However, from 1994 to 1998 he failed to service the original loan, causing it to become a non-performing loan (NPL).

In 1998, Danaharta acquired the NPL from the lenders but Tajuddin also failed to settle his debts to Danaharta until it was in default of RM1.41 billion as at October 8, 2001.

As part of a settlement agreement, Tajudin was to pay RM942 million in four instalments over three years and that he was permitted to redeem his charged shares at a minimum price per share.

Tajudin, however, defaulted in the payment of the quarterly interest payable under the settlement agreement and on April 27, 2002, the plaintiffs terminated the settlement agreement and demanded RM1.61 billion from him.

On April 29, 2002, Danaharta, together with its units Danaharta Urus Sdn Bhd and Danaharta Managers Sdn Bhd sold part of the charged shares consisting entirely of Technology Resources Industries (TRI) shares at RM2.75 per share, resulting in total proceeds of RM717.39 million.

As at December 31, 2005, the amount outstanding was RM589.14 million and on May 11, 2006, Danaharta and the subsidiaries commenced action to recover the money.

Tajudin alleged in his affidavit that he was directed by former prime minister Tun Dr Mahathir Mohamad and Daim in 1994 to buy a controlling stake in MAS to bail out the government.

Tajudin claimed that his purchase was a forced "national service", disguised as an arm's length commercial deal, because the government wanted to appease the investment community and the public.

Dr Mahathir however denied in his autobiography published last March that he and Daim had forced Tajudin to bail out MAS in 1994 for RM1.8 billion, claiming instead that Tajudin was "elated" over his purchase.

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