

Tajudin-MAS to resolve 'out-of-court' settlement by May 10
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PUTRAJAYA, Feb 16 — Tan Sri Tajudin Ramli and his former company Malaysia Airlines (MAS) are expected to finalise an "out-of-court" settlement by May 10, drawing a close to the longstanding multibillion ringgit legal battle between both parties.

The date was set by the Court of Appeal this morning after Tajudin, once the biggest shareholder in the now-ailing national carrier, applied through his lawyer Lim Kean Leong for a postponement of his appeals with MAS.

When addressing the three-man panel of judges here led by Datuk Seri Abu Samah Nordin, Lim said the three-month postponement was to "enable parties to facilitate negotiation".

There was no objection from MAS lawyers and the matter was adjourned to May 10.

On Tuesday, Tajudin (picture) resolved his dispute with national asset management firm Pengurusan Danaharta Bhd (Danaharta) "out-of-court". But details of the settlement remained confidential.

Tajudin has been entangled in a complicated series of expensive suits, countersuits and appeals with various parties arising from his failure to service a billion ringgit loan he took to purchase a major stake in MAS in 1994.

Tajudin was the executive chairman of the airline from 1994 to 2001.

In 2002, MAS lodged its first police report against Tajuddin, accusing him of allegedly causing the flag carrier to suffer losses in excess of RM8 billion.

According to a report to the Malaysian Anti-Corruption Commission (MACC), a major contributor to the record losses under Tajudin was the relocation of MAS's cargo operation in Amsterdam and Frankfurt to a single hub in Hahn, Germany, where the airline was forced to enter into a disadvantageous aircraft lease contract with a company, which was later linked to Tajudin's family.

The new cargo hub operation had caused MAS to suffer losses of between RM10 million and RM16 million a month before the project was terminated after the government regained control of MAS in 2001.

The termination resulted in a RM300 million arbitration claim against MAS by the company.

MAS has had a turbulent past decade after the government bought back the airline from the former corporate high-flyer at RM8 per share or about double the market price at the time. The airline was at the time saddled with a debt reported to be RM9.5 billion.

In 2009, Danaharta and two of its subsidiaries won a RM589.143 million suit against Tajudin. The case arose after the tycoon borrowed RM1.792 billion from a group of syndicated lenders 1994 to purchase 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 Tajudin 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 subsidiaries 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. The national asset management company won its case against Tajudin in 2009.

But the ex-MAS chief filed a counter suit claiming RM13.46 billion from some 22 parties and individuals.

Tajudin alleged, in his affidavit, that he was directed by former Prime Minister Dr Mahathir Mohamad and former Finance Minister Tun Daim Zainudin 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.

Last August, Putrajaya intervened and commenced action to put an end to the controversial legal battle by ordering all suits against Tajudin to be dropped.

The move has been described as an attempt by the government to cover-up details found in Tajudin's affidavit in support of his counter-claim where the embattled tycoon purportedly revealed much of the inner workings behind the purchase of MAS.

According to media reports, Tajudin had also claimed of an over-riding agreement protecting him from liabilities.

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