

Cover up? Decide for yourselves, Dr M tells public
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SERDANG, Feb 15 — Tun Dr Mahathir Mohamad told the public today to decide for themselves whether the government's out-of-court settlement with Tan Sri Tajudin Ramli was a multi-billion ringgit cover-up.

Looking nonchalant when asked if he agreed the settlement terms should be made public, the former prime minister deflected the question by telling reporters to conduct a campaign of their own to "ask them to open up and tell people how much of public money they have spent".

"But of course... this is a democratic country. If you think the government is sweeping things under the carpet, you can always decide not to support the government," he told a press conference after a function at the Perdana University here this morning. Dr Mahathir was earlier asked to comment on Tajudin's out-of-court settlement with Pengurusan Danaharta Bhd (Danaharta) yesterday, which marked an end to the six-year dispute over millions of ringgit that the former Malaysia Airlines (MAS) chairman owed to the national asset management firm.

The settlement resulted from a directive issued by Putrajaya in August last year, telling all government-linked companies, including MAS, to drop their suits against Tajudin.

The move was seen as the Barisan Nasional's (BN) attempt to put a quick end the controversy, which was said to have caused MAS's financial troubles, before the coming general election.

"I don't know, I'm not in the government now. That is for the government to answer," Dr Mahathir said, when asked to respond to the claim.

The outspoken politician, however, continued to insist that he had not been the one to force Tajudin to buy the controlling stake in MAS in 1994, which eventually led the latter to incur his staggering debt with Danaharta.

"The thing is that he accuses me of forcing him to buy the shares of MAS.

"And I don't agree that I forced him because he says in the papers... and he quoted... he said he never invests unless he knows it's a good investment... so you can decide whether who is right or wrong," he pointed out.

Tajudin's settlement with Danaharta yesterday comes after a lengthy legal dispute following a High Court decision in December 2009 ordering the ex-MAS chief to pay the state asset management manager RM589.14 million plus two per cent interest per annum, backdated to January 1, 2006.

Tajudin (left) was said to be the poster boy of Dr Mahathir'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 his purchase 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 debt 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 has alleged in his affidavit that it was Dr Mahathir and Tun Daim Zainuddin who directed him 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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