

Has 1MDB gone rogue?
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STORY BY KHAIRIE HISYAM

September has been a busy month for self-styled strategic development company 1Malaysia Development Bhd, even at times sending successive daily press statements in the month so far. But things are getting personal for the company, it seems, against its critics.

Walk the talk. Don't be a hypocrite. Fix your own scandal first. These are, among others, direct statements from 1Malaysia Development Bhd (1MDB) towards Petaling Jaya Utara member of parliament Tony Pua over the past few weeks. These were issued in response to statements by Pua vis-a-vis pressing concerns over 1MDB's affairs, to which substantial clarifications to dispel doubt had not been provided.

It is a strangely personal tack for a corporate entity, which had also behaved rather strangely with its statements by talking about matters of policy and law implementation.

Among the latest, of course, is a direct rebuke towards Bank Negara Malaysia governor Zeti Akhtar Aziz for acknowledging that uncertainty in respect of the ongoing 1MDB controversy had contributed to a weakening of the ringgit.

Collectively these statements paint a picture of a government-owned company going rogue, far overstepping the boundaries of its matters of concern and running its mouth, so to speak.

First, there is the manner in which the company has aggressively attempted to portray Pua in a negative light due to his ongoing statements on concerns over the company's dealings.

Pua, an elected public representative to Parliament, has been persistent in highlighting matters of concern, the latest being the discrepancy in how much 1MDB paid to International Petroleum Investment Co (IPIC) to extinguish previously granted options and where the money really came from.

Being also a member of the Public Accounts Committee (PAC), which had been investigating 1MDB closely, it would be reasonable to presume that Pua is raising concerns from a more informed position than the rest of the country.

Yet here we have 1MDB, not only dismissing these concerns with disconcerting lack of gravity but seemingly bent on discrediting Pua on a personal level. It does not make much sense – even in a scenario where Pua’s moral authority to raise concerns is compromised somehow, the concerns remain real and, as Zeti put it bluntly, Malaysians deserve answers.

So why is 1MDB more focused on making Pua look bad than clearing its own name?

And then there are also other statements that are uncharacteristic of corporate entities to say in response to questions raised by stakeholders, which in 1MDB’s case as a wholly owned entity of the government, would be the whole nation through elected representatives such as Pua.

On Sept 9, for instance, 1MDB expressed “shock” that The Wall Street Journal (WSJ) would use confidential information in its reporting, in this case referring to a transcript of proceedings from what is believed to be PAC hearings on 1MDB.

“1MDB strongly urges the relevant authorities to investigate this matter thoroughly,” said the company, adding the authorities should take all action to preserve the integrity of Malaysian parliamentary law and processes, which prohibit disclosure of the transcript, presumably implying whoever leaked the transcript should be punished.

Is 1MDB now a law enforcement watchdog now? No. It does not concern the company how WSJ procured the information – certainly the authorities do not need 1MDB to tell them how to do their jobs.

What 1MDB should concern itself with first and foremost is addressing real concerns and allegations which are in its power to clarify one or the other. For instance, it should categorically make clear what the situation is in respect of its payments to IPIC in respect of the options.

Recall that on Sept 18, WSJ reported that IPIC did not receive payments from 1MDB amounting to nearly US\$2.4 billion (RM10 billion at current exchange rates) to extinguish options granted to IPIC to purchase a stake of up to 49% in its power assets.

In response to that report, 1MDB attacked WSJ over a lack of named source or “proof”, adding that while it cannot speak on behalf of IPIC, its audited financial statements clearly described the transactions and source of funding for them.

This is like paying your monthly car payment, then when told the bank did not receive the payment, insisting that your monthly bank statements indicate you did make the transfer. Naturally one would be alarmed at being told the recipient did not receive the payment but in 1MDB’s case this alarm is strangely missing.

In any case, this is clearly not the way any company, let alone one wholly owned by the government and therefore answerable to the whole nation, to behave. If questions are raised over a company’s affairs and governance, its sole concern should be to address those questions clearly and without ambiguity, not attempting to dig the critics’ dirt or tell the authorities to investigate them.

The only decent thing for 1MDB to do at this point, for instance in respect of the allegedly missing payments, is to contact IPIC and issue a joint statement either confirming or dispelling the WSJ report without leaving any room for further doubt.

And that tack of categorical denial of what it said are untrue allegations should be 1MDB’s mantra for all present and future concerns raised by the public on its affairs. Because, otherwise, persistently attempting to discredit critics without providing real answers only raises further questions of what 1MDB may seek to hide.

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