

Is whistleblower Justo 1MDB's red herring?

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It's a basic Hollywood movie plot – former staff with access to key information attempts to extort the company, then is tracked down by the police and arrested. Truth, smokescreen, or something in between? It's not too late for both PetroSaudi and 1MDB to come clean.

A new narrative is forming following the arrest of Xavier Justo by Thai police in mid-June. But there are glaring cracks still in the new picture being pushed forward.

The crime was attempted blackmail and extortion against PetroSaudi International, Justo's former employer, using company documents and emails obtained during his time with the company.

In turn, these were the emails leaked by whistleblower website Sarawak Report from February 2015 onwards in its articles alleging gross wrongdoing at controversial 1Malaysia Development Bhd (1MDB).

So who is Xavier Justo? That question is, in fact, the exact headline, in different languages, across several national newspapers the day after Justo's arrest. The uncanny similarity did not end there.

They paint the same picture: Justo was a man living in luxury, with an eight-bedroom mansion on Koh Samui, a beautiful wife, and a hedonistic lifestyle.

Two years ago, he was dismissed from PetroSaudi for breaking company rules, receiving RM15 million or so as compensation. Then he allegedly tried to blackmail PetroSaudi for roughly RM10 million more.

His demands were not met and subsequently various emails and documents were published on whistleblower website Sarawak Report, according to news reports. Contents of the emails were "politicised", according to a PetroSaudi statement, and may have been tampered with, said 1MDB citing news reports.

"We are happy that the courts will now address this matter, and we apologise to the Malaysian people for the harm caused to them," said PetroSaudi in a statement.

By “harm” it can be inferred as reference to the maelstrom around 1MDB’s dodgy dealings over the years, partly involving PetroSaudi, as well as the potential political ramifications involving the incumbent prime minister himself.

Messenger in crosshairs

And now the focus has shifted in part to the messengers in the 1MDB fiasco. This came from a combination of the “politicisation” allegation and the “tampering” of the emails.

In a press conference, Home Minister Zahid Hamidi said business weekly The Edge will be investigated for its reportage on 1MDB-related issues. At a press conference, he said there was malicious intent on Justo’s part to distort facts about the 1MDB-PetroSaudi deal.

“And since we are responsible to monitor any publication that gets its licences from (the Home Ministry), so we feel that they will have to bear full responsibility to face any action if they were found to have cherry-picked or were selective or intentionally distorting facts with bad intentions,” said Zahid.

New Straits Times also reported that a former politician has lodged a police report against those involved in alleged “malicious fraudulent activities to amplify unverified and false information” through irresponsible reporting.

So here is the new narrative forming on the 1MDB saga: one man stole information during his employment, intended to blackmail PetroSaudi for it but failed, after which he sold it to politically motivated parties who used allegedly tampered versions of the information to ignite the fiery storm surrounding 1MDB today.

But this new narrative is questionable. It effectively clouds over the real issues underlying 1MDB by questioning the integrity of some messengers – a distraction.

Issues pre-date email leak

Forget the leaked documents existed for a moment. Going by publicly available documents submitted by none other than 1MDB to the Companies Commission of Malaysia (CCM) and the company’s own statements, there are still more than enough issues to warrant a full investigation.

KINIBIZ has explored much of these over the years. 1MDB has borrowed billions with relative urgency over the years, eventually accumulating some RM42 billion in debt, and only has some RM13 billion in hard assets to show for them by its own admission.

It claims to have strong cash balances, but has been scrambling to meet payment deadlines to creditors by rushed land sales and a credit extension by the Finance Ministry, among other avenues.

It overpaid Goldman Sachs by at least RM1 billion for its advisory services and even mispriced its bond issuances grossly, resulting in a previously estimated loss of at least RM4 billion. Even its power assets were grossly overpaid for.

On the PetroSaudi dealings itself, questions must be asked why 1MDB, a company set up to drive strategic development initiatives in Malaysia, ended up lending its borrowed billions to PetroSaudi, essentially a privately owned foreign company. Is that a strategic move for the nation? Hardly.

In fact, these issues and much, much more had been dissected enough on the basis of these CCM documents and 1MDB statements alone that one could probably write an entire book on the 1MDB saga by now.

The leaked emails and documents only added more details to the controversy. They added the strange involvement of businessman Low Taek Jho or Jho Low, the fine details of the communication between PetroSaudi and Jho Low's side, as well as the strangely late involvement of formally appointed 1MDB officials in the lead-up to the joint venture.

And the unmistakable truth is this: the problems of 1MDB are real and need addressing. They were not "stirred up" by politically motivated parties on the strength of Justo's leaks alone. They were but components of the larger picture already visible through publicly accessible documents from CCM even before the leaks.

Nor will attacking the integrity of the messengers who raise these issues for the public's awareness again and again make the issues disappear into thin air.

Is PetroSaudi hiding something?

Now go back to the leaked emails. The narrative behind Justo's dismissal – or departure, depending on which reports – raises some questions.

Thailand's Bangkok Post quoted a police officer as saying Justo exited PetroSaudi after the company found he "behaved against the company's rules and regulations". He was also paid roughly RM15 million to leave.

Here's the rub: If Justo breached company rules and regulations to such an extent that it warranted his exit, why the RM15 million in payment? Surely asking an employee to leave after clear-cut wrongdoing would not lead to wrongful termination hearings.

It is unclear what position Justo really held at PetroSaudi International. Thai media cited him as a former IT executive, while subsequent reports by Malaysian media named him as director in at least two PetroSaudi subsidiaries.

In any case, the emails he purportedly leaked had been published for months. And herein lies another perplexing question mark – why has neither PetroSaudi nor 1MDB come out to outright deny them?

When Sarawak Report first published some of the leaked emails, PetroSaudi lodged a police report claiming it was hacked. Other descriptions from the company are that the emails were forged and tampered with.

Never has PetroSaudi or 1MDB said something along the lines of "these emails are fake". All this while there had been more than ample time to do so – and both chose not to for mysterious reasons.

So what exactly did this man Xavier Justo tamper with in those emails? What details are true and what aren't? And what other information did Justo possess that he felt he could blackmail PetroSaudi so terribly that they launched a global manhunt for him and others?

Only PetroSaudi can tell for sure. Which it should do if it is genuinely sorry for the "harm" caused to Malaysians following the leaks. Honesty is after all the best policy – for both PetroSaudi and 1MDB.

Just come clean, now.

GRRRRR!!!

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