

## **Najib must answer for 1MDB, Scorpene scandals, says anti-graft watchdog**

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**By Elizabeth Zachariah**

Prime Minister Datuk Seri Najib Razak must be held responsible for his role in two scandals – 1Malaysia Development Berhad (1MDB) and the Scorpene deal – in which billions of ringgit were plundered with no accountability, an anti-graft watchdog said today.

The Centre to Combat Corruption and Cronyism (C4) said the similarities between both controversies were "deeply worrying".

"Najib must be held responsible for these scandals," said C4 executive director Cynthia Gabriel in a statement today.

She said the RM42 billion debt raked up by 1MDB in just five years of its operations demonstrated how power play, patronage politics and corruption had taken a toll on the nation, adding that it was unsurprising that the state investment vehicle was not Najib's first financial scandal.

"The Scorpene submarine deal was another multi-billion dollar purchase, reeking of corruption that scandalised the nation just prior to the last general election. The numerous inconsistent answers dished out at Parliament finally led human rights group Suaram to file a judicial complaint in the French tribunal," she said.

In the statement, Gabriel listed four parallels between the controversial deals, including Najib's involvement in both.

She said when the Scorpene deal was inked in 2002, Najib was defence minister and responsible for the purchase of the submarines, while in the Finance Ministry-owned 1MDB, the finance minister is the chairman of its board of advisors.

"He was well aware of the wheeling and dealing of the chief negotiators, and the elements of the deal agreed by both parties (in Scorpene)," she said.

"The buck stops with Najib on the 1MDB fiasco."

Another similarity, Gabriel said, was the fact that Najib "handpicked" his closest friends and associates to head the mega deals, with Abdul Razak Baginda for Scorpene and Low Taek Jho for 1MDB.

"Razak Baginda was not personnel of the Defence Ministry, but was handpicked by Najib to lead the negotiations. In fact, in documents confidentially shown to Suaram by French lawyers then, it was highlighted that Razak Baginda was handpicked also because of his wife's (Mazlinda Makhzan) close relationship with Najib's wife (Rosmah

Mansor).

"Isn't Jho Low, the man at the centre of the 1MDB controversy, also Najib's friend and associate? What really Jho Low's role was in the PetroSaudi deal remains a huge mystery," she said, referring to one of 1MDB's deals that recently came under much scrutiny.

These friends and associates also seemed to run the government's "treasure chest" like it was their own money to be thrown around and siphoned away, she said.

"Documents show that Razak Baginda in the Scorpene deal set up two companies specific to the French purchase. The first was Perimekar and the second – Terasasi – was formed to receive illicit funds never meant to be made public.

"Here his father and he are the controlling directors. While it was reported in Parliament that Perimekar had received close to RM550 million (€114.9 million), for coordination services, Terasasi received amounts of up to €42 million."

This was similar to 1MDB's dealings, Gabriel said, where reports showed that RM700 million of the RM1 billion investment money from 1MDB was eventually siphoned off into a Swiss Bank account called Goldstar Ltd, owned and controlled by Low.

Gabriel also noted another similarity, namely the involvement of Tan Sri Lodin Wak Kamaruddin in both scandals.

Lodin, she said, was a director of Perimekar, the go-between company involved in the submarine purchase until 2010. He oversaw the transfer of money amounting to €114.9 million into Perimekar's account.

Ironically, Gabriel added, Perimekar's only client was the Malaysian government.

"Lodin incidentally is also on the board of directors and chairman of 1MDB. He is also the chief executive of the Lembaga Tabung Angkatan Tentera (LTAT), a fund for military pensioners. The LTAT owned 20% of Perimekar, hence the use of public funds was involved in the purchase of the submarines," she said.

"We draw parallels here with how Najib directs funds contributed by tax payers with so much ease in business investments, with no clear oversight mechanisms, and no care for accountability and transparency. The LTAT, Lembaga Tabung Haji and the Pensioners Fund (KWAP) have all been thrown into controversy."

She said that Najib had to be held accountable for these scandals and called for his immediate resignation as finance minister.

"Too much money has been plundered with zero accountability at the expense of ordinary Malaysians. His empty chest beating and pledges to combat corruption and promote people-centred governance ring hollow.

"C4 thus joins the chorus of concerned voices and demands that he relinquish his finance minister portfolio with immediate effect, to save Malaysia from further catastrophe," she said.

Calls for Malaysia's sixth prime minister to resign, including from retired statesman Tun Dr Mahathir Mohamad, have risen since pilgrim fund Lembaga Tabung Haji confirmed buying land from 1MDB.

However, Najib remains adamant that he will not step down, saying he will remain in the job with support from Umno and trust from the people.

Suaram filed a complaint with a Paris civil court in 2012 over the multi-million ringgit Scorpene scandal. The probe on Scorpene is still in progress at the Tribunal de Grande Instance. – May 18, 2015.

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