

Umno MP slams 1MDB for 'elegant silence' on status of RM3.6 billion loan

The Malaysian Insider

May 13, 2015

An Umno federal lawmaker has hit out at 1Malaysia Development Berhad (1MDB) for its "elegant silence" pertaining to the status of its US\$975 million (RM3.6 billion) loan from a consortium of six foreign banks.

Kepala Batas MP Reezal Merican Naina Merican (pic, left) said it is irresponsible of the state investment firm to remain silent on its financial status, pointing out that it will further affect its image.

"I am urging 1MDB management to answer the issue that has been reported by the media. It is not the time now for 1MDB to remain silent. There is no elegant silence in issues such as this.

"The ability of 1MDB to come forward to give a rationale and report on its current financial position will help the people to make a sound judgement on a hotly-debated issue.

"Personally, I feel 1MDB's management failure to come out to give an explanation is very irresponsible," he said in a statement today.

Singapore's Business Times reported today that the six "jittery lenders" have turned "panicky" because the loan was secured by 1MDB's wholly-owned Brazen Sky's US\$1.103 billion – money which is currently being parked at Swiss-based BSI Bank Singapore.

The business daily, in quoting sources, said "securitisation document" for the loan was now deemed "incomplete", as one of the covenants was not fulfilled.

These meant lenders could demand for repayment from the state investment vehicle any time before its due date of end-August.

"What was earlier construed as a tightly collateralised loan is now making the banks nervous, given this controversy," the daily quoted an unnamed source as saying.

Yesterday, PKR lawmaker Pandan MP Rafizi Ramli had also revealed he had received information that the troubled state investment vehicle had listed its "questionable" account in BSI Bank Singapore as collateral.

He said if this was true, 1MDB may have to resort to using public funds to meet the September payment deadline, since its account in BSI Bank reportedly had no actual cash.

On April 22, whistle-blower Sarawak Report said 1MDB's account in BSI Bank merely contained "paper assets", the "true value of which cannot be determined".

"A loan as big as this would most definitely have collateral. The information I received is that the collateral for this loan is the funds in the BSI Singapore account, which was reported as being non-existent," he had said.

Reezal said the lack of response from 1MDB's management on the status of the US\$975 million (RM3.6 billion) loan has further affected the company's image, noting that it is impossible that as professionals, the management cannot answer the questions raised by various quarters.

"Unfortunately, they were not quick in their actions and preferred to see the build up of negative perception first.

"I am confounded, even in such a situation, there is no desire from the management to consider it as a communication and image crisis," said the first-term MP.

In quoting a famous line from author Stephanie Klein's, "tell the truth, or someone will it for you", he warned that as long as 1MDB remained silent, the controversies surrounding the company will be viewed negatively by the people, and this will affect Putrajaya's integrity.

Criticism has been mounting over the Finance Ministry's wholly-owned investment vehicle, established in 2009, which has chalked up debts of up to RM42 billion, backed by Putrajaya.

Second Finance Minister Datuk Seri Ahmad Husni Hanadzlah previously disclosed that Putrajaya had approved an RM950 million standby credit facility for 1MDB, of which RM600 million has been used.

Scrutiny has grown more intense following Sarawak Report's recent exposes, which piled pressure on Prime Minister Datuk Seri Najib Razak and prompted opposition politicians, former and current Umno leaders including long serving former prime minister Tun Dr Mahathir Mohamad and anti-graft bodies to demand a thorough investigation into the fund. – May 13, 2015.

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