

US\$1.9 billion loan from 1MDB to PetroSaudi was to reduce risks, says Najib
The Malaysian Insider
June 8, 2015

Finance Minister Datuk Seri Najib Razak told Parliament that the reason for approving the US\$1.9 billion loan from 1Malaysia Development Bhd (1MDB) to a subsidiary company of PetroSaudi International Limited was merely a decision to reduce its risk on its equity holdings in the subsidiary company.

Petaling Jaya Utara MP Tony Pua had asked Najib, who is also advisor to the 1MDB board of advisors, his reason for approving the US\$1.9 billion loan from 1MDB to a subsidiary company of PetroSaudi International Limited only with the guarantee that PetroSaudi International did not have a paid-up capital of above US\$150,000.

"Based on the information given by the 1MDB management to the Finance Ministry, the loan was approved to reduce the risk as compared to the equity holding held in the subsidiary company," said Najib in his written reply to a question by Pua.

To a subsequent question to Najib by Pua on whether this agreement was approved by 1MDB's board of directors at the time, Najib replied that "all decisions and dealings of 1MDB are decided by the management and board of directors of 1MDB".

PKR vice-president Rafizi Ramli had earlier revealed documents of the Memorandum & Articles of Association (M&A) of 1MDB linking Najib to all investment decisions made by 1MDB. Rafizi accused Najib of being responsible for all the bad investment decisions that had caused 1MDB to accumulate so much debt.

Najib is also the chairman of the board of advisors for 1MDB.

Meanwhile, Najib had in his last reply to Pua in Parliament cited a parliamentary order as the reason for not revealing details pertaining to the controversial dealings involving 1MDB and PetroSaudi Limited in London.

Documents on whistleblower website Sarawak Report showed that four days after 1MDB PetroSaudi was created, PetroSaudi International (PSI) had signed an agreement saying the subsidiary owed it US\$700 million.

Pua previously said that instead of making money from the deal with PSI, 1MDB's president Arul Kanda Kandasamy had to explain a loss of US\$1.1 billion.

Pua said the cover-up had its origins in the 1MDB joint venture with 1MDB PetroSaudi, which looked like a scam to give US\$700 million to another company.

That company was 1MDB PetroSaudi's parent, PSI, which received US\$700 million from its subsidiary.

Pua said then that PSI had created the shell company, 1MDB PetroSaudi, from scratch

on September 18, 2009, just 10 days before its subsidiary received US\$1 billion from 1MDB.

Four days later, on September 29, 1MDB bought 40% of new shares in 1MDB PetroSaudi and injected RM1 billion in cash.

The next day, US\$700 million was taken out of 1MDB PetroSaudi and given to PSI. – The Edge Markets, June 8, 2015.

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