

What's known, unknown in money trail to Najib's accounts
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Prime Minister Datuk Seri Najib Razak is facing the toughest challenge to his leadership as pressure mounts over allegations that billions of ringgit were channelled into his personal accounts.

A special task force comprising the Attorney-General's Chambers, police, anti-corruption authorities and Bank Negara is now probing the claim, made by The Wall Street Journal (WSJ) on July 2.

WSJ reported that its expose emerged from a Malaysian government probe into debt-ridden state fund 1Malaysia Development Bhd (1MDB). The business daily has since posted documents on the money flow into Najib's accounts on the Internet to support its report.

WSJ's report centres on some US\$700 million (RM2.67 billion) funnelled into two of Najib's accounts at AmBank in Kuala Lumpur. The money was transferred in five separate deposits from two originating points – one locally, beginning with SRC International Sdn Bhd, and the other from a British Virgin Islands company.

According to WSJ, the largest portion of the money – US\$681 million – was transferred to Najib's accounts in March 2013, ahead of the May general election (GE13).

This is different from an earlier WSJ report last month that 1MDB funds may have indirectly funded part of Najib's campaign in GE13, after the firm bought overpriced power assets from the Genting Group.

Genting then allegedly used part of the proceeds from the sale to make a RM35 million donation to a foundation under Najib, who then promoted projects by this charity during his election campaign, according to WSJ.

Najib has denied taking funds for personal gain, but as finance minister and chairman of 1MDB's advisory board, he was under scrutiny over the government-owned firm's opaque dealings and RM42 billion debt incurred in just six years of operations.

1MDB itself is the subject of an ongoing probe by Parliament's Public Accounts Committee (PAC) and the auditor-general.

But the latest allegations, together with documents showing the flow of money into the prime minister's accounts, have been the most damning.

Here is what is known so far as well as questions that remain unanswered since WSJ's report a week ago.

Whose money is it?

The source of the money is unknown but the local remittances originated from SRC International Sdn Bhd, a company owned by the Ministry of Finance at the time the transfers were made.

SRC, however, had taken a RM4 billion loan from Retirement Fund Incorporated (KWAP) in 2011 to invest in mining and natural resources.

The money trail to Najib's accounts starts with RM50 million moving from SRC to its subsidiary Gandingan Mentari Sdn Bhd, and on to Ihsan Perdana Sdn Bhd.

From here, RM42 million was transferred to Najib's accounts at AmBank in three deposits of RM27 million, RM5 million and RM10 million.

These transfers happened between December 2014 and February this year.

The foreign remittance of US\$681 million originated from Tanore Finance, a British Virgin Islands Company, and was transferred in two tranches from Falcon Private Bank in Singapore to the prime minister's personal accounts at AmIslamic Bank on March 21 and 25, 2013.

Companies involved

WSJ's report does not say that the US\$700 million was funds from 1MDB.

SRC International and Ihsan Perdana, however, as companies involved in the local transfer of funds to Najib's accounts, are linked to the troubled state investor.

SRC was a subsidiary of 1MDB prior to 2012, before being "de-merged", according to 1MDB.

SRC's managing director is also Nik Faisal Ariff Kamil, who was at one time chief investment officer at 1MDB, as well as being a close associate of businessman Low Taek Jho.

WSJ said Nik Faisal also had the power of attorney over Najib's personal bank accounts, according to the documents it obtained from the government probe.

Ihsan Perdana was described by the WSJ as a company that did corporate social responsibility work for 1MDB.

Another company linked to 1MDB also surfaced in the foreign remittance of funds to Najib's accounts.

According to WSJ, Falcon Private Bank in Singapore is a Swiss bank owned by the Abu Dhabi wealth fund International Petroleum Investment Co (IPIC), which in May had injected US\$1 billion into 1MDB to settle a syndicated loan from a consortium of

banks.

In 2012, IPIC had also issued guarantees for 1MDB for the payment of interest and principal on bonds issued by the state investment firm.

What we don't know

It is still not known what the money transferred to Najib's accounts were used for, but the timing of the overseas remittance from the British Virgin Islands company, ahead of GE13 on May 5, has raised eyebrows.

It has led opposition parties to consider filing a civil suit to strike out the general election results.

Malaysia, however, does not have any laws governing political funding.

The bank remittance documents uploaded by WSJ also do not reveal the name of the account holder/holders, but states accounts numbers at the AmIslamic Bank branch in Kuala Lumpur, with the last five digits of the account number redacted.

WSJ had named Najib as the holder of the accounts in its July 2 article based on flow charts obtained from government investigations.

There has been no confirmation from Bank Negara, AmBank or the prime minister himself whether the accounts indeed belonged to him.

Whether these remittances involve public funds also cannot be assumed from the documents revealed thus far, particularly with regard to the foreign inward remittances.

As of yesterday, the special task force has frozen six accounts as part of its probe and seized documents related to 17 bank accounts. It has not said whose accounts were affected.

Najib issued another denial yesterday, reiterating that he had never taken 1MDB funds for personal gain. His denials, to date, have not directly addressed the deposits to his accounts. He has instead blamed WSJ of having "malicious intent" and of being part of a plot to bring him down.

Short of a letter of demand, his lawyers have also asked WSJ for "clarification" of the facts in its report. – July 9, 2015.

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