

Did Najib approve 1MDB's US\$3.5 billion loan, asks DAP
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The prime minister must answer if he authorised the guarantee arrangement between International Petroleum Investment Corporation (IPIC) and 1Malaysia Development Bhd in the US\$3.5 billion bond sale following reports that billions of the state investor's funds were unaccounted for, DAP said today.

Its publicity chief, Tony Pua, said the expose in The Wall Street Journal revealed that 1MDB borrowed US\$3.5 billion guaranteed by IPIC and placed a US\$1.4 billion "refundable deposit" as collateral with IPIC.

The state investor then terminated the options granted to IPIC or its subsidiary, Aabar Investment and paid as compensation US\$993 million sourced from the November 2014 US\$1.22 billion redemption from 1MDB's Cayman Island investment and US\$975 million borrowed from a Deutsche Bank-led consortium.

Following this, 1MDB still owed IPIC US\$481 million as at December 31, 2014.

He added that it also paid about US\$300 million to Goldman Sachs in commissions, fees and expenses for arranging the bonds.

Pua said based on these facts, 1MDB ended up with a deficit of US\$649 million.

"This means that the wholly owned Ministry of Finance subsidiary ended up with less cash than it had after it took the loan.

"How absolutely bizarre can you get?

"Why would 1MDB borrow so much money, causing RM15.4 billion of indebtedness based on today's exchange rates, when 1MDB effectively doesn't get to use any of the funds raised?" the Petaling Jaya Utara MP said in a statement.

He added that although 1MDB borrowed US\$3.5 billion, it had effectively access to only US\$326 million or less than 10% of the funds raised.

As such, he said, the poser now was whether Datuk Seri Najib Razak had given written approval for the loan transaction, as required under 1MDB's Memorandum and Articles of Association, which stated it needed the prime minister's written approval for any deals.

Pua added that if Najib had not given his written approval, 1MDB's board of directors must then be taken to task for breaching their mandate. – September 28, 2015.

Source:

<http://www.themalaysianinsider.com/malaysia/article/did-najib-approve-1mdb-us-3.5-billion-loan-asks-dap>