

Abu Dhabi alleges US\$1.4 billion from 1MDB missing, says WSJ
The Malaysian Insider
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An Abu Dhabi state investment fund has alleged that a US\$1.4 billion (RM6.02 billion) payment from 1Malaysia Development Bhd (1MDB) to one of its subsidiaries is missing, The Wall Street Journal reports today.

International Petroleum Investment Co (IPIC), a United Arab Emirates state investment vehicle, had guaranteed the US\$3.5 billion in bonds that 1MDB issued to finance the purchase of power plants in 2012.

In return, IPIC had the option to buy a 49% stake in the power plants as well as collateral for the bond.

According to the auditor-general's draft report, 1MDB made a collateral payment of US\$1.4 billion which went to Aabar Investments PJS, a subsidiary of IPIC, said WSJ in its report highlighting the missing money.

IPIC's consolidated financial statements, however, show no reference to the receipt of the payment.

Quoting sources, WSJ said neither IPIC nor Aabar received the money and have no knowledge where the funds have gone.

The allegation over the missing US\$1.4 billion comes at a politically sensitive time as Prime Minister Datuk Seri Najib Razak, who is also finance minister and chairman of 1MDB's advisory board, comes under scrutiny for accepting RM2.6 billion from a Middle Eastern donor. The money was deposited into his private bank accounts ahead of the 13th general election in 2013.

1MDB, a Finance Ministry-owned firm, is also under scrutiny after amassing RM42 billion debts since it began operations in 2009, as well as for its questionable deals.

Abu Dhabi is now trying to sever ties with 1MDB, said WSJ, and restructure IPIC which had provided funds to the Malaysian state investor.

The business journal said the dealings between the UAE and Malaysia "shine a rare light on the workings of sovereign-wealth funds, which have increased significantly in size and are backed by wealthy governments but often lack transparency".

On July 2, WSJ reported that US\$700 million (RM2.67 billion) was moved among government agencies, banks and entities linked to 1MDB, before ending up in Najib's personal accounts in five separate deposits.

Najib has denied using the money for personal gains but the scandal has had political and economic fallouts.

More than 200,000 protesters took part in the Bersih 4 rally in August demanding Najib's ouster, and the ringgit has fallen to a 17-year low, hitting 4.33 to the dollar yesterday. – September 9, 2015.

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