

For DAP rep, 1MDB's top brass change spells more bad news
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The Prime Minister (PM) must sanction an audit of state investor 1Malaysia Development Berhad and testify to the Public Accounts Committee, a DAP lawmaker said today in reaction to the recent change of its top brass.

Petaling Jaya Utara MP Tony Pua said continuous changes to 1MDB's top management clearly showed grave problems despite assurances that all was well.

He added that PM Datuk Seri Najib Razak's failure to give a public accounting would jeopardise the transparency and accountability of his administration.

"A company which claimed itself to be doing well and is in the midst of completing a massive US\$3 billion initial public offering for its energy division would not, under normal circumstances be under-going a major management shake-up," Pua said in a statement today.

"This is especially since the 1MDB Chairman, Tan Sri Lodin Wok Kamaruddin has just taken the trouble to issue a lengthy statement to assure Malaysians that all is very well within the 'strategic development company'."

The Malaysian Insider reported yesterday that Mohd Hazem Abdul Rahman would step down as the company's managing director, chief executive officer and a member of the Board of Directors, and banker Arul Kanda Kandasamy would be appointed as its new chief.

This was later confirmed by 1MDB, which is the brainchild of Najib and of which he is chairman of its advisory board.

Pua said Hazem's resignation and the immediate appointment of Arul only proved that all is really not well behind the steely façade which has been presented by both the company as well as the prime minister himself.

"What is more worrying is that Mohd Hazem was only the CEO of 1MDB for less than two years. The previous CEO, Datuk Shahrol Halmi was 'removed' from his position only on March 22, 2013. Two CEO changes within 24 months can only point only to poor performance and fishy business behind the scenes for the debt-ridden company."

Confirming the news of the changes in its top management, 1MDB board of directors chairman Lodin also announced a strategic review of its business to maximise its returns.

Pua rubbished Lodin's statement, saying there would be no need for a "strategic review" to find "financial alternatives" for 1MDB if not for its disastrous performance to date.

"The 1MDB Chairman's statement clearly indicates that Mohd Hazem has been fired. He was either doing a terrible job or he has become the fall guy for the 100% Ministry of Finance-owned company which has accumulated a staggering RM42 billion in debt.

"We believe that the 'sacking' of Hazem is only the start of a ripple-effect arising from the intense scrutiny placed on 1MDB, and in particular the filing of a police report by an UMNO leader against mismanagement and possible corrupt practices within the company," he added.

Pua was referring to the report lodged by Batu Kawan Umno deputy chief Datuk Khairuddin Abu Hassan against 1MDB on December 13, claiming there was mismanagement in the government-linked company.

1MDB has been dogged by controversies over its debt portfolio and for keeping RM7.18 billion in the Cayman Islands.

This also comes as it failed for a second time to pay a RM2 billion loan to local lenders due on December 31 last year.

The Edge Financial Daily reported this morning that according to sources, 1MDB has now been given until January 30 to settle the debt that was originally due on November 30, 2014. Malayan Banking Bhd (Maybank) and RHB Bank Bhd are the lead lenders.

The problem has been brought to the attention of Bank Negara Malaysia (BNM), and sources said at a recent meeting, top executives from 1MDB led by chairman Lodin, director Tan Sri Ismee Ismail and outgoing CEO Hazem were given a dressing-down by the central bank.

Sources said that the 1MDB executives were told in very strong terms that they will face action if the matter was not settled. – January 6, 2015.

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