

Regulators liquidate Aussie firm managing 1MDB's US\$2.3 billion, says report
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Australian company Avestra Asset Management, that was supposedly managing 1Malaysia Development Berhad's (1MDB) proceeds from its joint venture with PetroSaudi International, is being liquidated by Australian authorities, says a report in The Wall Street Journal (WSJ) today.

The report said regulators are liquidating Avestra, which manages US\$2.32 billion (RM9.93 billion) of 1MDB's funds, over concerns that it is putting its clients' money at risk in questionable investment.

According to a copy of an affidavit by the Australian Securities and Investments Commission, sighted by WSJ, Avestra had focused on Malaysian penny stocks and little-known merger finance.

WSJ said that Avestra had managed the money that was put into a Cayman Islands company called Bridge Global Absolute Return Fund SPC, that was only set up a few weeks before it received the funds.

The documents from Cayman Islands, however, do not indicate who set the company up, the report said.

Australian regulators, the WSJ report said, believe that Avestra took on the role as "investment adviser" to Bridge Global.

"Australian regulators aren't looking into the relationship with 1MDB but instead at whether retail investors may be at risk. They allege Avestra hid its investments from Australian regulators by routing them through the Bridge Global fund, where 1MDB had invested its money," the report said.

Critics of the state-owned fund, including former prime minister Tun Dr Mahathir Mohamad have questioned the whereabouts of the money while DAP lawmaker Tony Pua recently claimed that the money was, in fact, never redeemed from the Cayman Islands.

1MDB president and group executive director Arul Kanda Kandasamy said in January 2015 that the balance of the funds in Cayman Islands amounting to US\$1.103 billion had been redeemed and told The Singapore Business Times in February 2015 that the redemption was in cash and in US dollars.

Whistleblower site Sarawak Report later claimed that the money allegedly parked in BSI Bank in Singapore was basically paper assets with indeterminate value while Prime Minister Datuk Seri Najib Razak later admitted in Parliament that the sum redeemed was not in cash form. – November 3, 2015.

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