

**Report: Malaysia, Abu Dhabi dispute over 1MDB almost settled**  
**Free Malaysia Today**  
**April 21, 2017**

**The deal, to be concluded anytime, is expected to significantly dilute any international legal challenges confronting 1MDB and the government, says a Straits Times report.**

KUALA LUMPUR: Malaysia and Abu Dhabi have reached an agreement on settling a dispute involving billions of dollars in debt obligations, The Straits Times (ST) reported today.

The state-owned investment funds of both countries are expected to sign a settlement agreement anytime now.

The successful completion of the deal could weaken any legal action by foreign governments over alleged money laundering at 1MDB.

According to the ST report, the proposed settlement calls for Malaysia to repay Abu Dhabi US\$1.2 billion (RM5.3 billion) before the end of this year.

The amount represents a loan and accumulated interest charges on a bailout financial package 1MDB received from Abu Dhabi's International Petroleum Investment Company, or IPIC, in July 2015.

1MDB was expected to raise the bulk of the money by selling "fund units" in Brazen Sky Ltd, a financial unit it owns, to an undisclosed buyer, the report quoted senior financial executives familiar with the negotiations as saying.

The agreement also calls for both parties to enter into negotiations to resolve another dispute involving about US\$3.5 billion in the form of cash advances and payments from 1MDB to IPIC that are now in dispute.

Negotiations, the ST report said, would commence early next year. A December deadline has been set for the negotiations to end, during which time both parties have agreed not to pursue any legal action.

The cash advances were part of Malaysia's obligations under a US\$3.5 billion bond issue that Abu Dhabi helped Kuala Lumpur raise in 2012. Under the proposed settlement, the Malaysian government will honour all obligations to its international bondholders.

Second Finance Minister Johari Abdul Ghani and 1MDB's group executive director Arul Kandasamy are leading the Malaysian team in the negotiations. The ST report said they did not respond to requests for comment.

Amhari Efendi Nazaruddin, a senior advisor to Prime Minister Najib, is also involved in the negotiations.

According to the report, the deal could significantly dilute the international legal challenges confronting Najib's administration over the 1MDB scandal.

The disputed money in the Malaysia-Abu Dhabi row are central to legal suits brought by the US Department of Justice (DoJ) over the alleged misappropriation of funds from 1MDB. The DoJ claims money siphoned from 1MDB went to fund purchases of real estate and other assets by associates of Najib.

The ST report said the settlement agreement would achieve a "no predicate offence". A predicate offence is a crime that is a component of a more serious crime and it is frequently applied in the US to actions involving the provision of funds for money laundering and the financing of terrorism.

This, the ST report, said could weaken the impact of any legal action taken by foreign governments over alleged money laundering at 1MDB because of a lack of evidence.

"The main aim was to avoid a messy arbitration fight and this (deal) is a product of both parties working through back channels to reach a settlement," one senior executive told the ST.

The dispute between the two countries centered on the transfer of US\$3.54 billion that 1MDB said it had made to units of IPIC as part of its obligations under a May 2012 bond agreement.

IPIC, however, denied receiving the money. Later, IPIC declared 1MDB in default when the latter did not honour an interest instalment of US\$50.3 million.

**Copyright (C) 2009-2016 MToday News Sdn. Bhd. All Rights Reserved.**

Source: <http://www.freemalaysiatoday.com/category/nation/2017/04/21/report-malaysia-abu-dhabi-dispute-over-1mdb-almost-settled/>