

Pua: Who is 'undisclosed buyer' in new 1MDB-IPIC settlement?

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1MDB new auditor's biggest challenge is to audit and verify the purported sale of 1MDB's Brazen Sky or its assets to an 'undisclosed third party', says DAP's Tony Pua.

PETALING JAYA: The deal that reportedly helps 1MDB to settle part of its dispute with Abu Dhabi's International Petroleum Investment Co (IPIC) must come under greater scrutiny by the state-owned fund's new external auditors.

Referring to a Singapore Straits Times (ST) report, Pua said the proposed settlement calls for Malaysia to repay Abu Dhabi US\$1.2 billion (RM5.3 billion) by the end of this year.

The daily had quoted senior financial executives familiar with the negotiations as saying that 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.

"1MDB's new external auditors Parker Randall, represented locally by the Malaysian audit firm, "Afrizan Tarmili Khairul Azhar" (aftaas) must carry out the necessary due diligence and audit to ensure that the transactions taking place are bona fide and above board.

"It is important for Parker Randall to confirm and satisfy itself on the identity of the mysterious 'undisclosed buyer' of these mysterious Brazen Sky assets as part of its audit verification," Pua said, adding that the auditors must also trace the money trail of the fund transfers from the mysterious undisclosed buyer into 1MDB before being transferred to IPIC.

The DAP national publicity secretary added what made Brazen Sky of interest is the fact that until today, 1MDB has failed to provide any form of clarity of the "fund units" worth US\$940 million purported to have been redeemed from the Cayman Island investment fund.

"Brazen Sky is of particular interest to 1MDB watchers because its account in Singapore's BSI Bank was supposed to be the account used to receive funds from 1MDB's Cayman Islands account.

"1MDB has refused, despite repeated demands from the Public Accounts Committee and the Auditor-General to provide financial statements and documents of 1MDB's overseas bank accounts and assets, including that of Brazen Sky Limited," Pua said.

“When questioned in Parliament, the finance minister responded that these units were not managed by any fund manager or investment bank, while also refusing to say where the ‘units’ have been moved to”.

Pua, who is also Petaling Jaya Utara MP, suggested the tasks for Parker Randall included having to confirm the existence and authenticity of the US\$940 million worth of “units”.

“The auditors should also verify the sale and purchase transaction is a genuine transaction and not another case of paper shuffling which have taken place earlier in 1MDB’s US\$1.8 billion investment in Petrosaudi.”

With the international investigation into money laundering that has resulted in several banks either shut down or having action taken against them by authorities around the world, Pua said it was crucial for the auditors to be extra diligent.

“Surely, after Deloitte Malaysia disgracefully resigned from 1MDB for failing to detect any of the above illicit and money laundering activities, Parker Randall does not want to follow the same footsteps and sully its international reputation.”

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