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1. 'Pensioners fund pressured over RM3.95b SRC International loan application'



Amirul Imran Ahmat said this happened when the pensioners fund received the loan application and was pushed to approve it quickly.

KUALA LUMPUR: A former Kumpulan Wang Persaraan (KWAP) assistant vice-president today said the pensioners fund was under intense pressure to proceed with a RM3.95 billion loan application from SRC International in 2011.

Amirul Imran Ahmat said this happened when the pensioners fund received the loan application and was pushed to approve it quickly.

He said this was done even though SRC International failed to submit sufficient documentation for the loan approval.

However, he did not reveal who had pressured KWAP to rush the approval.

He said KWAP received the loan application from SRC International on June 3, 2011, and the offer letter was issued on Aug 23 and signed three days later.

"At my level we were under a lot of pressure," he said when asked by deputy public prosecutor Datuk Ishak Mohd Yusoff.

Earlier, Amirul said he had received an email from SRC International ex-chief executive officer Nik Faisal Ariff Kamil saying that the company was unable to disclose further information requested by KWAP as the projects it planned to undertake were still in the planning stage of development.

This included the Bandar Malaysia project, Kuala Lumpur International Financial District (KLIFD) and others which were undertaken by 1Malaysia Development Bhd (1MDB), which wanted to stand as a guarantor for the loan.

Amirul will continue giving his testimony on Monday.

Earlier, the court also heard how much former prime minister Datuk Seri Najib Razak earned from 2009 until he was given a RM1 million special payment when he left office, last year.

A prosecution witness testified that Najib earned RM48,681.65 monthly between January and April 2009.

Zarina Yusof who is the deputy accountant in the accounts department of the Prime Minister's Office said the former prime minister's payslip from May 2009 to April 2018 showed that he took home RM58,605.15.

She said the difference in salaries was due to Najib being the deputy prime minister before April 2009, when he was then made prime minister.

She said Najib was given RM1 million in May 2018 as special payment to the former prime minister.

Such "special payment", she said, was given to all outgoing prime ministers.

Zarina said Najib's salary used to be banked in his Affin Bank account.

Earlier, another witness Farah Nurdiana Azhar, 43, who is an administrative officer in Parliament testified that all elected members of parliament (MP) were entitled to a monthly allowance of RM25,700.

She said Najib received RM6,508.59 allowance as an MP and RM3, 846.59 allowance as Prime Minister between 2011 and 2014.

She said for the period between January 2015 and March 2018, his MP allowance was raised to RM16,000 while the other allowance remain the same.

"His monthly allowance from 2015 to 2018 was RM19, 846.59," she said.

Asked by Najib's lawyer Harvinderjit Singh if she knew whether the former prime minister had other sources of income, she said it was beyond her knowledge.

Najib, 66, is facing seven charges involving RM42 million in SRC International funds.

This includes three counts of criminal breach of trust (CBT) and one count of abuse of power over funds amounting to RM42 million linked to SRC International.

2. Very challenging tasks for Hamid

ON Labour Day 2019, Prime Minister Tun Dr Mahathir Mohamad confirmed that acting Deputy Inspector-General of Police Datuk Seri Abdul Hamid Bador will succeed Tan Sri Mohamad Fuzi Harun as the nation's top policeman.

Fuzi joined the Royal Malaysia Police as a cadet Assistant Superintendent of Police on Jan 8, 1984, and was appointed as IGP on Sept 4, 2017, taking over from Tan Sri Khalid Abu Bakar. Fuzi turns 60 on May 4.

Based on observations, arguably in Malaysia today, there are probably two most important, high responsibility and toughest jobs in the public service. They are the inspector-general of police (IGP) and the chief of the Malaysian Anti-Corruption Commission (MACC). The job of the chief police officer is not only ranked one of the most stressful but has routinely been considered one of the most dangerous and unpopular.

Police officers are tasked with maintaining order, saving and protecting lives and property within a community. We thank them for continuing to serve for the safety of the public whether or not it rains or shines. But sometimes, it seems like a thankless job as not many say thank you to the police personnel who have performed their duties.

The IGP holds a powerful position. The individual has jurisdiction over the entire country and across many policing competencies, ranging from street to commercial crime.

Looking at the present scenario, the new IGP faces a tough and challenging job in heading and managing the department.

To gain the initial public trust and confront reality, in his first press announcement, Hamid should promise to clean up the force of corrupt practices and aggressively seek to get rid of bad apples who abuse their authority or who tarnish the department's reputation. The police force must confront the reality that it has officers who are "poisoning the well" and need to be weeded out.

The police force is yet again perceived as the most corrupt institution in the country. In a survey conducted in 2017, about 57 per cent of the Malaysian participants in the TI-M Global Corruption Barometer survey felt that the police department was the most corrupt. However, Thailand (at 78 per cent) and Pakistan (at 76 per cent) were on top of the list in the Asia-Pacific region.

Two years ago, the federal police had arrested at least 21 narcotics police officers in a special operation against rogue cops who were in cahoots with drug lords.

The operation, launched in the first week of May 2017, saw the policemen, including several high-ranking officers, being detained under the Security Offences (Special Measures) Act 2012. The IGP had warned that the police are not going to make any compromise in their fight against such heinous crimes.

In addition, MACC has arrested about a dozen men, including one police station head, for their alleged involvement in a police protection racket for massage parlours in the Klang Valley. It is unfortunate that the police officers who had been entrusted to take action against illegal activities, including prostitution and gambling dens, have been found protecting the operators and syndicates. Corruption is worse than prostitution, as it will tarnish the image of the country and weaken the security. As such no public servant should betray his country by accepting bribes from those syndicates.

Their actions also taint the reputation of the force, and the police officers who are dedicated, hardworking, and conscientious in carrying out their duties in the community.

Hence, Hamid should make sure that our police force does not compromise in its fight against such heinous crimes. The department must strive to improve its image and work hard towards zero tolerance to corruption and be committed in fighting corruption and malpractice at every level because, without integrity, everything the department does is flawed. This is only fair to the members of the force who serve with dedication and integrity. A few bad apples spoil the barrel.

An IGP is more than just another job at the police department. As the head of the entire department, he serves as a public figure in the community. He must display several important characteristics and qualities, as this job requires high integrity, fairness and the ability to be stern. Operating without fear or favour is essential. Nobody should be considered above the law, including high-powered politicians. As a public servant nobody cannot prevent politicians who are trying to interfere, but as an IGP, he can exercise his right of ignoring them, especially when the request is not in accordance with the law.

The IGP needs to carry out his leadership duties by being an example, especially in being commissioned as the highest police officer in the land; he must be "whiter than white". A good leader must lead by example, maintain high integrity and walk the talk.

The police force should not only focus on attacking so-called quality-of-life offences as a way to combat more serious crimes but also undertake a thorough overhaul of personnel, strategies and training in the department. The police need to consider increasing the entrance level for their lowest level position so that they can face the latest challenges and people's raised expectations. This will ensure that they have better knowledge to provide their services more professionally.

Balancing traditional training components (technical and tactical aspects of policing) with a broad focus on working with the community as partners to achieve safety is essential. For example,

community policing, or problem-oriented policing, as a strategy of policing that focuses on police building ties and working closely with members of the communities should be continued.

Thus, it involves law enforcement agencies and the local populace in effective implementation and criminal justice system. Accountability of both is inbuilt in this working relationship. Today, modern policing is a "people business" and not an "enforcement business".

The effectiveness of the Integrity and Standards Department (JIPS) has to be relooked and improved to make the law enforcement agency respected and stronger in fighting corruption in the force.

Despite so many efforts made, too many issues remain unanswered and unsolved.

At the launch of JIPS, its director, Datuk Zubaidah Md Ismail, stated: "PDRM is suffering a negative public perception. My aim is to make the public feel comfortable with the police and confident that their complaints and police reports will be handled swiftly, professionally and efficiently."

The department's intention is to clean up the police force and it will come down hard on rogue officers, or those charged with dereliction of duty.

The other most important strategy is to continue taking care of the welfare of the rank-and-file officers, and building more quality quarters for them. Some lower-ranking officers working in Taman Tun Dr Ismail, Bangsar and Bukit Damansara have no choice but to rent cheap apartments in Cheras. Those who did not get quarters have to spend more than half of their salary to rent apartments.

It can be seen that the police workforce is considered underpaid and overworked. A constable salary's scale is between RM1,014 and RM3,517 and it's difficult to survive in Kuala Lumpur. The government needs to seriously consider increasing the force's budget and rank-and-file officers' salaries, and provide them with good infrastructure and facilities.

A salary hike may not totally wipe out corruption in the police force but it will definitely help reduce the temptation to take bribes.

All this will go to ensure police personnel continue to provide excellent service to the people.

There is no denying that there is an effort to malign the force by certain members of the public.

But Hamid should identify the reasons behind such a negative public opinion about the force.

He must address and rectify the demoralisation of officers and men immediately. The police are also subject to laws and regulations enshrined in the Constitution. The public must learn to respect the police again with this new leadership. This can be achieved with the public working together with the police force.

Moving forward, for the police force to regain public confidence, every officer needs to continue to work professionally, without interference from any parties and more importantly, each must perform his duties without compromising integrity. By doing this, they will regain public trust. Keep politics out of policing and there should be no political inference in the police administration.

Definitely, there is room for the force to improve policing standards, enhance professionalism, and engender consistent respect for law enforcement personnel.

Hamid's past experience in the force and Special Branch can be put to good use in terms of strengthening the police force and dealing with the many new threats to our security, including with regard to the Islamic State.

Improve supervision skills, monitoring, managing control and integrity level of the force. He is known as man of smart words, professional and hardworking.

The people want to be proud of their police force and they deserve to be. Let's all work together to make this a reality.

Datuk Seri Akhbar Satar is president of the Malaysian Association of Certified Fraud Examiners

3. DAP rep wants PAC to probe Amanah Saham Sarawak



assemblyman Dr Ting Tiong Choon has recommended that the Public Accounts Committee (PAC)

KUCHING: DAP Pujut assemblyman Dr Ting Tiong Choon has recommended that the Public Accounts Committee (PAC) conduct a full investigation on Amanah Saham Sarawak (ASS), a Sarawak government-linked investment holding company.

He said the PAC should investigate the viability of the fund's operation before the case is taken up by the Malaysian Anti-Corruption Commission (MACC).

"Two weeks ago, I was given this Interim Report of Amanah Saham Sarawak dated 8 Feb, 2019.

"The fund has lost RM4.3 million in the last six months, and most of these losses were due to ludicrous management fees," he said when debating the motion of thanks for Yang di-Pertua Negeri Tun Abdul Taib Mahmud's address at the State Legislative Assembly here.

He said there are 62,361 unit holders of ASS, holding a total of more than 457 million units. Each unit is guaranteed a par value of RM1 by the Sarawak government.

He told the House that it was set up in 1993 with the aim of providing opportunity for Sarawak Bumiputeras to enter mainstream cash and equity economy collectively.

"And I believe most unit holders are from rural Dayak communities where cash compensation for compulsory acquisition of NCR land was channelled to Amanah Saham Sarawak for long-term 'growth and income fund'," he said.

However, Dr Ting said as of Dec 31, 2018, the net asset value for one unit of ASS was a mere 2.9 sen and the Sarawak government was liable for the balance 97.1 sen for each unit as guarantor.

The net asset of ASS dropped by 62 per cent in 2018, from RM35 million to RM13 million, with most of the asset in cash or bank deposit or non-trading stocks, he said.

He said Sarawakians entrusted their government to manage the state resources and the successive Barisan Nasional/Gabungan Parti Sarawak governments had performed poorly in the past 55 years.

"In ASS, the real monies of Sarawak Bumiputera unit holders and the Sarawak government have virtually disappeared in front of their eyes," he said, adding that the total asset of the fund was now only RM31.8 million (80 per cent in cash).

Dr Ting said it was also interesting to note that ASS had a current liability of more than RM18 million to the fund manager as on Dec 31, 2018, and it was inconceivable that the fund would be making profit again.

"The income for the fund is now minimal and yet the management fee is in excess of RM7 million a year," he said, adding that the management fee was exorbitant because the management fee of 1.5 per cent of managed fund included the guarantee of RM444 million by the Sarawak government.

"So Amanah Saham Sarawak paid an extra of RM6.66 million to the fund manager for doing nothing. Why?" he queried.

"If five of the most qualified persons in Sarawak sitting on the Board of Directors for ASS, who are mainly from Parti Pesaka Bumiputera Bersatu (PBB) if not all, are not able to safeguard our asset, how can Sarawakians expect GPS to preserve our resources and to protect our rights as Anak Sarawak?" he added.

4. Witness: RM4bil given out before guarantee letter was issued



The High Court today heard how the pensioners' retirement fund (KWAP) had released RM4 billion to SRC International Sdn Bhd even though there was insufficient documentation and information of the 1Malaysia Development Bhd (1MDB) linked company for the loan to be processed.

KUALA LUMPUR: The High Court today heard how the pensioners' retirement fund (KWAP) had released RM4 billion to SRC International Sdn Bhd even though there was insufficient documentation and information of the 1Malaysia Development Bhd (1MDB) linked company for the loan to be processed.

KWAP former assistant vice-president Amirul Imran Ahmad said SRC only gave 25 per cent of the required documents and information but the loan was still approved.

He said everything was done in a rushed manner and he faced a lot of pressure to expedite the whole process back in 2011 and 2012.

Most shockingly, he also revealed how KWAP was asked to release the money in one lump sum even before the guarantee letter promised by the government was issued.

"This has never been done before," he said in response to a question from Deputy Public Prosecutor Datuk Ishak Mohd Yusoff.

Amirul said the RM4 billion loan was the biggest he had seen being issued in his career.

He said the government guarantee letter for SRC International to get the loan was signed by Datuk Seri Najib Razak, who was then Prime Minister and also Finance Minister.

Amirul, who was the 29th prosecution witness to take the stand, earlier detailed how SRC International had initially applied for a RM3.95 billion loan in 2011.

However, he said only RM2 billion was approved and SRC International then requested another RM2 billion.

He said this too was approved and KWAP received a letter from the Ministry of Finance (MOF) dated March 28, 2012, urging the fund to disburse the second loan.

"The letter urged KWAP to consider disbursing the loan even before the government guarantee letter was issued. The MoF gave an undertaking that the letter would follow within 10-days."

The money was subsequently released to SRC International at an annual interest rate of 4.65 per cent for the first three years.

The loan was supposed to be repaid within 10-years.

"Interest payment by SRC International every six months was about RM50.8 million.

"The principal payment will only begin from the sixth year," he said.

Amirul said KWAP could not perform any financial analysis of SRC International when it applied for the loan as it had yet to start any business.

This was, however, circumnavigated based on the analysis of its parent company - 1MDB.

The 39-year old said SRC International managing director Nik Faisal Ariff Kamil had sent him an e-mail informing that the MOF had taken over the company on Feb 14, 2012.

Amirul will be cross-examined by Najib's lawyer Harvinderjit Singh tomorrow.

Meanwhile, another prosecution witness, Norhayati Mohd Yunus, touched on various transactions involving another of SRC International linked company called Ihsan Perdana Sdn Bhd.

She confirmed that transactions of RM50 million had taken place in the company's Affin Bank account in 2014.

She said the money was transferred into the account by Gandingan Mentari Sdn Bhd.

Norhayati, who is Affin Bank manager at its branch in The Curve here, also confirmed that she had been previously questioned by the Malaysian Anti Corruption Commission (MACC) over Ihsan Perdana's account.

Najib is facing three counts of criminal breach of trust (CBT) and one count of abuse of power over funds amounting to RM42 million linked to SRC International.

He is also facing three money laundering charges over the same fund.

He faces up to 20 years in jail and fine for the offences.

The trial continues.

5. Najib loses appeal to disqualify Sri Ram in 1MDB cases



Former prime minister Datuk Seri Najib Razak (left) has failed in his appeal to disqualify former Federal Court judge Datuk Seri Gopal Sri Ram (right) as lead prosecutor in his 1Malaysia Development Bhd (1MDB) cases.

PUTRAJAYA: Former prime minister Datuk Seri Najib Razak has failed in his appeal to disqualify former Federal Court judge Datuk Seri Gopal Sri Ram as lead prosecutor in his 1Malaysia Development Bhd (1MDB) cases.

A three-member Court of Appeal bench comprising Judges Datuk Zabariah Mohd Yusof, Datuk Rhodzariah Bujang and Datuk Lau Bee Lan ruled that the matter was not appealable by virtue of Section 50(1) read with Section 3 of the Courts of Judicature Act 1964.

In delivering the decision, Zabariah said the court allowed the prosecution's preliminary objection to strike out Najib's appeal.

She said the court was of the view that the High Court's decision to disallow the defence to see Sri Ram's letter of appointment and for Sri Ram to continue to act as prosecutor in Najib's case, was made in the course of the trial, and did not finally dispose his rights.

"We fail to see how this would affect the appellant's (Najib's) right to have a fair trial," she said.

Zabariah said assuming they were wrong in their determination on the preliminary objection, they also proceeded to consider the merits of Najib's appeal.

She said since Sri Ram's letter of appointment was shown to Najib's counsel, the court did not see the basis of his (Najib's) application for the production of the letter of appointment.

"We find that the High Court judge did not err in his finding that the prosecution is not obliged to produce Sri Ram's letter of appointment to Najib," she said.

Zabariah said there was also no evidence to show that Sri Ram was involved in the investigation against Najib apart from the bare allegation made by him (Najib).

She said Sri Ram, like any deputy public prosecutor, was entitled to supervise and oversee an investigation to a particular case but not to investigate the case himself.

"(There is) nothing before the court for now to show there is a real danger of bias by Sri Ram if he continues to act as prosecutor in this case. What was alleged was mere general suspicion and not based on specific facts," she said, adding that in order to disqualify a prosecutor, the burden was on Najib to show cogent evidence of certainty of biasness and not mere bare allegation.

However, she said Najib was not prevented from making a similar application in the future if there were facts to substantiate his claim.

After the decision, Najib's lawyer Tan Sri Muhammad Shafee Abdullah informed the court that they would be appealing the decision to the Federal Court and would be requesting for a seven-member bench to hear the appeal.

He also requested the court for a stay of the trial on Najib's 1MDB charges but deputy public prosecutor Ahmad Akram Gharib objected saying the trial was in August and the Federal Court could hear Najib's appeal by then.

Zabariah, however, told Shafee to make a formal application.

Najib, 66, was appealing against the High Court's decision on March 1 this year to dismiss his application to disqualify Sri Ram as the senior deputy public prosecutor.

The Pekan member of parliament is facing four counts under the Malaysian Anti-Corruption Commission (MACC) Act and 21 counts of money laundering involving 1MDB funds, amounting to RM2.28 billion.

He is alleged to have committed the offences at AmIslamic Bank Bhd, No 55, Jalan Raja Chulan, Bukit Ceylon, between 2011 and 2014.

The High Court has set Aug 19 for trial in Najib's 1MDB cases.

6. MACC records Penang RTD director's statement, another enforcement officer detained



The Malaysian Anti-Corruption Commission (MACC) has arrested another Penang Road Transport Department (RTD) enforcement officer to facilitate investigations into the lorry driver protection racket

GEORGETOWN: The Malaysian Anti-Corruption Commission (MACC) has arrested another Penang Road Transport Department (RTD) enforcement officer to facilitate investigations into the lorry driver protection racket.

The Grade KP22 chief assistant enforcement officer arrived at the MACC headquarters at about 10am with his lips sewn at the side due to an injury sustained in a road crash.

The 52-year-old enforcement officer was supposed to have gone to MACC headquarters together with the third batch of 21 RTD enforcement officers who were called to give their statement last month.

However, he could not make it then due to the accident.

A MACC source said they would be recording the statement of the enforcement officer and would likely release him after that.

"He was exempted from coming to the MACC headquarters before this as he was on sick leave," he said.

The source also revealed that the state RTD director Mohamat Johari Mat Nor's statement was recorded.

"We recorded Mohamat's statement as a witness and will not be calling him again.

"For now, we also do not plan to call former Penang RTD directors," he said.

Last month, 66 RTD enforcement officers were detained over the case.

Of the total, nine are still remanded by the MACC for further investigation.

Some 75 enforcement officers, bearing ranks of between Grade 19 and 32, were believed to have received monthly payments of between RM10,000 and RM32,000 as inducement for not taking action against errant lorry drivers and for leaking information about RTD operations.

The lorries were supplied with special stickers prepared by tontos, allowing them to be exempted from enforcement action.

Out of 457 RTD staff in Penang, 139 are enforcement officers. There are currently about 8,000 RTD personnel nationwide.

7. US returns US\$57 million in 1MDB money



Attorney-General Tommy Thomas said the first tranche of returned funds of US\$57,036,688.68 (about RM236.56 million) was credited into the 1MDB asset recovery account, a segregated trust account, opened specifically for the purpose

KUALA LUMPUR: The United States government has made the first installment of funds recovered from asset seizures related to 1Malaysia Development Bhd (1MDB) under its Justice Department's (DoJ's) Kleptocracy Asset Recovery Initiative.

Attorney-General Tommy Thomas said the first tranche of returned funds of US\$57,036,688.68 (about RM236.56 million) was credited into the 1MDB asset recovery account, a segregated trust account, opened specifically for the purpose.

"The sum was forfeited from Red Granite Pictures, a US-based film production company linked to former prime minister (Datuk Seri) Najib Razak and his stepson Riza Aziz and arose from a US\$60 million settlement recorded before the Court of California," he said in a statement.

Thomas said a deduction of some US\$3 million was made to reimburse costs incurred by the DoJ and the Federal Bureau of Investigation (FBI) in investigating, seizing, litigating and securing settlement for the Red Granite funds.

"Also included in this deduction were the costs incurred by the DoJ and FBI in investigating, seizing and maintaining the (superyacht) Equanimity when she was (stopped) in Indonesian waters before she arrived in our waters.

"The DoJ is in the process of remitting a further sum of US\$139 million, which is the result of the sale of Jho Low's (fugitive businessman Low Taek Jho) interest in Park Lane Hotel, in Manhattan.

"All costs incurred by the DoJ and FBI in investigating, seizing, litigating and securing settlement for the Park Lane asset will be deducted from this settlement sum, and the balance is expected to be credited into the 1MDB asset recovery account soon."

Thomas said Malaysia had, so far, recovered US\$322 million worth of

1MDB assets since investigation into 1MDB effectively began after the 14th General Election in May last year.

It was recently reported that the value of assets that the DoJ was seeking to forfeit was estimated at US\$1.7 billion, including the Equanimity, which was sold by the Malaysian Admiralty Court for US\$126 million.

"A separate sum of S\$50 million (RM152.3 million) of funds traceable to 1MDB have been ordered by the Singapore Courts to be repatriated.

"Some S\$15 million was credited into 1MDB asset recovery account between September last year and March this year.

"The balance... will be credited shortly.

"Such recovery could not be achieved without the assistance and excellent cooperation that the Malaysian authorities enjoy with our counterparts in the United States and Singapore.

"We express our gratitude to them.

"1MDB asset recovery efforts across the globe are still ongoing, and Malaysia is optimistic of recovering further monies in the coming months," said Thomas.

8. **MACC to wrap up investigation into lorry driver protection racket soon**



State RTD director Mohamat Johari Mat Nor said We have questioned all the state RTD enforcement officers allegedly linked to the racket, and have even questioned.

GEORGETOWN: The Malaysian Anti-Corruption Commission (MACC) will be wrapping up its investigation into the lorry driver protection racket soon.

The racket allegedly involves Penang Road Transport Department (RTD) enforcement officers.

An MACC source said the anti-graft agency would be forwarding its investigation papers and findings to its legal department soon.

"We have questioned all the state RTD enforcement officers allegedly linked to the racket, and have even questioned state RTD director Mohamat Johari Mat Nor.

"Questioning the RTD director is the final step in our investigation.

"We will submit the findings to our legal unit soon," the source told the New Straits Times today.

The source said the MACC's legal unit would decide on the next step, including whether to proceed with legal action against the affected RTD personnel.

"The legal unit will have to decide if they want to charge or if they want us to gather more evidence," he said.

Last month, 66 state RTD enforcement officers were detained over the driver protection racket case.

This month, one more Penang RTD enforcement officer and the state's RTD director were also questioned.

Of the total detained and questioned, nine are still being remanded by the MACC for further investigation.

The enforcement officers, bearing ranks of between grade 19 and 32, are believed to have received monthly payments of between RM10,000 and RM32,000 as inducement for not taking action against errant lorry drivers and for leaking information about RTD operations.

The lorries concerned were supplied with special stickers prepared by tontos, allowing them to be exempted from enforcement actions.

Out of 457 RTD staff in Penang, 139 are enforcement officers.

There are about 8,000 RTD personnel nationwide.

9. More than RM500 million in losses incurred from 13 land swap deals under BN govt



Defense Minister Mohamad Sabu (second, left) briefed on the Implementation of the Land Swap Project of the Ministry of Defense at a press conference after Parliamentary Assembly at Parliament House today.

KUALA LUMPUR: Losses of more than RM500 million were incurred from 13 of the 16 land swap deals carried out under the previous Barisan Nasional (BN) government.

Revealing this, Defence Minister Mohamad Sabu said his immediate predecessor, Datuk Seri Hishammuddin Hussein, and former prime minister Datuk Seri Najib Razak should be held responsible.

"Investigations carried out found many discrepancies, including the sale of land at lower prices, while other land swap projects were given to unqualified developers," he said.

"Political interests were above the government's interests.

"There was no due diligence, there was weak planning and no negotiation on some projects.

"Also, the views of government agencies to optimise the impact were not taken into consideration," he told Dewan Negara when tabling the final report on the Governance, Procurement and Finance Investigating Committee's probe on the Defence Ministry.

Later at a media conference, Mohamad said several civil servants had been questioned by the Malaysian Anti-Corruption Commission over the land deals.

However, he said, his predecessor had yet to be hauled up by MACC.

It was reported that the land swaps were done at various military camps in Bukit Kinrara, Kuala Lumpur, Hutan Melintang in Perak, Bera in Pahang, Segamat and Paloh in Johor, before the 14th General Election on May 9 last year.

Mohamad had in February divulged that investigators had found that there were losses in excess of RM500 million over 16 land swap projects involving 1,286ha of the ministry's land worth RM4.756 billion, and involved development costs of RM4.886 billion

10. MACC arrests DBKL deputy director



A department deputy director at the Kuala Lumpur City Hall (DBKL) was arrested by the Malaysian Anti-Corruption Commission (MACC) at a hotel in the city early today.

KUALA LUMPUR: A department deputy director at the Kuala Lumpur City Hall (DBKL) was arrested by the Malaysian Anti-Corruption Commission (MACC) at a hotel in the city early today.

It is learnt that the man was picked up on suspicion of receiving a bribe, believed to amount to RM200,000, from several contractors as an inducement to approve a project involving the City Hall.

MACC deputy chief commissioner (operation) Datuk Seri Azam Baki said the MACC, during its raid, also found cash amounting to RM1 million at the man's house, and further investigations were underway.

"Also arrested were five individuals suspected to be involved in bribery involving the same agency," he said.

In PUTRAJAYA, magistrate Shah Wira Abdul Halim allowed a five-day remand application on the individuals, aged between 41 and 57, upon the application from the MACC to facilitate investigations under Section 17 (a) of the MACC Act 2009.

11. Prosecution witness reiterates that KWAP's RM2 billion loan to SRC International was rushed



A prosecution witness today reiterated what the court had heard before, that the RM2 billion loan given by Retirement Fund Inc (KWAP) to SRC International Sdn Bhd was rushed

KUALA LUMPUR: A prosecution witness today reiterated what the court had heard before, that the RM2 billion loan given by Retirement Fund Inc (KWAP) to SRC International Sdn Bhd was rushed.

KWAP vice-president of the legal and secretarial department Azlida Mazni Arshad confirmed what was previously said by the pensioners fund assistant vice-president Amirul Imran Ahmat in his testimony before this.

Amirul, who was the 29th prosecution witness had testified that KWAP was forced to expedite the loan application process and that he was pressured to get things going when the 1Malaysia Development Bhd (1MDB) linked company applied for the money in 2011.

Azlida in her testimony today said she had attended a KWAP investment panel meeting which was chaired by Tan Sri Wan Abdul Aziz Wan Abdullah (KWAP chairman) on July 19, 2011.

"I took the minutes of the meeting and the CEO informed everyone that the prime minister wanted the loan approval to be expedited.

"The loan to SRC international was to be used as the company's working capital and general investments," she said.

However, she said the panel was of the opinion that a RM2 billion loan for a RM2 start-up company like SRC International was too big.

The investment panel subsequently discussed that only RM1 billion should be given to SRC International, as proposed by Amirul.

"The panel members were aware of the over concentration risk of such a big loan.

"They questioned the capabilities and competency of the SRC International management in getting involved in natural resources which needs high levels of expertise," she said.

It was previously revealed in court that SRC International wanted a loan to get involved in natural resources like oil and gas, iron and steel and coal and uranium.

Azlida said the panellist were also of the opinion that the loan should not be given in one lump sum, but released on a staggered basis based on progressive reports from SRC International.

She said after considering everything, the panellist finally agreed to approve a RM2 billion loan to 1MDB as it was a strategic government initiative.

However, she said KWAP wanted tightened loan conditions which had been suggested by Amirul to be imposed.

This included getting the government to become the guarantor or the loan is given directly to the government.

She said SRC International acting CEO Nik Faisal Ariff Kamil subsequently sent a letter to KWAP asking for the loan to be given directly to SRC International as it was a wholly owned subsidiary of 1MDB and because the government had agreed to be the guarantor.

Azlida will continue her testimony on Tuesday. Najib, 66, is facing seven charges of three counts of criminal breach of trust, and one count of abuse of power over funds amounting to RM42 million linked to SRC International.

He is also facing three money-laundering charges over the same funds.

He faces 20 years jail and fine for the offences.

12. High Court upholds jail sentence for former Perhilitan officer



Judge Datuk Zainal Azman Ab Aziz made the decision after dismissing an appeal by Abu Zahrim Ismail, 46 - who was found guilty by the Sessions Court last year - against his conviction and sentence.

KUANTAN: The High Court here today upheld a sentence of four years imprisonment and a RM117,000 fine imposed on a former Wildlife and National Parks Department (Perhilitan) officer for submitting false claims six years ago.

Judge Datuk Zainal Azman Ab Aziz made the decision after dismissing an appeal by Abu Zahrim Ismail, 46 - who was found guilty by the Sessions Court last year - against his conviction and sentence.

Zainal Azman said that after reviewing the appeal submission, the court found that the conviction and sentencing by the Sessions Court was safe to uphold.

"The appeal has been rejected, as the accused failed to raise reasonable doubt in the case. There is no merit to reject the conviction and sentence meted out by the Sessions Court.

"The court will uphold the four year jail and RM117,000 fine sentence, and I will not interfere with the earlier sentencing," he said.

Abu Zahrim was accused of making false claims to authorise the supply of 28 units of 75-litre Deuter bags, and 60 units of 30-litre Dry Pack bags.

The offence was allegedly committed at the Taman Negara Perhilitan Enforcement Office in Jerantut on Nov 28, 2013.

In upholding the sentence meted out by the Sessions Court, Zainal Azman said that the accused had knowledge that the payment was made despite the department never receiving the supplies.

"The payment was made... despite (the department) not receiving the items from the supplier. (The) transaction is questionable. The ordered items should have been received and inspected... (before payment would be made).

"As someone who has been working for a long time, the accused should be aware of the payment process using local order (LO) documents. (His) modus operandi was making the payment despite not receiving the items. And the character "Rosli" mentioned by one of the witnesses never existed," he said.

The Malaysian Anti-Corruption Commission (MACC), represented by deputy public prosecutor Mohamad Fadhly Mohd Zamri, appeared for the prosecution; while Datuk Hanif Hassan represented Abu Zahrim.

The court, however, rejected a stay of execution over the jail sentence and told Abu Zahrim's counsel to file a formal application.

The Sessions Court had previously ordered Abu Zahrim to pay the fine after his request to postpone the payment was rejected on the grounds that the case has been going on for quite some time.

Abu Zahrim was charged under Section 18 of the MACC Act 2009, which carries a fine of at least five times the amount of graft involved, and a maximum 20 years' imprisonment, upon conviction.

13. Rosmah claims trial to amended charge



Datin Seri Rosmah Mansor (centre) arriving at Kuala Lumpur court complex today

KUALA LUMPUR: Datin Seri Rosmah Mansor has pleaded not guilty to an amended charge of receiving RM5 million in kickbacks over a solar hybrid project for 396 rural schools in Sarawak.

The wife of former prime minister Datuk Seri Najib Razak made the plea after the charge was read to her again today before Sessions Court judge Azura Alwi.

Deputy public prosecutor Datuk Mohd Dusuki Mokhtar told the court that the prosecution had made an amendment to the address of the alleged offence in the charge that was first read to the accused on April 10.

According to the charge sheet, Rosmah, 68, purportedly received the money as a reward to help Jepak Holdings Sdn Bhd obtain a RM1.25 billion Hybrid Photovoltaic Solar System Integrated Project and Maintenance and Operation of Genset/Diesel, a solar hybrid project for 369 rural schools in Sarawak through direct negotiation from the Education Ministry.

The alleged offence according to the amended version was committed at her official residence in Seri Perdana, Persiaran Seri Perdana, Precinct 10 in Putrajaya on Dec 20, 2016.

The charge framed under Section 16(a)(A) of the Malaysian Anti-Corruption Commission (MACC) Act 2009 carries a maximum jail term of 20 years with a fine of up to five times the value of the graft or RM10,000, whichever is higher, upon conviction.

Dusuki had also informed the court that an application to have the case transferred to the High Court has been made.

"The High Court has fixed May 28 for case management for further process," he said.

14. Company CEO, CFO remanded in armoured vehicle parts graft probe



Two people were arrested to facilitate probe into involving the supply of armoured vehicle parts worth about RM17 million

PUTRAJAYA: A chief executive officer and chief financial officer of a privately-owned company have been remanded for four days to assist in a graft probe involving the supply of armoured vehicle parts worth about RM17 million.

The duo were suspected of receiving bribes over the project supplying parts and equipment for AV8 and Adnan armoured vehicles to the Defence Ministry, between 2014 and 2017.

The remand order issued by magistrate Shah Wira Abdul Halim expires on Thursday.

According to Malaysian Anti-Corruption Commission (MACC) sources, the 45-year-old CEO with a Datuk title, was arrested at its headquarters here at 10pm.

Meanwhile, the 53-year-old female CFO was arrested at 11.50pm at the same location, when she presented herself to have her statement recorded.

MACC deputy chief commissioner (operations) Datuk Seri Azam Baki when contacted confirmed the arrests.

He said the MACC also seized RM100,000 in cash and documents related to the project.

He added that several witnesses have been called up for questioning today and expect more to follow in the next few days.

15. Remand extended for DBKL senior officer, two others



The suspects being led by MACC officers at the Putrajaya Magistrate's court.

PUTRAJAYA: The Malaysian Anti-Corruption Commission (MACC) today obtained a four-day remand extension against a Kuala Lumpur City Hall (DBKL) senior deputy director and two others held in connection with a bribery case.

This comes after their five-day remand period expired today.

In the meantime, a former officer of a minister in the previous government and another man, remanded during the same period in connection with the same case, were released by magistrate's court here, today

They were released on a RM4,000 bail with one surety each and ordered to surrender their passports to the MACC.

The remand and release orders were issued by Magistrate Shah Wira Abdul Halim following applications by the MACC.

The five men, aged between 41 and 57, were detained by MACC officers at a restaurant in Kuala Lumpur between midnight and 12.30am on May 9.

Based on initial investigation, the deputy director was alleged to have received RM200,000 from contractors in return for securing jobs to upgrade some infrastructure under his supervision.

An earlier media report stated that the MACC had also found cash of RM1 million in the man's house in Ukay Perdana, Ampang.

16. Assistant environmental health officer remanded over RM1,800 bribe



An assistant environmental health officer of a government agency is in remand for five days until Sunday for alleged bribery.

SEREMBAN: An assistant environmental health officer of a government agency is in remand for five days until Sunday for alleged bribery.

The remand order against the 31-year-old civil servant was issued by Magistrate V. Vanita following an application by Negri Sembilan Malaysian Anti-Corruption Commission (MACC) prosecuting officer Mohd Khairi Abdul Karim.

According to an MACC source, the officer had allegedly solicited and accepted bribes, totaling RM1,800 from two individuals in December 2017 as inducement to reduce the compound imposed on them for an environmental-related offence and to also settle their court case when they failed to pay the compound fines.

17. Mindef lodges 14 more reports with MACC over land swap deals



Special Action Officers to Defense Minister Mohd Nasaie Ismail (centre) during a press conference before reporting to the Malaysian Anti-Corruption Commission (MACC) on the 14 land swap cases or exchange of land belonging to the Defense Ministry at the MACC headquarters today.

PUTRAJAYA: The Defence Ministry today lodged 14 more reports with the Malaysian Anti-Corruption Commission (MACC) over the controversial land swap deals involving 1,182.89 hectares of land owned by the government.

The reports, according to Bernama, were filed by Defence Minister's special task officer Mohd Nasaie Ismail at the MACC headquarters here.

In February, the ministry had lodged two reports with the MACC over two projects involving the construction of army camps in Paloh, Johor, and Hutan Melintang, Perak.

"There are 16 land deals altogether. We lodged two reports initially and today, the remaining 14 reports," he said.

This came after the ministry made public the Governance, Procurement and Finance Investigating Committee's findings on the land swap deals described as dubious.

It was reported that investigators had found that there were losses in excess of RM500 million in 16 land swap projects involving the ministry's land, worth RM4.7 billion and involved development costs of RM4.8 billion.

"As of Dec 2018, only five projects have been completed, two are still in construction while the remaining nine projects either have yet to be completed or still in the agreement signing stage," he was quoted as saying.

He explained that only two out of the 16 land swap projects, namely the National Centre for Education in Putrajaya and the Royal Malaysian Air Force (RMAF) Squadron 323 Facility at Bukit Banang, Johor, were included in the Defence Ministry's Development Plan.

"This means the remaining 14 projects are not included in the Development Plan and definitely not considered priority," he said, adding there were also political considerations that outweighed government interest in 13 of the 16 projects.

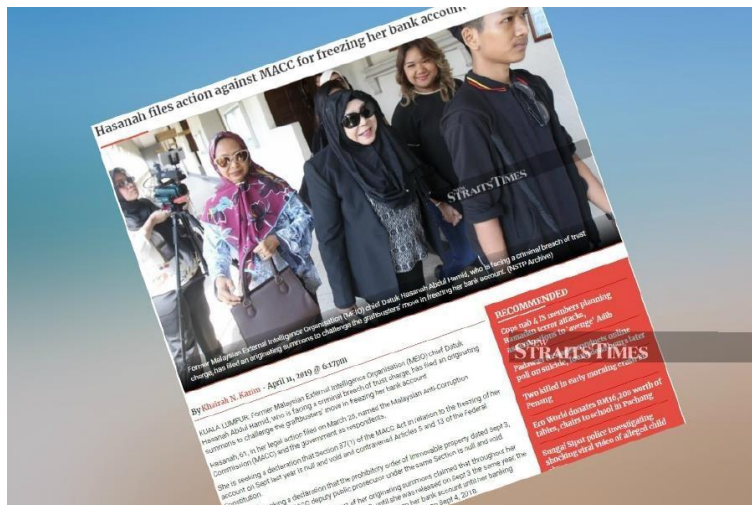
The selection of the project developers, he said, was not in accordance with the set criteria, which required developers to have experience and strong financial position of at least 10 per cent of the value of the project.

"This resulted in the delay of the project, some up to 11 years." he said..

Nasaie said the ministry's investigation estimated that the government had lost a total of RM515.21 million due to the extension of the completion date of the projects, additional contracts that were not included in the original plan, and lowered land price value compared to the current price assessed by the Valuation and Property Services Department.

"Our concern is not just on the loss of money, but the fact that the country's strategic defence has been compromised due to the failure of certain projects, hence posing a threat to national security." he said.

18. Court to hear in July if MACC can freeze salary/pension bank account



The High Court will hear on July 8 merits on whether the Malaysian Anti-Corruption Commission (MACC) can freeze an individual's bank account comprising salary and pension

KUALA LUMPUR: The High Court will hear on July 8 merits on whether the Malaysian Anti-Corruption Commission (MACC) can freeze an individual's bank account comprising salary and pension.

The issue is in relation with the commission's application to strike out former Malaysian External Intelligence Organisation (MEIO) chief Datuk Hasanah Abdul Hamid's originating summons to challenge the graftbusters' move in freezing her bank account.

Hasanah, 61, is facing a criminal breach of trust charge involving US\$12.1 million (RM50.4 million) of funds belonging to the government.

Deputy public prosecutor Muhammad Iskandar Ahmad who acted for MACC said the striking out application was filed on April 19.

He however did not disclose further details and grounds of the application.

Meanwhile, lawyer Datuk Shaharudin Ali who represented Hasanah said among the issues that need to be decided by the court was whether his client's challenge was frivolous, vexatious, an abuse of the court process and had no locus standi.

"We deny all this and there is basis to this challenge as someone's account has been frozen.

"This is a salary account, not a 1MDB (1Malaysia Development Bhd) account or its subsidiary, not a secret account. It is a salary account. Her (Hasanah) salary that was paid by the federal government," he said.

He said in this case, the issue was whether MACC could freeze an account clearly containing salary and pension money or whether it can freeze a bank account regardless whether the money come from legal or illegal sources.

"That is what the court needs to decide on," he said after the matter came up today before judge Datuk Mohd Sofian Abd Razak in chambers.

Hasanah filed the originating summons on March 28, naming the MACC and the government as respondents.

She is seeking a declaration that the freezing of her account in September last year was null and void and a declaration that the prohibitory order of immovable property dated Sept 3, 2018, issued by the MACC deputy public prosecutor under the same Section as also being null and void.

Hasanah had in an affidavit in support claimed that throughout her remand period by the MACC on Aug 29, 2018, until she was released on Sept 3 the same year, the MACC had never informed her about the prohibitory order on her bank account until her banking transactions failed while she was trying to make a transaction on Sept 4, 2018.

She claimed that she had contacted the MACC investigating officer to seek clarification on her bank account and was told later that the account would be frozen temporarily as per normal investigation procedures by the MACC.

Hasanah said she had written to the MACC five times between Oct 9 and Dec 18, 2018, pleading to the commission to unfreeze her account.

She claimed that on Dec 6 the same year, she received a letter from the MACC investigating department saying that her application could not be considered.

Hasanah said she was facing difficulties surviving as she was depending on the pension money credited into the account and she has no other source of income.

On Oct 25 last year, Hasanah was charged with committing CBT by misappropriating US\$12.1 million (RM50.4 million) of funds belonging to the government in her capacity as a public servant as director-general of the Research Division of the Prime Minister's Department.

19. Najib's SRC trial: Prosecution to call 40 more witnesses



Datuk Seri Najib is facing three counts of Criminal Breach of Trust (CBT) and one count of abuse of power over funds amounting to RM42 million linked to SRC International

KUALA LUMPUR: Datuk Seri Najib Razak's corruption trial involving funds from 1Malaysia Development Berhad (1MDB)'s subsidiary SRC International Sdn Bhd is merely 30 per cent of its completion.

Deputy public prosecutor Datuk V Sithambaram said the prosecution is expected to call 40 other witnesses for the trial.

"Today we came to the court to fix new dates for the trial after the initial dates ended on May 15," he said during management of the case before High Court judge Mohd Nazlan Mohd Ghazali.

The trial which entered its day 18th on Wednesday has seen 37 witnesses including bankers, government officers, lawyers and members of the public called so far.

Earlier, the court also had fixed 39 days for the trial to resume starting May 28 and 29; June 10 to June 14; June 17 to June 21; July 1 to July 3; and July 8 until Aug 15 except Fridays.

Najib is facing three counts of Criminal Breach of Trust (CBT) and one count of abuse of power over funds amounting to RM42 million linked to SRC International.

He is also facing three money laundering charges over the same funds.

The three CBT charges were read under Section 409 of the Penal Code, while the power abuse charge was read under Section 23 of the MACC Act 2009.

The former prime minister is also facing three money laundering, anti-terrorism financing and proceeds of unlawful activities act (AMLATFA) 2001.

The Pekan member of parliament is liable to be sentenced up to 20-years jail, whipped and fined for the CBT charges, a maximum 20-years jail and fine of not less than five times the amount of bribe involved for the abuse of power charge, and jail time not exceeding 15-years and a fine of up to RM15 million for the money laundering charges.

20. Hishammuddin takes open stance on controversial Mindef land swap deals



Sembrong Member of Parliament and Datuk Seri Hishammuddin Hussein (centre) at Parliament recently

KUALA LUMPUR: Former defence minister Datuk Seri Hishammuddin Hussein said he had taken an open stand in the investigation of the controversial land swap deals involving lands owned by the government.

The Sembrong Member of Parliament also welcomed the Ministry's move in reporting the matter to Malaysian Anti-Corruption Commission (MACC).

"I have also asked my representative to file a report with the MACC to take appropriate action in relation to all 16 land swap agreements without any discrimination. Any information we have will be sent directly to the MACC to assist in the investigation," he said in a statement.

The Defence Ministry (Mindef), through the Investigation Committee on Governance, Procurement and Finance report, revealed that elements of weaknesses and negligence in governance have been found, including involvement of the former leaders in 13 of the 16 'land swap' projects.

The report also showed that other weaknesses include planning and procurement that led to the original purpose of the project, which was to improve military state of preparedness, has not been fully achieved.

Hishammuddin also urged that all evidences and documents, together with the committee's full report, be submitted to the MACC to enable them to fully investigate the agreements.

"This issue cannot be dragged into the media trials to be judged. The perception will cover the reality. So better just leave it to the authorities to carefully examine (the case) for the truth to be revealed," he said.

It was reported that a total of 16 reports had been filed by Mindef over the land swap deals with the MACC urging for action to be taken.

21. France drops 'passive corruption' charge against Abdul Razak Baginda



France has dropped some of the charges against Abdul Razak Baginda (pix), an associate of former Malaysian prime minister Najib Razak over alleged kickbacks paid on a major submarine deal.

PARIS: France has dropped some of the charges against an associate of former Malaysian prime minister Najib Razak over alleged kickbacks paid on a major submarine deal, judicial sources said Monday.

Najib himself is currently embroiled in a massive corruption scandal involving the state economic development fund 1MDB in Malaysia, where he has also been questioned on the submarine case.

His associate, Abdul Razak Baginda, advised Najib when the latter was defence minister between 2000 and 2008 on a deal worth some US\$1.18 billion to buy two Scorpene-class submarines and one Agosta-class submarine from French naval dockyards unit DCN, linked to French defence group Thales.

An investigation into the deal launched in 2010 revealed that Terasasi, a firm whose main shareholder was Baginda, received an equivalent sum for what was billed as consultancy work.

Investigators believe it was really a front for kickbacks.

Abdul Razak was charged in France in July 2017 with "active and passive complicity in corruption" and "misappropriation of corporate assets."

Judicial sources said the Paris appeal court had dropped the charges of "passive corruption" while retaining the remainder of the chargesheet.

Abdul Razak's lawyer, Caroline Toby, indicated she would appeal.

Four French defence industry executives have already been charged in the case.

They are two former chairmen of DCNI, Philippe Japiot and Dominique Castellan, and two former heads of Thales International Asia, Bernard Baiocco and Jean-Paul Perrier.

All four men deny the charges and say they did not have direct contact with Abdul Razak.

The French investigators are also looking into allegations that 114 million euros was paid to a purported Malaysia-based shell company, Perimekar, as part of the deal. That company was controlled at the time by Abdul Razak's wife.

However, that payment is likely to ultimately fall outside French jurisdiction as it was not made to a French company.

22. How dirty money is 'cleaned'



Money laundering is a multi-billion dollar business.

FORMER prime minister Datuk Seri Najib Razak has been charged with 42 counts of corruption, abuse of power, criminal breach of trust and money laundering in connection with the 1Malaysia Development Bhd (1MDB) scandal. If found guilty, he may face a jail sentence of up to 500 years and fined billions of ringgit.

The Guardian claimed that the 1MDB case is one of the biggest corruption scandals in the world. Moreover, in a civil suit, the US Department of Justice said that more than US\$4.5 billion was stolen from 1MDB and the resulting scandal had been responsible for the toppling of the Barisan Nasional government in May 2018.

Najib's wife, Datin Sri Rosmah Mansor, was also slapped with 19 counts of corruption and money laundering.

Former deputy prime minister Datuk Seri Dr Ahmad Zahid Hamidi is facing 47 charges of criminal breach of trust, corruption, and money laundering involving RM114 million.

1MDB is a serious, extraordinary political and corruption scandal involving top government officials misusing billions of ringgit from a state fund. It is the people's money. The scandal also affected the economy and tarnished Malaysia's image. According to Baring Asset Management, the prolonged impact of 1MDB is prompting investors to seek out other markets in Southeast Asia

One of the ways of making dirty money legitimate is through money laundering — a process of converting dirty money so it appears legal. Money is the prime reason for engaging in almost any criminal activity.

This money is smartly cleaned to extinguish its origin from illegal activities, such as bribery, corruption, drug trafficking, terrorism, fraud, robbery, prostitution, illegal gaming, arms trafficking and cigarette smuggling.

The modus operandi of money launderers is getting more sophisticated and once the money is "cleaned" it's difficult to detect it. Money launderers and white collar criminals are generally educated, smart, egoistical, and risk takers. The ultimate goal is to get the "dirty money" into the financial system using various techniques.

In criminology rational choice theory, people generally act in their self-interest and make decisions to commit a crime after weighing the means and ends, costs and benefits and the potential risks, including getting caught and punished, against the reward.

But money laundering is a multi-billion dollar business. According to PwC's Global Economic Crime Survey 2016, global money laundering transactions are estimated to amount to two to five per cent of the global gross domestic product, or roughly US\$1 trillion to US\$2 trillion annually. Yet, based on the United Nations Office on Drugs and Crime, less than one per cent of global illicit financial flows are seized by the authorities.

In Malaysia, the police's Commercial Crime Department reported that "any criminal activity that generates significant profit creates a need for money laundering.

Organised crime and financial crime together cost the country between RM15 billion and RM25 billion per annum".

It is interesting to note that the first person in Malaysia to be prosecuted for money laundering was a woman. Dr Hamimah Idruss, a former director of Syarikat Safire Pharmaceuticals Sdn Bhd, was charged under the Anti-Money Laundering Act 2001 with receiving RM41.3 million in illegal gains between June 3 and 10, 2003. Dr Hamimah was found guilty and sentenced to 38 years in prison and fined RM6.39 million on eight counts of money laundering and 10 counts of abetting charges.

How is illegal money cleaned? There are three steps. The first is placement and is considered the most difficult. The money launderers will try to place the ill-gotten proceeds in legitimate financial institutions. Once the funds are introduced into the financial system, the next step is layering. This process occurs when the money is separated from the illegal funds obtained from the original sources. The launderers will create complex layers of financial transactions to make sure the links between them and the illegal money cannot be traced. They will normally make bank-to-bank fund transfers, especially to different accounts under different names and in different countries.

Next, the property is "washed" and its ownership and source disguised and the final step is known as integration.

Here, the money enters the financial system and is placed back in the economy, appearing to be clean and legally earned funds. At this stage, it is difficult to differentiate between legal and illegal money. The money launderers will purchase expensive houses, hotels, apartments, yachts and other real estate, diamonds and fine art for this purpose.

As part of the investigations linked to money laundering and 1MDB, the police raided three luxury condominiums in Kuala Lumpur said to be owned by Najib and confiscated 284 handbags, Hermes and Birkin brands among them, and 72 luggage bags containing cash of various denominations, watches, jewellery and other valuables.

In tightening the loopholes for money laundering and corruption, effective Jan 1, banks must report any cash transaction exceeding RM25,000 compared with the RM50,000 currently.

Money laundering is a serious crime. It is an offence under Section 4(1) of the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001.

An offender faces imprisonment not exceeding 15 years and a fine of not less than five times the sum or value of the proceeds, or RM5 million, whichever is higher.

As long as the process looks realistic, reasonable and logical, white collar criminals or money launderers will use their creativity to launder money which needs a hiding place. Indeed, money laundering is always needed when there is something to hide. But once the victim is caught and charged, it can mean a lifetime of consequence.

23. Deloitte raided over 1MDB case



Police carting away boxes of documents seized from Deloitte Malaysia's office in Kuala Lumpur yesterday

KUALA LUMPUR: POLICE were seen carting away 11 boxes of documents following a raid on the office of accounting firm Deloitte Malaysia in relation to the 1Malaysia Development Bhd (1MDB) scandal.

The seven-hour raid took place at the Deloitte office in Taman Tun Dr Ismail here.

Policemen from the federal police Commercial Crime Investigation Department (CCID) were seen loading the seized documents into a police van before leaving the building at 5.55pm.

Deloitte is the first accounting firm raided by police in relation to the 1MDB case.

CCID acting director Datuk Saiful Azly Kamaruddin confirmed the raid was in connection with the 1MDB case.

He said the raid started at 10.45am, but no arrest was made.

It was reported that Securities Commission Malaysia (SC) fined Deloitte RM2 million in January for failing to discharge its statutory obligations, including not immediately reporting irregularities in its audit.

The fine was in connection with the RM2.4 billion sukuk murabahah programme issued by Bandar Malaysia Sdn Bhd in 2014.

Deloitte was the statutory auditor for Bandar Malaysia and 1MDB Real Estate Sdn Bhd for the financial years ending March 31, 2015, to 2016.

SC said Deloitte had committed two breaches under Section 276(3)(b) of the Capital Markets and Services Act 2007 (CMSA) for failure to immediately report to the commission irregularities which might have a material effect on the ability of Bandar Malaysia to fulfil its obligations in repaying sukuk holders any amount under the sukuk programme.

Several auditors have been associated with 1MDB since its inception, beginning with Ernst & Young, which resigned; KPMG, which was fired after asking for more information on the fund's assets; Deloitte, which quit after the United States Department of Justice filed suits to recover assets acquired with misappropriated 1MDB funds; and Parker Randall after Deloitte left.

The audit for 1MDB for the financial years of 2010, 2011 and 2012 was done by KPMG before it was replaced by Deloitte Malaysia for refusing to validate accounts worth US\$2.32 billion (RM9.48 billion).

Deloitte joined in 2013 but resigned in February 2016 after the DoJ filed complaints seeking to recover more than US\$1.7 billion in assets traceable to funds allegedly misappropriated from 1MDB. It was replaced by Parker Randall.

Last year, KPMG released a statement claiming that the books it had audited for 2010, 2011 and 2012 were not "true and fair" assessments of 1MDB's funds and that it lacked full access to relevant documents that were declassified only when the new government took power.

24. Najib 'shocked and upset' after finding out millions banked into his accounts

KUALA LUMPUR: Datuk Seri Najib Razak was 'shocked and upset' when he found out that millions had been banked into his personal bank accounts.

A witness who revealed this in the High Court here today said the former prime minister expressed such feelings when he was informed about the matter in 2015.

Ihsan Perdana Sdn Bhd (IPSB) managing director Datuk Dr Shamsul Anwar Sulaiman said he told Najib about it after being released by the Malaysian Anti-Corruption Commission (MACC).

Dr Shamsul said he was detained for five days by the MACC and had his statement recorded about money which had been funnelled from 1Malaysia Development Corporation account to various of its subsidiary companies, including SRC International Sdn Bhd and IPSB.

The 58-year old testified that IPSB account had also been used as a 'transit' before huge amounts of cash was transferred to a company called Mail Global Resources and the private account of an unknown person.

However, Dr Shamsul said he only found out that the unknown individual was actually Najib after reading about it in the Wall Street Journal (WSJ) and from MACC officers.

He said MACC officers told him that money which had flowed from 1MDB to SRC and IPSB eventually ended up in Najib's account.

"I did know about this. They asked me repeatedly who was the holder of the unknown account but I maintained that I really did not know the person's identity.

"I only came to know it was Najib after I read about it and the MACC officers told me," he said during cross-examination by Najib's lead counsel Tan Sri Muhammad Shafee Abdullah.

Dr Shamsul said he went to meet Najib after being released from MACC custody and informed the latter about what had happened.

Shafee: When you were detained by MACC they kept suggesting that you committed an offence?

Shamsul: Yes. They said I was abetting in a crime.

Shafee: They said you had knowledge about money which was transferred to the private account was not for corporate social responsibility (CSR) programmes?

Shamsul: Yes.

Shafee: They accused you of abetting in a criminal breach of trust (CBT) offence?

Shamsul: Yes.

Shafee: This is in spite of you saying that you never knew who the money was transferred to and what it was meant for?

Shamsul: Yes.

Shafee: As far as you knew it was for CSR?

Shamsul: Yes.

Shafee: They kept reminding you that there was a prospect of you being charged?

Shamsul: Yes. I asked them whether they want me to tell the truth or to lie after they kept accusing me of having information about the money.

Shafee: What did they want you to say?

Shamsul: They said I knew who owns the private account. But I did not know.

Dr Shamsul said he met Najib after being released to tell him what had happened and saw that the then Prime Minister was genuinely taken aback upon being informed what had happened.

"He was shocked that someone had been putting money into his accounts.

"He did not know who it was. He was upset," he said.

Asked if he also apologised to Najib for 'feeling somewhat responsible' because IPSB's account had been used to channel money into the latter's personal accounts, Dr Shamsul said: "Yes, I did because the last company to transfer money into his account was IPSB.

"I told him I did not know. My company was used as a transit before the money was transferred to Najib's accounts without my knowledge.

Shafee then asked Dr Shamsul whether he questioned the person who had instructed him to transfer the money, the witness replied that he did but was not given the information.

Dr Shamsul yesterday testified that he was instructed to allow IPSB's account to be used as a transit by Yayasan Rakyat 1 Malaysia (YAR1M) project director Dennis See.

He had revealed that See was the one who asked him to remit the money to Najib's accounts but at that time he did not know who the beneficiary was.

Later, during re-examination deputy public prosecutor Muhammad Saifuddin Hashim Musaimi asked Dr Shamsul whether he suggested to lodge a report with the police or the MACC.

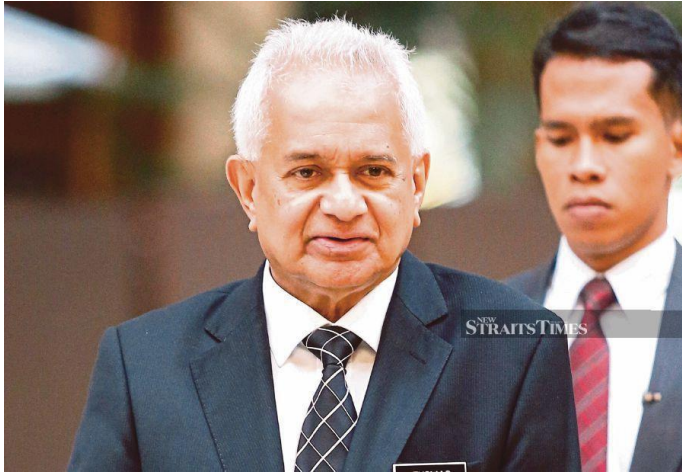
To this, Dr Shamsul said he did not.

Najib, 66, is facing seven charges of money-laundering, CBT, and abuse of power involving RM42 million of SRC funds.

He faces 20 years' jail and fine for the offences, if convicted.

The hearing before judge Mohd Nazlan Mohd Ghazali continues.

25. IPIC and AABAR fail to strike out consent award challenge



Attorney General Tommy Thomas said these proceedings were steps to recover substantial amounts of money wrongfully paid by Najib administration.

KUALA LUMPUR: The move by Abu Dhabi based International Petroleum Investment Company (IPIC) and Aabar Investments PJS (Aabar) to strike out an application by 1Malaysia Development Berhad (1MDB) and Minister of Finance Incorporated (MOFI) to challenge the consent award entered during Datuk Seri Najib Razak's administration has been rejected by the London Commercial Court.

The court also rejected the application by IPIC and Aabar under Section 9 of the UK Arbitration Act 1996 to stay 1MDB and MOFI's application pending determination of parallel arbitration proceedings, said Attorney-General Tommy Thomas in a statement today.

He said Judge Robin Knowles of the London Commercial Court considered the case before him to be one of those "rare and compelling" situations where he permits the underlying issues between the parties to be first heard in the ongoing arbitration.

Thomas further said that the related arbitration proceedings will now move forward in London but under the Court's supervision.

"Needless to say, the London Court decision, which allows for the issue of massive fraud that is of public importance to be first determined behind closed door private arbitration proceedings without public scrutiny, is not satisfactory to Malaysia. 1MDB and MOFI have therefore filed an application for permission to appeal against the London Commercial Court decision to the Court of Appeal," he said.

Thomas said that these proceedings were steps to recover substantial amounts of money wrongfully paid by Najib administration.

"As shown by the realisation of assets in recent recovery exercises, the Government's efforts in seeking justice for the Malaysian people following what has been described as "kleptocracy at its worst" is bearing fruit. The Government remains focused in its attempts to ensure that Malaysia's assets are recovered," the AG said.

Thomas said 1MDB and MOFI filed the application in the Commercial Court in London, United Kingdom, in October last year to challenge a consent award that the two Malaysian parties had recorded under Najib administration in May 2017 with IPIC and Aabar.

He said the consent award was to conclude the arbitration proceedings that IPIC and Aabar commenced against 1MDB and MOFI before the London Court of International Arbitration (LCIA) tribunal in 2016.

"The challenge is brought on grounds, amongst others, of fraud and public policy. In response, IPIC and Aabar applied to strike out or stay this application by 1MDB and MOFI, and commenced a separate second arbitration proceeding against 1MDB and MOFI," he said.

The AG also said under the consent award, Malaysia was obliged to pay US\$5.78 billion to IPIC and the Bond Trustee over a five-year period.

"This is because Malaysia is obliged, amongst others, to take full responsibility for all interest and principal payments under two bonds issued by 1MDB in 2012 that IPIC jointly guaranteed (2012 Bonds). As of May 2019, US\$1.6 billion has been paid, leaving a balance of US\$4.16 billion.

"The US\$4.16 billion represent the remaining interest and the principal payable to the Bond Trustee for the 2012 Bonds. If Malaysia succeeds in the UK action, Malaysia will be able to proceed to seek recovery of US\$3.5 billion that was paid by 1MDB subsidiaries to IPIC subsidiary, or in the alternative, reduce Malaysia's liability to pay interest and principal under the 2012 Bonds that were jointly guaranteed by IPIC up to US\$3.5 billion," he said.

Thomas said the allegations before the London Commercial Court were that the Settlement Deeds and the consent award were engineered by Najib as part of a conspiracy to defraud, and that IPIC and Aabar knew that Najib was acting contrary to the interests of MOFI and 1MDB.