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1. Lim: Between development and managing debts, you can't take sides



Information can be a double-edged sword, depending on how it is being perceived and in the case of the country's debt level, all is well as the government is balancing it within its means said Finance Minister Lim Guan Eng

PUTRAJAYA: Information can be a double-edged sword, depending on how it is being perceived and in the case of the country's debt level, all is well as the government is balancing it within its means said Finance Minister Lim Guan Eng.

"In the deficit economy, one can't avoid from borrowing, but it is important to note on how it is being channelled," he said.

While it may sound like an old track record, Lim stressed the fact that the debt situation was inherited from the previous Barisan Nasional (BN) government, which conveniently resorted to off-balance-sheet financing to cover-up dubious debts.

Since Pakatan Harapan (PH) took over the government in May 2018, a comprehensive review of the government's financial obligations was carried out, which confirmed that it had accumulated RM1.087 trillion of debt and liabilities as at the end of 2017.

Despite the government's total debt and liabilities being reduced to 75.4 per cent of Gross Domestic Product (GDP) in 2018 from 79.3 per cent in 2017, direct debt increased to 51.2 per cent of GDP from 50.1 per cent.

"This (increase in direct debt) is basically to finance our fiscal deficit, especially development expenditure, (even though) we (PH) have not undertaken any (new) megaprojects."

"These are the development projects under the five-year plan (11th Malaysia Plan 2016-2020). Development expenditure must continue, especially in critical areas such as hospitals and public infrastructure," he told Bernama in an exclusive interview.

Under the BN government, these deficits or shortfalls were covered by government revenues.

"But we cannot do that under the present administration because we have to use some of it to pay off interest payment and debt obligations. For instance, we have begun paying for 1Malaysia Development Bhd's (1MDB) interest and debt obligations," Lim said.

He said payments related to 1MDB would only increase over time before it starts to taper off after 10 years.

"Remember the world-renowned scandal involved RM52 billion (including interest) with 20 years tenure. In 2020 alone, we are looking at an increase in debt payment interest of up to RM2 billion," the Finance Minister revealed.

That additional obligations and payments were done discreetly by the previous government, making the balance sheet look as if there are rooms to borrow further.

But the PH government is being very open on how it is funding the development projects, which is in the form of loans that have resulted in an increase in its direct debts, he said.

Lim said the money from Tabung Harapan Malaysia amounting to RM203.29 million as at March 31, 2019, would be fully used up by end of this year to settle part of 1MDB debt and interest obligations.

In the interview that lasted almost one hour, the Finance Minister was clear in his message that between development expenditure and managing the country's debt, one can't take sides.

Both have to go hand in hand as long as it is contained within its means.

To date, Lim said the PH government is very much committed to fiscal consolidation of 3.4 per cent in 2019 and 3.0 per cent in 2020.

"We intend to stick to the target," he said.

"Even though we have a fiscal deficit, we do not run a twin deficit. We have been enjoying Current Account Surplus, which is very important. We are among the very few countries in the world without a twin deficit and it gives a lot of confidence," he said.

A current account surplus means an economy is exporting a greater value of goods and services than its importing.

The country's economy has also remained solid despite the external headwinds with 4.9 per cent growth recorded in the second quarter of this year from 4.5 per cent in the first quarter.

Hence, Lim said there is also enough room for contingency measures or stimulus packages if the global economy scenario warrants it.

"We still hope that the trade talks between the United States and China will be a successful one so that we can continue to enjoy sustainable economic growth."

Lim also said the three-year timeframe to restore the country's fiscal health remains.

"There are talks of a possible economic downturn next year (but) I don't think it will affect our three years rehabilitation of restorative programme to put Malaysia back on track by 2021 - fiscally speaking."

"With the right pre-emptive measures we should be able to stick to the three-year rehabilitative fiscal programme," he added.

Earlier in a statement, Lim said the new government has been praised by international rating agencies and investment analysts for the marked improvement in transparency, as well as the standards of good governance.

"Their repeated affirmation of our sovereign ratings at A-/A3 since then, despite the increased transparency in the state of our balance sheet, demonstrates their conviction that this government is taking concrete measures to address the weaknesses.

"Now, we hope the people can see that we are making progress," he said.

2. PAC hearings on 1MDB were a farce, court told



Najib, 66, is facing four charges of having used his position to obtain gratification totalling RM2.28 billion and also 21 counts of money laundering involving the same money

KUALA LUMPUR: The Public Accounts Committee (PAC) hearings on the 1Malaysia Development Bhd (1MDB) fiasco in 2010 and 2015 were nothing short of a farce, it was revealed in the High Court today.

Everyone from then prime minister Datuk Seri Najib Razak, PAC chairman Datuk Seri Hassan Ariffin and Barisan Nasional (BN) member of parliament Datuk Abdul Rahman Dahlan, along with fugitive businessman Low Taek Jho @ Jho Low had conspired to plot the outcome of the hearings.

Hassan and Rahman, it was exposed, even met a witness to discuss what the latter needed to say when called to testify at the hearings.

There were audible gasps of shock in the public gallery of the courtroom when it was exposed that such meetings were organised by Najib's then Communications Advisor Datuk Seri Ahmad Farid Redzuan.

The meetings were held in Farid's house in Hartamas, not far from the court building where Najib now sits in the dock answering allegations of swindling 1MDB to the tune of RM2.28 billion.

Another shocking fact that was exposed was how someone from the Prime Minister's Office (PMO) had directed then 1MDB chief executive officer (CEO) Datuk Shahrol Azral Ibrahim Halmi to make himself unavailable to attend the PAC hearings.

Shahrol, who revealed all this in court today, said he flew to Singapore after being told that he should not attend the hearings in 2015.

The 49-year old, who admitted that Najib used to be impressed by his work in 1MDB, did not turn to look at his former boss even once while giving his testimony.

Najib listened attentively as Shahrol laid bare the can of worms on how the PAC hearings were conducted as lead prosecutor Datuk Seri Gopal Sri Ram took him through his testimony.

Shahrol, who spoke without hesitation in English, revealed that Low had briefed him before he was called in by the police and Malaysian Anti Corruption Commission (MACC) to have his statement recorded in 2015 and 2016.

"Jho Low gave me the talking points on what I should say when questioned.

"His briefing basically underlined two main themes...number one was to minimise and downplay Najib and his own role in the decision making process of SRC International (former subsidiary of 1MDB) and 1MDB.

"Number two, he wanted me to say that all this was nothing but a political attack against the prime minister," Shahrol, who was 1MDB CEO from 2009 to 2013, and a board member of the sovereign wealth fund from 2013 to 2016, said.

Sri Ram: Now I want to take you through the PAC hearings. Did you attend these hearings in 2010?

Shahrol: Yes I did.

Sri Ram: Were there any briefings held for you before you attended the hearings?

Shahrol: Yes, I was given talking points by Jho Low on what will be covered by the PAC. He also arranged for me to meet with one of the BN member of parliament. I met with Rahman Dahlan and we talked about the kind of questions the PAC will be dealing with.

Sri Ram: So on the day of the hearings, were the same questions asked?

Shahrol: Yes, roughly the same. The theme was to downplay Najib and Jho Low's role in the decision making process.

Sri Ram: The idea was to insulate Najib and Jho Low?

Shahrol: Yes

Sri Ram: Did you attend the second PAC hearings in 2015?

Shahrol: I recall that I was once issued a letter to attend, I and also Arul Kanda (former president and CEO of 1MDB). However, Arul informed me that there was an instruction from PMO to travel overseas so that we will not be able to attend.

Sri Ram: Did you go?

Shahrol: Yes, I flew to Singapore

Sri Ram: When you say PMO, anyone in particular?

Shahrol: That was what Arul said. I don't know who in particular. It was Arul who spoke to someone from PMO.

Sri Ram: Was there also a briefing?

Shahrol: Yes, the talking points were the same but this time I also received instructions to go to Farid's house. The instructions were from Arul or Jho Low...I can't remember who exactly. Farid was in charge of image branding for Najib...he was attached to the PMO.

Sri Ram: You were asked to meet him?

Shahr

ol: I was asked to go to his house...somewhere in Hartamas. It was in the evening and it was a series of meetings, before and after the PAC hearings. During these meetings, some of the PAC members were also in attendance at his house. They included the PAC chairman, Hassan Ariffin.

Sri Ram: What was the purpose of the meetings?

Shahrol: To prepare for the kind of questions and also what the report was going to contain.

Sri Ram: You mean Hassan Ariffin, the chairman was present?

Shahrol: Yes

Sri Ram: What role did he play?

Shahrol: He was there during the post PAC hearings. He disclosed what he was going to do. Throughout the meetings, the message was that this was a political attack against the prime minister, and to downplay any role he and Jho Low had in the decision-making process.

Sri Ram: Now this gentleman Farid Redzuan, he came from the PMO

Shahrol: Yes, he was attached to the PMO

Sri Ram: Who was his immediate superior?

Shahrol: It was Najib, the accused.

Najib, 66, is facing four charges of having used his position to obtain gratification totalling RM2.28 billion and also 21 counts of money laundering involving the same money.

The trial before Judge Collin Lawrence Sequerah will continue on Monday.

3. Former 1MDB CEO's last drawn salary was RM99,000 per month



Datuk Shahrol Azral Ibrahim Halmi, who was 1MDB CEO from 2009 to 2013, and later a board member until 2016, said his last drawn salary at the sovereign wealth fund was RM99,000 monthly.

KUALA LUMPUR: The 1Malaysia Development Bhd (1MDB) may have ended up billions of ringgit in debt but it was definitely not a stingy employer when it came to taking care of its top bosses.

Its former chief executive officer (CEO), it was revealed, used to take home in excess of RM1.2 million annually in salaries and a further RM1.4 million in bonuses.

Datuk Shahrol Azral Ibrahim Halmi, who was 1MDB CEO from 2009 to 2013, and later a board member until 2016, said his last drawn salary at the sovereign wealth fund was RM99,000 monthly.

The 49-year-old said he also received bonuses for meeting key performance index (KPI) set by the board and a further RM179,000 a year in allowances on top of his salary.

Asked if Datuk Seri Najib Razak had approved of his work at 1MDB, Shahrol said the former prime minister had spoken over the phone once with him.

"I was very excited when I received the call.

"It is not everyday that the prime minister calls you...what is interesting is that a few days after I spoke to Najib, Jho Low (fugitive businessman Low Taek Jho) told me the prime minister was pleased with the work I was doing.

"Low said Najib told him 'Shahrol seems to be on top of things'."

Shahrol then revealed that he got an 18 months bonus for the financial year 2011 or 2012.

"I received 18 months bonus at RM80,000 plus monthly salary," he said.

Shahrol said this during examination-in-chief conducted by lead prosecutor Datuk Seri Gopal Sri Ram.

He was testifying in Najib's trial where the Pekan member of parliament is charged with four counts of having used his position to obtain gratification totalling RM2.28 billion and 21 counts of money laundering involving the same money.

Shahrol will be cross-examined by Najib's lead counsel Tan Sri Muhammad Shafee Abdullah next Monday.

Shafee said his cross-examination would probably take two weeks as he needed to ask Shahrol many questions.

4. Nik Faisal, Suboh get discharge not amounting to acquittal



A subsidiary of SRC, Gandingan Mentari, Nik Faisal, and Suboh were charged with failing to submit the 2017 Financial Statement within 30 days as required by the commission under Section 68 (1) of the Companies Act 2016

KUALA LUMPUR: The Sessions Court was told that the Companies Commission of Malaysia (CCM) had failed to submit a summons on the company's financial statements against former SRC International Sdn Bhd chief executive officer Nik Faisal Ariff Kamil, former non-executive director of SRC Datuk Suboh Md Yassin, and Gandingan Mentari Sdn Bhd.

CCM prosecuting officer Fazarul Ezhar Mohd Mokhtar said he had received a directive from the deputy public prosecutor that the three persons should be given a discharge not amounting to acquittal (DNAA).

He told judge Manira Mohd Nor that the prosecution would re-file the suit at a later date.

They have to submit the annual financial statement for the year 2017 to CCM.

A subsidiary of SRC, Gandingan Mentari, Nik Faisal, and Suboh were charged with failing to submit the 2017 Financial Statement within 30 days as required by the commission under Section 68 (1) of the Companies Act 2016.

On June 20, Suboh was summoned as a prosecution witness to testify at the trial of former prime minister Datuk Seri Najib Tun Razak, who is facing three counts of criminal breach of trust, one count of abusing his position and three counts of money laundering involving SRC funds amounting to RM42 million.

During the SRC trial, Malaysian Anti-Corruption Commission (MACC) senior assistant commissioner, Rosli Husain told the High Court that he failed to get the original minutes of meetings of SRC for 2013 because its former Chief Executive Officer Nik Faisal Ariff had fled overseas.

5. MACC issues compound notices to 80 individuals, entities to recover 1MDB money



Latheefa Koya said the highest individual recipient is former CIMB Bank chairman, Datuk Seri Nazir Razak who acquired RM25.7 million. Nazir is also the brother of former prime minister, Datuk Seri Najib Razak.

PUTRAJAYA: The Malaysian Anti-Corruption Commission (MACC) has served compound notices to 80 individuals and entities which received funds totalling RM420 million from 1Malaysia Development Bhd (1MDB).

Its chief commissioner Latheefa Koya said the highest individual recipient is former CIMB Bank chairman, Datuk Seri Nazir Razak who acquired RM25.7 million. Nazir is also the brother of former prime minister, Datuk Seri Najib Razak.

Solar Shine Sdn Bhd received RM134 million – the highest amount paid to an organisation. She added that the money received ranged from as low as RM500,000 to RM134 million.

The commission has confirmed that the RM420 million has been paid to these entities from Najib's account. There a total 23 companies, nine individuals, 43 political parties and branches and five foundations/organisations.

"The money was paid via cheque that is why we could trail the money back to the 1MDB account. The money belongs to the people and we hope to recover as much as possible.

"We have received consent from the attorney-general and now we are in the process of serving the notice as we speak.

"All those received the notices, must pay the fine within two weeks from the date of the notice. If they think they don't enough time to pay, they can apply to request for an extension.

"The fine amount can be as low as the money they received from 1MDB or up to a maximum of 2.5 times higher under Section 92(1) of the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities (AMLATFPUA) Act 2001," she told a press conference today.

Latheefa said MACC had also opened investigation papers on the 80 individuals/organisations.

"We hope by the time they receive the notice, they will take it seriously and pay up," she said, adding that the move to recover the money was different from the civil forfeiture that MACC sought to recover RM270 million from 41 people and entities.

"In the last civil forfeiture, we had trailed the money to the accounts of the recipients and froze the account. From then, within 12 months, we cover the money in their bank accounts if the recipients can't explain the source of it.

"As for this case, under AMLATFPUA Act 2001, we are allowed to issue compound notices to fine as low as the money received or 2.5 times higher," she added.

Latheefa also said the list is not exhaustive and more will be revealed in future.

"The list is not exhaustive. We have more... but we have decided to take a cut off from RM500,000 and above.

"But there will be a compilation of political parties or foundations which may have received less than RM500,000.

"We have also taken out those have paid for actual charity, we will deal with that later," she added.

6. MACC to check on River of Life project allegations



Latheefa Koya

THE Malaysian Anti-Corruption Commission will look into allegations surrounding the controversial RM4.4 billion River of Life (RoL) project.

MACC Chief Commissioner Latheefa Koya said the commission would determine if there were elements of wrongdoing related to graft in the project before conducting an investigation.

She said the graftbusters would not hesitate to take anyone responsible to task over the alleged mismanagement of the RoL project, especially the beautification of the Heritage Quarter, if there was evidence of corruption, abuse or other wrongdoings.

Latheefa said MACC took the allegations seriously and a team of officers had been assigned to check on allegations by experts that were reported by the *New Straits Times*.

"Our officers have been tasked with checking the veracity of the allegations involving the river beautification project commissioned through DBKL (City Hall), under the old administration.

"If there are indications of wrongdoing, abuse or corruption, MACC will carry out an investigation," she told NST in a text message from Bangkok, Thailand, where she and MACC officers are attending an anti-graft conference.

"We will wait for the officers' report. We want to be sure before a probe is initiated into the RoL project and those allegedly involved," Latheefa said.

NST ran a series of reports on the project's alleged shortcomings and called for a thorough probe. The Federal Territories Ministry has been urged to conduct an audit of the project.

Critics claimed that the beautification work in the Heritage Quarter was showing signs of wear and tear barely two years after the first phase of the project, which was launched by former prime minister Datuk Seri Najib Razak in 2017.

Checks showed that the ornate tiles imported from Turkey and marble had cracked, and some of the fountains were not working.

The ministry was quoted as saying that it had requested allocations for RoL's maintenance from the federal government.

This, said the ministry, was due to vandalism of RoL's Heritage Quarter, which cost RM130 million, and is set to cost an estimated RM1 million more in repairs.

In May, Kuala Lumpur Mayor Datuk Seri Nor Hisham Ahmad Dahlan had attributed the damaged and faded fountains, sunken pools, as well as broken marble and tiles, to vandals. However, others had claimed that it was due to the rushed job to complete the work by the 14th General Election last year.

Project contractor EkoRiver Construction Sdn Bhd had handed over the project to City Hall as its defect liability period had ended in June.

EkoRiver Construction, a wholly owned subsidiary of Ekovest Bhd, received the letter of award from City Hall to design and build the project at a cost of RM79 million in 2017.

Ekovest has a 60 per cent stake in the joint-venture company that was appointed in 2011 as the project delivery partner for RoL.

The project was initiated by the previous government.

7. From 'consigliere' to 'soprammobile', 1MDB trial 'goes Italian Mafia'



Najib 66, is accused of misappropriating RM2.28 billion of 1MDB funds, money laundering and abuse of power

KUALA LUMPUR: It was yet another thrilling day at the High Court here today when a group of "makcik" (aunties) turned up to support Datuk Seri Najib Razak only to hear insinuations that their hero had acted like a mob boss by relying on a "consigliere" in the 1Malaysia Development Bhd (1MDB) scandal.

Apart from being introduced to words such as consigliere - which means a person who serves as an adviser or counsellor to the leader of a criminal organisation - the 10-odd housewives also heard another Italian word used in court.

This time a key witness who referred to the so-called henchman of Najib as a consigliere, was condemned by the former prime minister's lawyer as being nothing more than a "soprammobile" (expensive ornament).

The drama started when former 1MDB chief executive Datuk Shahrol Ibrahim Halmi kept saying that he never bothered to check whatever instructions that were relayed to him by Low Taek Jho @ Jho Low because he thought the latter was just passing on whatever had been given the green light by Najib.

This infuriated Najib's lawyer, Tan Sri Muhammad Shafee Abdullah, and the veteran lawyer asked Shahrol if he had ever bothered to confirm things Low was saying with the accused.

"You keep saying Jho Low told you this and that but you never double checked anything with Najib. It looks like you were literally a postman.

"You were the CEO of 1MDB but you were totally dependent on Jho Low," he shot at the 49-year old, who previously testified that his last drawn basic salary at 1MDB was RM99,000 a month.

Shahrol, who was 1MDB CEO from 2009 to 2013, then went on to justify his trust in Low by saying that he never doubted the Penang-born businessman as he always thought Low represented Najib.

"I was confident Jho Low was representing the special shareholder of 1MDB which was Najib.

"The Italian word for it is consigliere..he was the special envoy of the PM (prime minister)," Shahrol said using the term made famous in The Godfather novel where fictional New York mafia boss Don Corleone never gets his hands dirty but orders things done through his consigliere.

After taking a moment to digest what the witness had just said, Shafee retorted:

"As a CEO you seem to be what the Italians say soprammobile...an expensive table ornament.

"A CEO who does nothing...a person just for decoration in the company."

However, Shahrol replied that he did not agree with how Shafee had described him.

As things were just getting heated up, Shahrol requested to be excused from attending the afternoon session as he was "feeling down and under the weather."

Shafee then ribbed the witness by informing the court that Shahrol was unwell even "after we moved the air con away from him."

Judge Collin Lawrence Sequerah subsequently allowed Shahrol, who is the ninth prosecution witness, to be excused.

Earlier, Shahrol also touched on how 1MDB acquired its name.

He said it was Low who had proposed it when the Terengganu Investment Authority (TIA) was in the midst of being renamed after being taken over by the federal government.

Shahrol: Actually Jho Low wanted to use the Mubadala template. Mubadala Investment Co which is an Abu Dhabi state investment corporation. So we came up with Malaysian Development Bhd but Najib wanted to add 1Malaysia to it and it was subsequently called 1MDB

Najib 66, is accused of misappropriating RM2.28 billion of 1MDB funds, money laundering and abuse of power.

8. Najib: BN government never sold off strategic assets



Datuk Seri Najib Razak speaks to reporters at the Parliament lobby in Kuala Lumpur.

KUALA LUMPUR: The government, under the administration of Barisan Nasional never sold any strategic assets, said former prime minister Datuk Seri Najib Razak.

Najib, speaking to reporters at the Parliament lobby today, said the sale of assets was a short-term measure and was a loss for the country.

"During BN's rule, we added many assets. For example, Khazanah Nasional Bhd's net asset value increased 3.5 times from RM33 billion to RM116 billion.

"Khazanah never experienced loss and received 15 per cent returns.

"When Pakatan Harapan started ruling, Khazanah's net asset value dropped RM25 billion to RM91 billion," he said.

The former finance minister claimed that the PH-led government had sold 12 assets valued at RM25.6 billion, after only one year in power.

Earlier today, Economic Affairs Minister Datuk Seri Mohamed Azmin Ali told the Dewan Rakyat that sovereign wealth fund Khazanah had disposed about RM18.8 billion in assets between May 2018 and June 2019.

He said the revenue generated from the sale was used for new investments as well as to repay debts which had nearly reached its maturity.

9. Najib ordered to enter defence on all 7 charges involving abuse of SRC Int'l funds

KUALA LUMPUR: Former prime minister Datuk Seri Najib Razak was today ordered by the High Court to enter his defence on all seven charges of abusing his position for gratification, criminal breach of trust and money laundering involving RM42 million of SRC International Sdn Bhd's funds.

Judge Mohd Nazlan Mohd Ghazali said the prosecution had successfully adduced credible evidence proving each and every essential ingredient of the offences.

He said a prima facie case had therefore been made out against the accused and ordered him to enter his defence.

He then gave Najib three options - giving sworn evidence from the witness box, giving an unsworn statement from the dock where he cannot be cross-examined or choose to remain silent, in which case the court must proceed to convict him.

Najib, who served as Malaysia's sixth prime minister from April 2009 to May 2018, appeared calm after hearing the verdict.

The 66-year old later said that he will be giving evidence under oath, after each and every option was briefed to him by a court interpreter.

By choosing this option, he will be subjected to cross-examination by the prosecution.

He is the country's first prime minister to find himself in the dock and is looking at a jail term of up to 20 years, if found guilty.

Among those who were present in the packed courtroom were Najib's daughter Nooryana Najwa, former cabinet minister Datuk Seri Ismail Sabri Yaakob, Umno supreme council member Datuk Mohd Puad Zarkashi, MIC deputy president Datuk Seri M. Saravanan and other supporters.

Nooryana was seen shaking her head as the judge read out the verdict while the other supporters silently left the courtroom after hearing was adjourned.

Mohd Nazlan, who took about an hour to read out his summary judgment, dissected each and every charge against Najib and gave the reasoning behind his ruling.

He started off with the offence of abusing his position where Najib as Prime Minister and Minister of Finance of Malaysia, allegedly used his position to commit bribery involving RM42 million through his participation or involvement in the decision to provide government guarantees for loans from the Retirement Fund Incorporated to SRC International amounting to RM4 billion.

He was charged with committing the offence at the Prime Minister's Office, Precinct 1, Putrajaya, between Aug 17, 2011 and Feb 8, 2012.

The charge, under Section 23 of the Malaysian Anti-Corruption Commission Act 2009 and punishable under Section 24 of the same Act, provides an imprisonment of up to 20 years and a fine not less than five times the sum or value of the gratification which is the subject matter of the offence.

Mohd Nazlan said Najib had used his position as Prime Minister and Minister of Finance to establish SRC International.

"Although it was stated to be a strategic natural resources development company for the country, it was in truth designed to be and did become a vehicle utilised by the accused for his own private advantage.

"This was made possible by his overarching authority in SRC International with the power to appoint and dismiss directors.

"He was the sole shareholder of the company as Minister of Finance Incorporated and also eventually became the advisor emeritus of SRC International. In other words, he established SRC International for his private interest," he said.

On the RM4 billion loans which were approved by the Retirement Fund Inc (KWAP) for SRC International, the judge said even before KWAP had decided on the matter, SRC International had written to the MOF for a government guarantee.

Mohd Nazlan said evidence showed that the cabinet paper on this was subsequently rushed in a manner which made it impossible for the government to verify information furnished by SRC International.

"The conduct and involvement of the accused in SRC International showed he had gone beyond what is expected of a Prime Minister and Minister of Finance.

"It shows the existence of private and personal interest. The argument that the accused had not given any instructions or directions but merely made requests in securing the loans cannot withstand scrutiny," he said.

Mohd Nazlan said Najib had in fact chaired the meetings, tabled the cabinet paper on the second government guarantee without disclosing or attempting to excuse himself from the deliberations.

He said it was extremely unlikely, if not impossible, for the loans to be approved if the accused was not the Prime Minister and the Finance Minister at the material time.

"Evidence also showed that SRC International was not like any other MOF Inc companies.

"Unlike the others, SRC International was under the control and direction of the accused from day one. He was the ultimate decision maker in SRC International where nothing of importance could be decided without his input," he said.

On the three charges of criminal breach of trust (CBT), Mohd Nazlan noted that Najib was the only person empowered to appoint or dismiss any member of the board of directors in SRC International.

He said evidence showed that Najib knew the RM42 million was proceeds of an unlawful activity based on the sheer volume and frequency of money being banked into his bank accounts.

Mohd Nazlan said Najib had never lodged any police report or sued the bank after he learned of the transactions.

"In fact, the accused himself admitted having knowledge of the RM42 million originating from SRC International in an affidavit which he had prepared.

On the final three money laundering charges, Mohd Nazlan said Najib was the shadow director of SRC International and the money trail from SRC International to Gandingan Mentari Sdn Bhd (GMSB), to Ihsan Perdana Sdn Bhd (IPSB) and on to Najib's personal bank accounts showed a clear cut case of money laundering.

"There was no reason for money to be sent to the two accounts (GMSB and IPSB) other than for layering purposes.

"There was also no valid basis for money to be taken out from the SRC International account from the first place. The accused had subsequently issued 15 personal cheques amounting to RM10.7 million after the money reached his personal accounts," he said.

The prosecution team in Najib's case was led by Attorney-General Tan Sri Tommy Thomas, who was assisted by lead deputy public prosecutor Datuk V. Sithambaram.

During the trial, the prosecution tendered more than 750 exhibits, including bank documents relating to Najib's bank accounts, cash transactions, minutes of meetings and Blackberry Messenger chats over Najib's transactions.

The witnesses included Ambank Jalan Raja Chulan branch manager R. Uma Devi, 40; Retirement Fund Incorporated (KWAP) former CEO Datuk Azian Mohd Noh, 66; former member of SRC board of directors Tan Sri Ismee Ismail, 54; and SRC non-executive director Datuk Suboh Md Yassin, 68.

Others were former Finance Ministry secretary-general Tan Sri Dr Wan Abdul Aziz Wan Abdullah, 67; former AmBank relationship manager Joanna Yu Ging Ping, 48; former finance minister II Datuk Seri Ahmad Husni Hanadzlah, 67; and Malaysian Anti-Corruption Commission senior assistant commissioner (Special Operations Division) Rosli Husain, 54, who is also the investigating officer.

Najib will be taking the stand on Dec 3 when the trial resumes.



Former Prime Minister Datuk Seri Najib Razak was today ordered to enter his defence for abusing RM42 million of SRC International funds.

10. KL on tenterhooks as Najib awaits announcement on SRC Int'l case



A group of Datuk Seri Najib Razak's supporters gathered in the vicinity of the Kuala Lumpur courthouse here, today, to witness the announcement of the much-awaited decision on whether the former Prime Minister would be called to enter his defence for abusing RM42 million of SRC International funds

KUALA LUMPUR: A group of Datuk Seri Najib Razak's supporters gathered in the vicinity of the Kuala Lumpur courthouse here, today, to witness the announcement of the much-awaited decision on whether the former Prime Minister would be called to enter his defence for abusing RM42 million of SRC International funds.

Media personnel, members of the public and supporters arrived as early as 6.30am in advance of Najib's arrival.

Najib, dressed smartly in a black suit, arrived at the Courts Complex at about 8.48am, accompanied by his children, Mohd Nizar and Nooryana Najwa.

Special passes were issued by court officials for media representatives from local and foreign agencies to access the courtroom, as well as a live video feed room.

The decision by High Court judge Mohd Nazlan Mohd Ghazali is scheduled for 10am.



Najib, dressed smartly in a black suit, arrived at the Courts Complex at about 8.48am, accompanied by his children, Mohd Nizar and Nooryana Najwa. - NSTP/MOHAMAD SHAHRIL BADRI SAALI

Najib, 66, is charged with seven corruption charges over funds amounting to RM42 million belonging to SRC International.

If convicted, he faces up to 15 years' imprisonment and a fine of up to five times the sum or value of the illicit proceeds, or RM5 million, whichever is higher, on each count.

11. 'I want to peel this like an onion....layer by layer'



Tan Sri Muhammad Shafee Abdullah, who is leading Najib's (centre) team of lawyers, also had some choice words for Datuk Shahrol Azral Ibrahim Halmi - who was 1MDB top executive from 2009 to 2013 - when he took the witness stand to be cross-examined.

KUALA LUMPUR: The former chief executive of 1Malaysia Development Bhd (1MDB) continued to come under the hammer today, with Datuk Seri Najib Razak's lawyer accusing him of working in cahoots with notorious businessman Low Taek Jho @ Jho Low to rip off the sovereign wealth fund.

Tan Sri Muhammad Shafee Abdullah, who is leading Najib's team of lawyers, also had some choice words for Datuk Shahrol Azral Ibrahim Halmi - who was 1MDB top executive from 2009 to 2013 - when he took the witness stand to be cross-examined.

At one point when Shahrol tried to jump the gun and explain himself further Shafee stopped him, saying: "Hold your horses...I want to peel this like an onion...layer by layer.

"At the end of it, I want to see whether you cry or I cry...or we all cry."

His remark set the tone for the cross-examination and Shafee went into attack mode immediately.

He put the ninth prosecution witness through a series of questions on how the audit on 1MDB was done by the National Audit Department in 2009/2010.

Shahrol kept saying that Low had instructed him to be extra careful when divulging anything to the auditors and to prevent any information from leaking out.

The 49-year-old also admitted that Low had instructed him to write a letter which essentially hampered the auditor general from going through 1MDB's accounts thoroughly in 2010.

The roadblocks placed were to the extent that auditors were prevented from photocopying documents to facilitate their job.

Asked if this had led to tension between 1MDB and the auditor general, Shahrol said: "There was no tension but I was told by Jho Low that whatever information gathered during this exercise will be used against Najib."

Shafee: This was the mantra Jho Low kept repeating right?

Shahrol: Yes

Shafee: You wrote a letter in July 2010 that all confidential information about 1MDB to third parties must be approved by the board of directors and endorsed by Najib?

Shahrol: Yes, I signed the letter but the contents came from Jho Low

Shafee: You wrote this even though there was another letter which had been signed by Najib himself that he agreed for due diligence and an audit to be carried out on 1MDB by the then National Audit Department?

Shahrol: I wrote it based on Jho Low's instructions, which I believed came from the shareholder (Najib)

Shafee: He was trying to be obstructive and you abetted him?

Shahrol: I complied because I thought it was what Najib wanted.

Shafee: Isn't it incumbent on you as the CEO to take responsibility and find out from Najib himself?

Shahrol: I already did...in my mind Jho Low and Najib were in constant touch and there was no point in double checking everything with Najib. When instructions came from Jho Low, I thought it was from Najib.

Shafee: Were you on messaging mode wiith Najib?

Shahrol: I wished him once a year...happy birthday..I can't recall any other significant messages to him.

Shafee: So you foolishly believed everything Jho Low said. Why?

Shahrol: Because the actions that resulted from Jho Low's talking points were consistent with actions taken by Najib..never once after the fact was I told by Najib that I shouldn't have done something.

Shafee: Surely you couldn't have been as blind as a bat to blindly follow whatever Jho Low was telling you to do. This Jho Low was treating 1MDB as his grand father's company and you, the CEO who earned RM99,000 per month and got 18-month bonuses, just listened to him blindly and never checked anything with Najib.

Shahrol: I disagree

Shafee then hammered Shahrol over the fact that US\$700 million was sent to Low's company called Good Star in 2009.

He chided Shahrol that the auditors would have discovered this if they had been given a chance to go through 1MDB books and Shahrol said "No comment" to all of Shafee's accusations about him being in cahoots with Low and how the entire audit process unraveled.

Najib, 66, is charged with misappropriating RM2.28 billion of 1MDB funds, money laundering and abuse of power.



The government has settled RM2.839 billion in loan repayments in 2018.

12. A-G's Report: Ceiling on government-guaranteed loans should be set

KUALA LUMPUR: A policy on capping government-guaranteed loans should be established, said the Auditor-General's Report for the federal government's financial statement for the year 2018.

This, it said, should be done by taking into consideration the country's financial position and the companies' financial capabilities as well as the competitiveness of the firms they would be funding.

"The policy would help in controlling the growing debt faced by the federal government," said the report, adding that focus should be given to financial statements on loan repayments guaranteed for five Finance Ministry incorporated companies totalling RM2.839 billion.

The government guarantees, totalling RM76.075 billion were approved by the previous administration.

"As of Dec 31, 2018, the overall loan repayment balance of RM66.341 billion would reach maturity in 2041, except for one with a balance of RM94.38 million which ends in 2019.

"The government has settled RM2.839 billion in loan repayments in 2018. Of the total, RM1.753 billion was settled by the previous administration, while RM1.086 billion payment was made by the current government.

"The administration has continued the commitment to prevent an 'event of default' that could result in overall repayment obligations faced by the government."

According to Section 8 of the Loans Guarantee (Bodies Corporate) Act 1965, companies have repayment obligations to the government for the amount that the latter had settled, read the report.

"However, the capability of the five companies to do so could not be ascertained," it said.

13. 1MDB audit report case: Prosecution to hand over about 40 witness statements to defence



The prosecution will hand over about 40 witness statements to the defence in the trial of former prime minister Datuk Seri Najib Razak and former 1MDB CEO Arul Kanda Kandasamy for allegedly tampering with the fund's audit report, the High Court heard today.

KUALA LUMPUR: The prosecution will hand over about 40 witness statements to the defence in the trial of former prime minister Datuk Seri Najib Razak and former 1MDB CEO Arul Kanda Kandasamy for allegedly tampering with the fund's audit report, the High Court heard today.

Deputy public prosecutor Mohammad Al-Saifi Hashim told judge Mohamed Zaini Mazlan that eight statements had been handed over, and all documents would be ready two weeks before the trial commences.

The court has fixed 15 days for the trial, which is expected to start next month.

Witness statement is a signed document recording the evidence of a witness which will be read in the witness stand.

Counsel Rahmat Hazlan and Jasmine Cheong, who represented Najib and Arul Kanda respectively, confirmed they had received the documents.

The court then fixed Nov 7 and Nov 13 for further case management.

On April 16, the same court had fixed Nov 18-29, and Jan 13-17 for the trial after Najib and Arul Kanda maintained their not guilty plea when the charges were re-read to them at the High Court.

On Dec 12, Arul Kanda was charged at the Sessions Court with committing the offence between Feb 22 and 26, 2016.

He allegedly abetted Najib, 66, in using the latter's position as prime minister to order an amendment to the report.

The offence was allegedly committed at Kompleks Jabatan Perdana Menteri, Putrajaya.

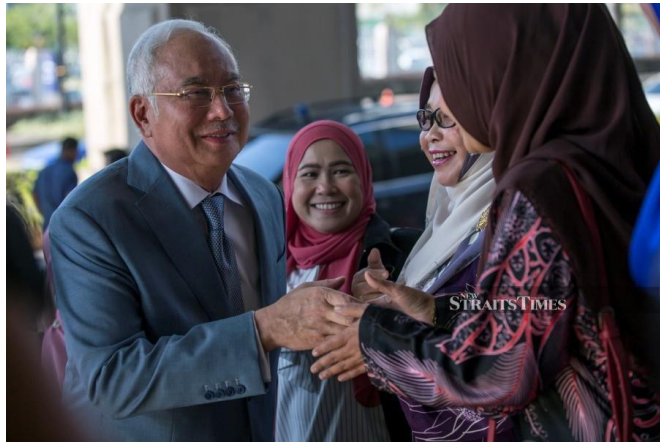
If convicted under Section 24 of the Malaysian Anti-Corruption Commission (MACC) Act 2009, Arul Kanda faces a maximum 20-year jail term, and a fine no less than five times the graft involved or RM10,000, whichever is higher.

He was released on RM500,000 bail.

On Nov 25, Auditor-General Tan Sri Dr Madinah Mohamad said Najib had instructed amendments to be made to the 1MDB final audit report, with the exclusion of several paragraphs in the report.

Among the information allegedly excluded from the report is the presence of fugitive entrepreneur Low Taek Jho or Jho Low in a 1MDB board meeting

14. Najib instructed Felda subsidiary to review Kuching hotel acquisition proposal



Former Malaysian Prime Minister Najib Razak (L) is greeted by supporters as he arrives at the High Court in Kuala Lumpur, Malaysia, 16 October 2019. Razak appeared at Kuala Lumpur High Court to face charges of money laundering and abuse of power; in relation to his alleged role in the scandal surrounding the state-owned firm 1Malaysia Development Berhad (1MDB). A day earlier, the trial was postponed so that Razak could deliver a speech to parliament.

KUALA LUMPUR: Datuk Seri Najib Razak's name cropped up in the High Court today when it was revealed that he instructed Felda Investment Corporation Sdn Bhd (FICSB) to reevaluate the Merdeka Palace Hotel & Suites acquisition proposal.

The former prime minister's name was mentioned by former FICSB chief executive officer (CEO) Mohd Zaid Abdul Jalil on the sixth day of the criminal breach of trust (CBT) and corruption trial of former Federal Land Development Authority (Felda) chairman Tan Sri Mohd Isa@ Abdul Samad over the purchase of the hotel in Kuching, Sarawak.

Zaid who was the 15th prosecution witness said he received a phone call from Isa in February 2014 who instructed him to reevaluate the proposal on the hotel acquisition.

"He (Isa) told me that the prime minister (at that time, Najib) had asked for the proposal on the acquisition of Merdeka Palace to be reevaluated," he said.

The 48-year old witness said he received the call from Isa two weeks after the FICSB board made the decision not to pursue the hotel acquisition from land developer Gegasan Abadi Properties Sdn Bhd.

He said the FICSB board had in a meeting on Feb 26, 2014, disagreed with the acquisition and decided not to proceed with it.

"I went to see Isa the day after the call to get an explanation from him and he told me to proceed with the acquisition.

"He said this was to help the political activities in Sarawak," he said.

Zaid also testified that on April 18, 2014, he received a letter from *Gegasan Abadi* regarding an offer to sell Merdeka Palace to FICSB for RM165 million.

He said when he told Isa about the letter, Isa told him to table it at the next board meeting.

Trial continues before judge Mohd Nazlan Mohd Ghazali.

On Dec 14 last year, Isa pleaded not guilty to one count of CBT by approving the purchase of Merdeka Palace & Suites Hotel without approval from Felda board of directors on April 29, 2014.

The former Umno vice-president also faces nine counts of receiving graft totalling more than RM3 million from *Gagasan Abadi*'s director Ikhwan Zaidel between July 2014 and December 2015.

15. Former 1MDB CEO signed away US\$1 billion without checking, court told



Datuk Shahrol Azral Ibrahim Halmi, who was 1MDB CEO from 2009 to 2013, was put in the spot when asked to explain all this during cross-examination by lawyer Tan Sri Muhammad Shafee Abdullah.

KUALA LUMPUR: The 1Malaysia Development Bhd (1MDB) management literally gave a loaded gun to PetroSaudi International Ltd (PSI) to be held against its own head when it signed a joint venture agreement (jva) with the company, the High Court heard today.

It was revealed that 1MDB management did not even do basic checks about the company, let alone find out if it was really involved in offshore oil and gas exploration and the energy sector in places like Latin America, Europe and Central Asia.

Worse still, the former chief executive of 1MDB was left searching for words when asked to explain how he signed away US\$1 billion of the nation's money to a wrong company.

Datuk Shahrol Azral Ibrahim Halmi, who was 1MDB CEO from 2009 to 2013, was put in the spot when asked to explain all this during cross-examination by lawyer Tan Sri Muhammad Shafee Abdullah.

The 49-year-old was testifying in former prime minister Datuk Seri Najib Razak's case involving the misappropriation of 1MDB funds amounting to RM2.28 billion.

Shafee concentrated on 1MDB's jva with PSI in his cross-examination of the key prosecution witness today.

He started off by asking Shahrol to explain how the company linked to the Saudi royal family had first approached 1MDB, to which Shahrol said it was done through a letter dated Aug 28, 2009, from Prince Turki Abdullah Bin Abdul Aziz Al Saud to Najib.

The business proposal involved PSI putting up US\$2 billion in assets and 1MDB coming up with US\$1 billion.

Shahrol said he was convinced from the onset that the deal was a government to government arrangement which had come about due to the close relationship between Najib and the Saudi royal family.

However, when asked by Shafee how he had come to the conclusion, Shahrol said it was based on what Low Taek Jho @ Jho Low had told him.

Low, who is now on the run from Malaysian police, is widely seen as the mastermind behind the 1MDB scandal.

"Jho Low said he was there in a yacht during one of their holidays when this joint venture proposal was discussed by Najib and the Saudis," Shahrol said.

He said the proposed jva was subsequently named Project Aria, a random named picked by the management of 1MDB.

Shahrol said the entire 1MDB management was then pressured into working a tight deadline for the signing of the jva to take place.

"We were told by one of Jho Low's appointees in 1MDB that the Saudi King himself would be coming here to sign the agreement with Najib and everything needed to be done quickly," he said.

Shafee: In the end what happened?

Shahrol: Finally, only the CEOs of both companies ended up signing the jva. I signed on behalf of 1MDB and Tarek Obaid signed for PSI.

Shafee: It was not as high up as what was represented earlier?

Shahrol: Yes.

Shafee then put Shahrol through a series of questions on what kind of due diligence was done before 1MDB entered into the venture with PSI.

To this, the former top gun of 1MDB said he basically just relied on 'oral due diligence' on the company's background.

Shafee: You mean you just took their word on their so called US\$2 billion worth of assets without doing any due diligence to determine the credibility and veracity of their claims?

Shahrol: My state of mind at that time was that PSI was a trustworthy partner. Their word was good enough for us to proceed. Moreover, this was a government to government transaction.

Shafee: But isn't it professionals like you who are supposed to take charge and ensure 1MDB was not short changed?

Shahrol: Within the parameters, yes.

Shafee: You earlier said 1MDB is in excellent position because King Abdullah was using this jva as a 'friend helping a friend' deal. Who told you this?

Shahrol: Jho Low.

Shafee: But did he say King Abdullah told him this?

Shahrol: Well, it was not like the King tapped Jho Low on the shoulder and said "hey brother, I'm doing this to help a friend". Jho Low just said the King is doing this to help us.

Shafee then moved on to ask Shahrol about PSI's claims about its activities.

He asked the latter if the 1MDB management even bothered to find out that PSI's claims were nothing but hot air.

Shafee: Didn't someone at least get their financial report?

Shahrol: I did not see any.

Shafee: Any company of that magnitude will surely have an annual report.

Shahrol: I did not see any. We relied heavily on information provided by PSI themselves.

Shafee: Did PSI have a website?

Shahrol: Yes

Shafee: It can be easily checked. It was all hot air. They claimed to have ventures in Latin America, Europe, and Central Asia but there were no specifics. As a CEO, you never checked all this? For example they claimed they had offshore activities in Turkmenistan. It was a disputed area between two central Asia countries but actually they never owned anything there.

Shahrol: Correct.

Shafee: Isn't all this relevant information when you are investing billions?

Shahrol: Yes.

Shahrol later also agreed that the entire 1MDB management could have been 'played' like an orchestra by Jho Low.

"The part which is clear to me now is that he is like the conductor of an orchestra where different players do their part without knowing what others are doing."

Shafee: You were one of those in the orchestra?

Shahrol: I agree.

Shafee: If professionals like you were put in that position, my suggestion is couldn't the prime minister also have been put in the same spot?

Shahrol: It is difficult for me to comment as I do not have all the facts. The manipulation was done with a very good disguise that this is good for the country and the prime minister. However, I don't know what the prime minister knew then.

Later, Shafee started grilling Shahrol on how 1MDB ended up signing the JVA with Petro Saudi Holdings (Cayman) Ltd. instead of with PSI.

Shahrol explained that this happened after 1MDB executive director Casey Tang told him that everything was in order.

"Casey told me he had already checked with the lawyers and said it was okay to sign.

"I assumed he had crossed all the T's and dotted all the I's."

Shafee: You were signing away US\$1 billion to an unknown company. How do you account for it... how do you explain this?

Shahrol: The same way I am explaining in this court. Casey said it was okay.

Shafee will continue with the cross-examination tomorrow.

16. Malaysia, Goldman discuss possibility of dropping 1MDB charges: Report



Malaysia is open to more talks with Goldman Sachs after having two rounds of discussions to drop criminal charges against three units of the bank over the 1MDB scandal, the country's top prosecutor told the Nikkei Asian Review

KUALA LUMPUR: Malaysia is open to more talks with Goldman Sachs after having two rounds of discussions to drop criminal charges against three units of the bank over the 1MDB scandal, the country's top prosecutor told the Nikkei Asian Review.

Malaysian and U.S. investigators say about \$4.5 billion was misappropriated from the now-defunct state investment fund 1Malaysia Development Berhad, set up in 2009 by former prime minister Datuk Seri Najib Razak.

Last year, Malaysia filed criminal charges against Goldman over its role as underwriter and arranger of three bond sales that raised \$6.5 billion for 1MDB. Prosecutors in August filed criminal charges against 17 current and former directors at its units.

Malaysia had a strong case and was very confident of winning, Nikkei on Thursday cited Attorney General Tommy Thomas as saying, but that criminal charges and settlement negotiations were taking place in parallel.

"A lot of cases are even settled even after the trial begins," he said. "So the doors for discussion are still open while the prosecution readies the criminal case."

Thomas and officials in his office were not immediately available for comment.

No date has been set for the criminal trial yet.

Malaysia's finance minister said in January the government would be ready to discuss dropping criminal charges against Goldman if it agreed to pay \$7.5 billion in reparations.

A Goldman spokesman declined to comment. The bank said on Tuesday it was in discussions with governmental and regulatory authorities on the possibility of a resolution of investigations relating to 1MDB.

Najib, who lost a general election last year, is now facing dozens of graft and money laundering charges over allegations that he received about \$1 billion in 1MDB funds. He has pleaded not guilty.

Thomas said the government estimated that fugitive financier Jho Low, whom investigators have named as a key figure in the scandal, stole more than \$10 billion from 1MDB but that it would be impossible to recover the full amount embezzled.

Low has consistently denied wrongdoing and a spokesman for him said in July that "illegitimate proceedings" had been brought by the government of Prime Minister Tun Dr Mahathir Mohamad, and that their outcome was "pre-ordained and politically motivated".

17. Majority of parties identified as 1MDB fund recipients refusing to pay fine



Malaysian Anti-Corruption Commission (MACC) deputy chief commissioner (operations) Datuk Seri Azam Baki said the parties have agreed to make payment in instalments after they were issued the notices on Oct 7.-

PUTRAJAYA: Only 10 per cent of 80 individuals and entities slapped with compound notices over their alleged use of funds siphoned from 1Malaysia Development Berhad (1MDB) have agreed to pay their fines.

Malaysian Anti-Corruption Commission (MACC) deputy chief commissioner (operations) Datuk Seri Azam Baki said the parties have agreed to make payment in instalments after they were issued the notices on Oct 7.

"They received (1MDB funds) and have agreed to pay up. They have also requested to pay in instalments.

"But at the moment, I can't reveal the amount which can be recovered from them," he said during a press conference here, today.

Azam said another 40 per cent of those fined have vowed to take legal action against the MACC, while another 45 per cent have sent appeal letters to the commission.

"There are also three individuals who refused to accept the compound notices - but we are still serving them," he added.

When asked about Pontian Member of Parliament Datuk Seri Ahmad Maslan's statement questioning the method by which the fines payable are calculated, Azam said the funds were determined

according to Section 92(1) of the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001.

"The calculations for the fines (are) based on the Act. If there are people who are unhappy with the calculations, then (it is their right to voice such sentiments). The MACC follows the rule of law and is not wrong in the calculations," Azam said.

The MACC last week had issued compound notices to 80 individuals and entities which received funds totalling RM420 million from 1MDB.

Former CIMB Bank chairman Datuk Seri Nazir Razak, who is also the brother of former prime minister Datuk Seri Najib Razak, was named as the individual recipient to receive the highest amount, at RM25.7 million, which was reportedly disbursed to selected beneficiaries.

One company, Solar Shine Sdn Bhd, received RM134 million - the highest amount paid to an organisation.

18. 'External auditors can take a look at River of Life'



FT Minister Khalid Samad says an external audit will be more effective for the evaluation of the River of Life project rather than an internal one

KUALA LUMPUR: As the pressure piles on the Federal Territories Ministry to launch a probe into the reported "irregularities" with the River of Life (RoL) project, its minister, Khalid Samad, has welcomed external auditors to scrutinise it.

The RM4.4 billion RoL project, which kicked off in July 2011, first came under the spotlight in the 2015 Auditor General's Report for issues related to sewerage projects under Component 1.

The report took aim at the Energy, Green Technology and Water and Federal Territories ministries for multiple weaknesses in handling the sewerage projects, the backbone of the RoL.

The assessment reported on delays and contractual oversights, including non-compliance of effluent quality standards when the sewerage treatment plants were up and running.

Two years later, the auditor general again zeroed in on the project in its report for 2017. It said 13 extensions of between 45 and 365 days had been granted for the project.

Khalid said internal audits had been carried out on the project following the poor assessment of the RoL's performance in the first series of the 2015 and 2017 Auditor General's Reports.

"The ministry is looking at the issue and officers have been charged with reporting to me on the status of the project," he said in an interview with the New Straits Times.

Khalid said an external audit would be more effective for the evaluation of the project rather than an internal one.

He said any audit done by the ministry or Kuala Lumpur City Hall (DBKL) would involve the "same people" involved in the planning, approving and monitoring the project, and, therefore, they would not be able to carry out their duties independently.

"Any internal audit will inevitably involve some of the same people and this will raise (more) questions. External auditors are welcome to look at it."

Further complicating the issue was the fact that the project was 80 per cent complete by the time the Pakatan Harapan government came in, he claimed.

Khalid said the Federal Territories Ministry was merely the lead administrator of the RM4.4 billion spending.

"The RM1 billion was managed by us under the beautification component, but the RM3.4 billion was given out to the Natural Resources Ministry for the Department of Drainage and Irrigation to handle the river cleaning."

Centre to Combat Corruption and Cronyism (C4) had earlier said no remedial measures were taken for the reported flaws revealed in the subsequent audit in 2017.

It said the audit conducted on six contracts (worth RM167 million) out of the 14 contracts (worth RM398 million) had revealed that as of October 2017, the costs of all six contracts had increased by RM15 million to RM182 million.

"All six contracts could not meet the completion date and this led to 19 extension of time (EOT) being granted, ranging from 92 days to 944 days," said C4 executive director Cynthia Gabriel and senior researcher Lalitha Kunaratnam.

They claimed that there were "time-at-large" issues regarding the delays of contract certification, with inconsistent compliance in terms of river water effluent quality standards.

In addition, the actual monthly operating cost of the water waste treatment plant at Kuala Lumpur wholesale market was reported to be significantly higher (from 493 per cent to 835 per cent), compared with the initial estimation by the consultant.

"The operation at the Benteng Flood Reservoir Pool, for one, ceased on Oct 29, 2015 (10 days after the certificate of completion and compliance was issued) and the government had to incur additional unrecoverable costs of RM324,000 to fix the problem. Several thefts occurred on the Benteng site, resulting in further losses to the government."

Last week, the NST frontpaged how heritage experts gave the thumbs down on the project, which they argued had failed to conserve historical aspects of the area and integrate the riverside developments with other fragmented parcels in the city centre.

The next day, National Water Services Commission chairman Charles Santiago urged the Malaysian Anti-Corruption Commission (MACC) to probe the project.

The Federal Territories Ministry was also urged to conduct internal inquiries.

The RoL project is divided into three components, covering an expansive river cleaning (110km), river beautification (of 10.7km of the corridors of Sungai Klang and Sungai Gombak) and commercialisation and tourism of the twinning courses.

An entry point project (EPP), it was identified in the Greater Kuala Lumpur/Klang Valley national key economic area initiative, under the government's Economic Transformation Programme.

Among the ambitious project's goals was for the polluted rivers to achieve Class 11B, or "safe to touch" level.

Former prime minister Datuk Seri Najib Razak launched the first phase of the RoL as well as the Blue Pool project in Masjid Jamek, here, in August 2017.

It was launched to much fanfare and a United Kingdom-based publication, The Independent, had even listed it as one of the Top 10 waterfront districts.

Less than a year and a half after the first phase of the project was launched, it started to show signs of wear and tear, which was evident around the first quarter of this year.

The majestic fountain fashioned after the Moorish architecture behind the iconic Sultan Abdul Samad building was rarely seen in its full glory as it was usually switched off.

The imported Turkish tiles lining the fountain beds at the sunken gardens were covered with moss and saw cracks in some places.

Cracks can also be seen on the marble steps, while the cobblestone pathway of Jalan Mahkamah Persekutuan seemed to be crumbling under the heat.

Earlier in May, Kuala Lumpur Mayor Datuk Seri Nor Hisham Ahmad Dahlan attributed the damaged fountains, sunken pools and broken marble and tiles to vandalism.

The Federal Territories Ministry estimated that RM1 million in repairs would be incurred and more allocation was needed from the government for the maintenance of the RoL.

19. 1MDB scandal: Court hears how US\$700 million was paid for US\$1 company



Datuk Shahrol Azral Ibrahim Halmi revealed how fugitive businessman Low Taek Jho @ Jho Low had constantly impressed on him the importance of "keeping the Arabs happy" whenever he was asked to rush things at 1MDB

KUALA LUMPUR: The former chief executive of 1Malaysia Development Bhd (1MDB) today gave further insights on how the sovereign wealth fund was run, including his mindset of doing things in Team Najib while managing affairs.

Datuk Shahrol Azral Ibrahim Halmi revealed how fugitive businessman Low Taek Jho @ Jho Low had constantly impressed on him the importance of "keeping the Arabs happy" whenever he was asked to rush things at 1MDB.

The 49-year old also admitted that because of this he never bothered to check some very important details or do something which could have prevented the sovereign wealth fund from drowning itself in debt.

This included the fact that 1MDB would be taking on a US\$700 million debt immediately upon signing a joint venture agreement (JVA) with PetroSaudi Holdings (PSI) (Cayman) Ltd in 2009.

Shahrol acknowledged that he never bothered to inform the 1MDB board of directors of the debt before the joint venture agreement was inked.

All this was revealed when he was cross-examined by lawyer Tan Sri Muhammad Shafee Abdullah, who is the lead counsel in Datuk Seri Najib Razak's defence team.

Shahrol, who is the ninth prosecution witness, started off by answering questions on how 1MDB was established from its original existence as the Terengganu Investment Authority (TIA).

He said almost immediately after that 1MDB signed the JVA, even though he knew that PSI had entered into a loan agreement with its Cayman-based holding company to the tune of US\$700 million.

Shahrol said he had flown to London with the then 1MDB executive director (business development) Casey Tang - a Jho Low appointee in 1MDB - to visit the law firm which had handled the loan agreement.

Shafee: Did you see the agreement? To say that this is a loan agreement is a misnomer. It is actually an agreement for PSI to buy a US\$1 company in the Caymans for US\$700 million

Shahrol: I cannot remember whether I saw the agreement. However I may have been shown the agreement during one of the Public Account Committee (PAC) hearings in 2010 and 2016

Shafee: This is not something one can easily forget. It involves putting 1MDB US\$700 million in debt immediately after it signs the JVA

Shahrol: Correct...but I was briefed by Jho Low that this was because of the value of assets which were injected by PSI into the JVA.

Shafee: Obviously the 1MDB board never knew of this agreement before entering into the JVA. Otherwise they would never have agreed to it

Shahrol: I agree

Shahrol then went on to explain that he left it to Casey Tang to handle the issue due to the latter's superior experience.

He said that he never asked for further details as "I was led to believe this is a government to government transaction involving trustworthy partners.

"So my framing at that point was more towards executing the deal to ensure we meet the deadlines.

"For the lack of a better phrase, it was to keep our partners happy, This whole thing was based on friendship and political considerations," he said.

Asked if he had ever checked with Najib on the veracity of Jho Low's claims that Najib wanted it done, Shahrol acknowledged that he never did so.

He said this was because at that time he recognised that working in Team Najib` involved working in silos where he need not worry about the details as it was managed by Jho Low.

However, Shahrol said he always felt discouraged to find out more about what was going on throughout his tenure as 1MDB CEO from 2009 to 2013.

Shafee: Did Najib ever tell you not to ask questions?

Shahrol: I had the opportunity to stand next to him during a corporate social responsibility (CSR) programme once. I asked him if there was anything that could be done to get our money back. However, he just answered that I should talk to Jho Low. From then on I felt discouraged to find out anything beyond my silo.

Shafee: But no one stopped you from finding out

Shahrol: Nobody stopped me

Shafee: So you chose not to.

Shahrol: I was discouraged from finding out further.

Najib, 66, is facing 25 counts of misappropriating 1MDB funds, money laundering and abuse of power.

The trial before High Court judge Collin Lawrence Sequerah continues on Thursday.

20. Former 1MDB CEO: 'We only did internet search on PetroSaudi assets'

KUALA LUMPUR: 1Malaysia Development Bhd (1MDB) happily gave away US\$1 billion to its joint venture partner, which had made grandiose claims of owning billions of dollars worth of assets, by relying mainly on Google search to verify its background.

This was revealed in the High Court today by none other than the sovereign wealth fund former chief executive Datuk Shahrol Azral Ibrahim Halmi.

The 49-year old admitted that apart from the internet search, he also relied heavily on representations made by PetroSaudi International Ltd (PSI) itself before entering into a joint venture agreement (jva) with its holding company called PetroSaudi Holdings (Cayman) to form 1MDB PetroSaudi Ltd.

Under the jva, which was signed on Sept 28, 2009, 1MDB ended up pumping in US\$1 billion for a 40 per cent stake in the company while PetroSaudi Holdings Cayman injected its so-called assets worth US\$2.7 billion for a 60 per cent stake,

During cross-examination today, Shahrol was asked to explain what kind of checks were done by the 1MDB management on the veracity of claims about the billions of dollars worth of assets which its partners claimed it had.

He was grilled on the issue by lawyer Tan Sri Muhammad Shafee Abdullah, who is representing Datuk Seri Najib Razak, in the trial where the former prime minister is accused of ripping off the fund to the tune of RM2.28 billion.

Shahrol explained that the valuation of assets which PetroSaudi Holdings claimed to have was done by Edward Morse, a valuer appointed by the company itself.

1MDB, he said, paid US\$100,000 in fees to the valuer.

Shahrol testified that there was a heated discussion among the 1MDB directors when a paper of the valuation report was tabled.



Datuk Seri Najib Razak gestures as he arrives at the High Court ahead of the trial. -NSTP/Aswadi Alias.

The board members, he said, were unhappy about the valuation report.

Asked why this was not indicated in the minutes of the board meeting, Shahrol acknowledged that this happened in 1MDB.

At one point an exasperated Shafee asked Shahrol why he had failed to take adequate measures to safeguard 1MDB's interest.

Shafee: What did you do after the US\$1 billion was sent to the joint venture company.

Shahrol: I discussed with Jho Low about the assets issue. He was advising PetroSaudi.

Shafee: Jho Low was advising PetroSaudi and also 1MDB?

Shahrol: Yes

Shafee: Can't you see the conflict of interest here?

Shahrol: At that time it was clear in my mind that he wanted to create a win-win situation for both countries on behalf of Najib. At that time I took it that he was a trusted adviser of Najib

Shafee: Did you tell the board about Jho Low also acting as PSI adviser?

Shahrol: I did mention it.

Shafee: Show me this in the minutes

Shahrol: It is not recorded

Shafee: Don't you think it is important enough to be recorded?

Shahrol: It is similar to a lot of patterns that many things are not minuted to protect Najib. This was how Najib wanted things done.

Najib, 66, is charged with misappropriating RM2.28 billion of 1MDB funds, money laundering and abuse of power.

Cross-examination before High Court judge Collin Lawrence Sequerah will continue on Tuesday.



Former 1MDB CEO Datuk Shahrol Azral Ibrahim Halmi arrives at the court ahead of the trial

21. Jho Low loses London luxury lingerie office



Low, commonly known as Jho Low, is the alleged ringleader of a multibillion-dollar theft from 1Malaysia Development Berhad

THE London office used by Malaysian financier Low Taek Jho for his luxury lingerie company will be sold while he continues to fight US claims that the property is one of many acquired with money stolen from the 1MDB investment fund.

The office, bought for US\$54 million (RM226 million) in 2014, as well as a nearby penthouse and apartment Low acquired in 2010 on Stratton Street in the upscale Mayfair neighbourhood, are to be sold as part of forfeiture lawsuits federal prosecutors in Los Angeles brought against the properties in 2017. According to court filings Wednesday, the proceeds of the sale are to replace the real-estate assets as the litigation continues.

Low, commonly known as Jho Low, is the alleged ringleader of a multibillion-dollar theft from 1Malaysia Development Berhad, which was created in 2009 as a government-owned development company. The US has brought 30 forfeiture lawsuits seeking real estate, investments, art and jewellery valued at US\$1.7 billion that Low and his accomplices bought.

The Stratton office was used by Myla, a lingerie company that Low allegedly also acquired with diverted 1MDB funds. In a 2014 email Low sent from his Myla account, he introduced a Red Granite Pictures representative to Myla executives to follow up on "any opportunities for Myla in the movie space."

Red Granite is the movie production company co-founded by Riza Aziz, stepson of former Prime Minister Datuk Seri Najib Razak. The company last year agreed to pay US\$60 million to settle

claims that it financed Martin Scorsese's "The Wolf of Wall Street" and other pictures with stolen 1MDB money.

Low and the Justice Department earlier this year agreed to sell some of his properties in New York and Los Angeles in so-called interlocutory sales whereby the money replaces the property as a target of the forfeiture lawsuit.

The case is U.S.A. v. Real Property of London, United Kingdom, 17-cv-04240, U.S. District Court, Central District of California (Los Angeles).-Bloomberg

22. SRC International case DPP called to the Bar



Datuk Suhaimi Ibrahim (right) was called to the bar before High Court Judge Datuk Nordin Hassan.

KUALA LUMPUR: One of the main prosecutors in Datuk Seri Najib Razak's SRC International trial was today accepted as an advocate and solicitor of the High Court of Malaya.

Datuk Suhaimi Ibrahim was called to the bar before High Court Judge Datuk Nordin Hassan.

Earlier, lead prosecutor in the SRC International trial, Datuk V. Sithambaram, moved to introduce Suhaimi.

He said Suhaimi, 61, was born on Dec 18, 1958, in Bukit Mertajam, Penang, and was the eldest of eight children.

Suhaimi, he said, was impressed with the legal practice from the time he did his diploma at Universiti Teknologi Mara (previously known as Institute Teknologi Mara).

"However, upon completing his diploma, Suhaimi did not immediately proceed to enrol himself at a law school as he sought employment to ease the financial burden of his parents and to see through his younger siblings' education.

"He joined the civil service and was appointed as the Road Transport Department's prosecuting officer," he said, adding this allowed Suhaimi to lead down a path which enabled his interest in law to flourish.

Suhaimi then decided to read law at University Malaya (UM) from 1984 to 1988 before he was appointed as a legal and judicial officer in 1989.

He then went on to serve in multiple capacities such as a magistrate, senior assistant registrar and deputy public prosecutor.

As a deputy public prosecutor, he was posted to the Malaysia Anti Corruption Commission (MACC) and various other prosecution units throughout the country such as in Penang, Negri Sembilan, Sabah, Sarawak, and Kuala Lumpur.

"The petitioner wishes to take this opportunity to express his utmost gratitude to his family for their unwavering support and sacrifice.

"The petitioner is also extremely grateful to all his peers and colleagues at the Attorney General's Chambers, in particular to members of the SRC International team of which he is a member," he said.

Nordin then allowed the petition to accept Suhaimi as an advocate and solicitor.

Meanwhile, Suhaimi, when met after the proceedings, said he was grateful to continue in the profession.

"I still have until December to finish the SRC International trial and we will see what happens after that," he said.

Suhaimi who was jovial then posed for a group photo with Sithambaram and his family members who waited outside the courtroom.

Several of his colleagues and former colleagues also turned up for the ceremony including Deputy Public Prosecutors Manoj Kurup and Budiman Lutfi Mohamed.

23. Witness: Najib said no need for second valuation on PSI assets



Former prime minister Datuk Seri Najib Razak did not want a second valuation be done on the assets of 1Malaysia Development Bhd's (1MDB) joint venture partner, PetroSaudi International Ltd (PSI), the High Courtm heard today.

KUALA LUMPUR: Former prime minister Datuk Seri Najib Razak did not want a second valuation be done on the assets of 1Malaysia Development Bhd's (1MDB) joint venture partner, PetroSaudi International Ltd (PSI), the High Courtm heard today.

Former 1MDB chief executive officer Datuk Shahrol Azral Ibrahim Halmi said a second valuation could have proved that there was "more downside than upside" to the deal.

Asked by Najib's lead counsel Tan Sri Muhammad Shafee Abdullah as to why details about PSI's assets were concealed from the board, Shahrol replied: "It just did not come up".

The ninth prosecution witness said at the time, Edward Morse was the only independent valuer for PSI's assets and Najib, as the chairman of 1MDB board of advisers, had stated there was no need for a second valuation.

Shafee: So what does that mean? There was no second valuation?

Shahrol: It means that a second valuation was not preferred. My take from this is that he (Najib) did not prefer this.

Shafee: Did he explicitly say he did not want you to make a second valuation?

Shahrol: No, he did not say that.

The court then heard that fugitive businessman Low Taek Jho or Jho Low was described as "a fox taking care of chicken".

Shafee said this when the witness testified that he went back and forth between Najib, Low and the 1MDB board of directors.

Shahrol said after a meeting with Najib on Oct 16, 2009, he went to see Low to get the minutes of meeting and went back to the 1MDB board of directors.

Shafee: Was I wrong to say that Jho Low was (like) a fox taking care of chicken?

Shahrol: He was in a way facilitating the misappropriation from 1MDB. I think it may be worth to know that in 2016, Good Star Ltd (a company owned by Low) sent some money to Red Granite Pictures (a company owned by Najib's stepson, Riza Aziz).

Shafee: Why did you go to Red Granite? We will get to that later. Let's concentrate on what you did. Do not get into anybody else's problem.

Cross-examination before judge Collin Lawrence Sequerah continues tomorrow.

Najib, 66, is charged with misappropriating RM2.28 billion of 1MDB funds, money laundering and abuse of power.

24. PSI CEO received USD\$85m commission for 1MDB-PSI deal, court told



This was revealed by former 1MDB CEO Datuk Shahrol Azral Ibrahim Halmi in the trial of former prime minister Datuk Seri Najib Razak involving misappropriation of RM2.28 billion of 1MDB funds, money laundering and abuse of power.

KUALA LUMPUR: The chief executive officer (CEO) of PetroSaudi International Ltd (PSI) Tarek Obaid received a commission of USD\$85 million for a joint-venture (JV) deal between PSI and 1Malaysia Development Bhd (1MDB), the High Court heard today.

This was revealed by former 1MDB CEO Datuk Shahrol Azral Ibrahim Halmi in the trial of former prime minister Datuk Seri Najib Razak involving misappropriation of RM2.28 billion of 1MDB funds, money laundering and abuse of power.

The money, Shahrol said, was from Good Star Ltd, a company owned by 1MDB-linked fugitive businessman Low Taek Jho or Jho Low.

He said Tarek was paid the amount as part of the 1MDB-PSI joint-venture deal.

The ninth prosecution witness said this during cross-examination by Najib's lead counsel Tan Sri Muhammad Shafee Abdullah when he was shown a JP Morgan bank statement.

Shafee: Based on this bank statement, Tarek was paid USD\$85 million out of USD\$700 million from Good Star for a commission as part of the JV deal between 1MDB and PSI.

Shahrol: Yes, the joint-venture is the 1MDB-PetroSaudi deal.

Shafee: So, our money, the USD\$700 million went there... the USD\$85 million Tarek swiped as purported commission?

Shahrol: Yes.

Shafee: Can this be bona fide commission or outright stealing?

Shahrol: There is not much information to determine that.

Shafee: You are the engineer, 85 million out of 700 million is how many per cent?

Shahrol: 10 per cent.

Shafee: That is a lot of commission for a JV?

Shahrol: Yes.

Shahrol testified that he was unaware of the payment made out to Tarek at that time, which might have been a conflict of interest on Tarek's part.

The witness also testified that Tarek did not declare the payment from the deal.

Based on banking documents, Shahrol agreed that Tarek had shared USD\$33 million of his commission with PSI director Patrick Mahony.

However, the witness said he did not know anything about the payment Tarek made to Mahony.

After being shown a document on a £127,000 disbursement to law firm White & Case made by Tarek for the firm's legal service, the witness said it was strange as the payment should have come from PSI or PetroSaudi Cayman.

To this, he said there was a possibility that Tarek might have a personal interest in the deal.

Cross-examination before judge Collin Lawrence Sequerah will continue tomorrow.

Najib, 66, is charged with misappropriating RM2.28 billion of 1MDB funds, money laundering and abuse of power.