

Fresh corruption allegations undermine Malaysian prime minister

By John Roberts
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Embattled Malaysian Prime Minister Najib Razak has come under increasing pressure from new allegations of money laundering and corruption. An Australian Broadcasting Corporation (ABC) television documentary screened on Monday night revealed details of large amounts of cash, previously unreported, being funnelled into one of his bank accounts.

Najib and the ruling United Malays National Organisation (UMNO) were thrown into crisis last July when the *Wall Street Journal* reported that a Malaysian auditor-general investigation showed \$US681 million had been transferred via various government agencies, banks and companies from the heavily-indebted state-owned 1Malaysia Development Berhad (1MDB) investment fund into Najib's personal accounts.

The money was allegedly used in part to finance the campaign of UMNO and its allies in the Barisan Nasional (BN) coalition in the bitterly-contested 2013 national elections. BN received a lower vote than the opposition parties but clung onto power as a result of an electoral gerrymander.

The latest allegations were made on the ABC's "Four Corners" program. The news team made international headlines on March 12 after being arrested for attempting to question Najib on the large sums of money in his bank accounts. They were released the following day and told to leave Malaysia.

The report alleged that an account held by Najib under the codename of "Mr X" in Malaysia's AmBank received a series of deposits totalling more than \$US1 billion between 2011 and 2013, including the \$681 million that had already been exposed.

According to "Four Corners" journalists who were shown documents by a high-level source: "By June 26, 2012, the bank records show deposits worth \$US75 million from a Saudi prince, \$80 million from the

Saudi Arabian Ministry of Finance and another \$120 million from a shell company in the British Virgin Islands."

The prime minister received the \$681 million in two payments in 2013 from another company in the British Virgin Islands, via the Standard Chartered Bank in Singapore.

The large flow of unexplained cash prompted senior AmBank officials to warn the country's central bank governor Zeti Aziz about the transactions. The ABC team was told that at one such meeting in September 2012 Aziz refused to accept a written report and had the officials remove the copy from the central bank's premises.

"Four Corners" interviewed Pascal Najadi, the son of AmBank's founder Hussain Najadi. Pascal Najadi explained that he had spoken to his father in 2013, who was distraught and said: "My God, this prime minister, Najib, is lining his pockets. They are robbing the country." Five days later the banker was gunned down in a car park in downtown Kuala Lumpur.

Najib has defended himself inside UMNO by saying all the money he received was used to fund the campaigns of UMNO and BN candidates in key electorates in the 2013 election.

The "Four Corners" program featured former prime minister and UMNO leader Mahathir Mohamad, who has emerged as an outspoken critic of Najib's alleged corruption and quit the ruling party.

Mahathir represents sections of the Malay ruling elite whose business empires depend on UMNO's protectionist measures and are threatened by Najib's concessions to the demands of foreign investors for pro-market policies. The divisions in ruling circles have only been compounded by the worsening global economic crisis. Malaysia has been hit hard by falling

commodity prices and falling capital inflows.

Mahathir was incensed by Najib's decision to sign up to the Trans-Pacific Partnership (TPP), which he denounced as turning Malaysia into an American economic colony. The TPP is the economic arm of Washington's anti-China "pivot to Asia" strategy. Mahathir's opposition effectively puts him in conflict with Najib's foreign policy tilt toward the US.

The prime minister's answer in July was to purge the government and UMNO of Mahathir supporters, end the attorney-general's office investigation of 1MDB, suppress criticism by using the Sedition Act and maintain the imprisonment of opposition leader Anwar Ibrahim, despite a UN call for his release.

The attorney-general appointed last July, Apandi Ali, declared Najib innocent of all allegations in January but this was undermined by international money laundering and corruption investigations started in the United States, Switzerland, France and Singapore. New allegations then emerged. On March 1 the *Wall Street Journal* published details that showed the international investigations had revealed that the total amount transferred into Najib's accounts exceeded \$1 billion.

The response of the government to the "Four Corners" program has been to deny everything. On Wednesday, Communications Minister Salleh Said Keruak said the ABC had accepted Mahathir's narrative "hook, line and sinker" as part of the former prime minister's campaign to create a political crisis using the Western media.

The minister denied any government involvement in three murders often raised in connection to the corruption allegations, including that of state prosecutor Kevin Morais, who was killed on his way to work last September. Despite denials by Salleh, documents leaked to the *Sarawak Report* showed Morais had worked on the charges that sacked Attorney-General Gani Patail planned to lay against Najib before he was removed.

The fact that the government has not been able to end the crisis despite its heavy-handed tactics and that more allegations have been leaked from financial institutions closely associated with the state apparatus, points to deep rifts within ruling circles, including inside UMNO itself.

Najib has depended heavily on the support of the Obama administration since the debacle of the 2013

election. Obama has twice visited Malaysia since then and both times brushed aside Najib's anti-democratic methods and praised the regime for its closer diplomatic and military ties with the US.

The corruption allegations are having an impact, however. A former US ambassador to Malaysia told the *Financial Times* that "there's a bit of symbolic distance between the president [Obama] and Najib that is likely to persist." Najib was not included among the 50 world leaders attending the nuclear security summit currently taking place in Washington.

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