Thursday, Sep 05 2019

KUALA LUMPUR, Sept 4 -- The government, through SRC International Sdn Bhd, is in the midst of taking civil action to recover the fund to repay the RM4 billion debts owing to the Retirement Fund Inc (KWAP).

Finance Minister Lim Guan Eng said that as a large portion of the funds were spent internationally, the government was taking the necessary action to bring back as much of the RM4 billion as possible.

“The government, through SRC, is actively seeking civil action for that purpose and is working with the relevant authorities to track down the money, apart from working with legal advisers to determine the appropriate civil action to regain SRC's assets,” he said in a statement today.

He said of the RM4 billion that was borrowed, RM3.6 billion (US$1.1 billion) was transferred to several offshore entities and banks, including Switzerland-based BSI Bank (more than US$800 million), Bank Julius Baer & Co Ltd in Hong Kong (US$250 million) and a coal exploration company in Mongolia.

SRC had been a subsidiary of 1Malaysia Development Bhd (1MDB) before being taken over by the Finance Ministry in 2012. Hence SRC's financial burden is now fully borne by the Federal Government, which is the loan guarantor.

“Whatever the funds that can be repatriated to SRC through these efforts will be used to settle its loan from KWAP. At the same time, it will reduce the government's burden to repay the loan on behalf of SRC and will ensure increased allocations for economic development and the people's welfare,” Lim said.

However, he said, the measures to bring back the money excluded a portion of the SRC funds amounting to RM42 million that was allegedly embezzled from the company and was subject to seven criminal charges for which legal proceedings were ongoing at the Kuala Lumpur High Court.

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