



Malaysia's former prime minister Najib Razak speaks to Reuters during an interview in Langkawi, Malaysia. REUTERS/Edgar Su

Malaysia topples Najib

BY TOM WESTBROOK, A. ANANTHALAKSHMI, KEVIN KROLICKI, EMILY CHOW,
PRAVEEN MENON AND JOSEPH SIPALAN

MAY 15 - JUNE 20 KUALA LUMPUR/LANGKAWI

The week that Malaysian leader Najib's world fell apart

BY TOM WESTBROOK AND A. ANANTHALAKSHMI

MAY 15 KUALALUMPUR

As results poured in from polling stations around Malaysia on the night of May 9, with one parliamentary seat after another falling to the opposition, a stunned Prime Minister Najib Razak stared defeat in the face.

There was no hiding the fact: the Najib-led Barisan Nasional coalition that had run Malaysia for the six decades since its independence from Britain, had lost the election.

Voter anger over a goods and services tax, as well as allegations of corruption that had swirled for years around Najib's government, and the apparently lavish lifestyle of his wife, had finally taken its toll.

A consultant who was in Najib's office as the reality of the defeat sank in said the prime minister was stunned. "When he knew that the numbers were not on his side, Najib broke down," he said.

Explaining Najib's shock on election night, one political strategist with ties to the now-defeated government said it was not unusual for him to be out of the loop when there were unwelcome developments.

"Najib lives in a bubble," he said. His advisers "don't accept others' views," he added. "They don't listen to bad news."

Najib's remove, and the disarray in his camp during the campaign and the election, was pieced together from interviews with about

a dozen political operatives and members of the ruling coalition and the opposition.

TRUMP'S FAVOURITE PRIME MINISTER

The electoral defeat was a humiliating turn for Najib, who had ruled for almost a decade and had projected himself as a statesman who

enjoyed a warm relationship with Chinese President Xi Jinping, and played golf with U.S. presidents. Donald Trump showered him with praise during a White House visit last year, and according to local media once gave Najib a photograph of them together inscribed with the words: "To my favourite prime minister."

Dubbed 'The Survivor' on the cover of a magazine before the election, Najib, 64, had for three years weathered a scandal over the billions of dollars that went missing from the state fund 1Malaysia Development Berhad (1MDB). He consistently denied wrongdoing in connection with 1MDB.

Najib went into the poll confident of victory, according to the interviews with politicians and party officials. But his week went off-script quickly and – despite frantic efforts – he failed to pull it back.

Reuters was unable to reach Najib or any close aides for comment.

An official who worked on Najib's campaign said his camp had been sure of victory several days before the vote.

That confidence sagged as election day loomed with mounting evidence that momentum was with the opposition.

The political strategist said that two cabinet ministers were so unnerved that they stopped country-wide campaigning to concentrate on defending their own parliamentary seats.

Despite growing evidence of huge turnouts



Malaysia's outgoing Prime Minister Najib Razak before a news conference following the general election in Kuala Lumpur. REUTERS/Athit Perawongmetha

at opposition rallies, the ruling coalition remained confident of victory, even if with a weaker mandate, banking on its traditional Malay vote base.

Ten hours before polling stations opened, Najib went on national television and made voters a trio of promises.

If they returned him to power, he said, his government would scrap income tax for the young, declare two extra public holidays and make toll roads free for a few days during the Islamic festival of Eid.

"It was desperation," said the campaign official.

Opinion polls showed that voters were angry over living costs after the introduction of the goods and services tax, but they were also disgusted by the allegations of corruption surrounding Najib.

"It was conflated with so many other things – with higher costs of living, with inflation, with the goods and services tax," said Khairy Jamaluddin, the youth and sports minister in Najib's government, explaining the public discontent. "But at the root of it was scandal."

A senior official in one of the opposition parties said that Barisan Nasional had been wrong to count on votes from the country's majority ethnic Malays on the basis of the

affirmative-action policies that benefit them.

That shortcoming was underlined by the large crowds turning out for rallies for the opposition's Mahathir Mohamad, the 92-year-old former prime minister, in predominantly Malay areas that had long been bastions of support for the ruling coalition.

"Sometimes on the ground, we were telling ourselves this is too good to be true," said one leader of Mahathir's Pakatan Harapan, or Alliance of Hope.

On election day, opposition party officials said they were sure of victory by early evening thanks to results that their representatives at polling stations had passed on.

The mood was jubilant in the opposition camp as it became clear its candidates had beaten leading Barisan Nasional politicians and made significant gains across the country.

By midnight, Mahathir felt confident enough to declare victory.

Najib did not concede, however, apparently having recovered his composure as the night went on.

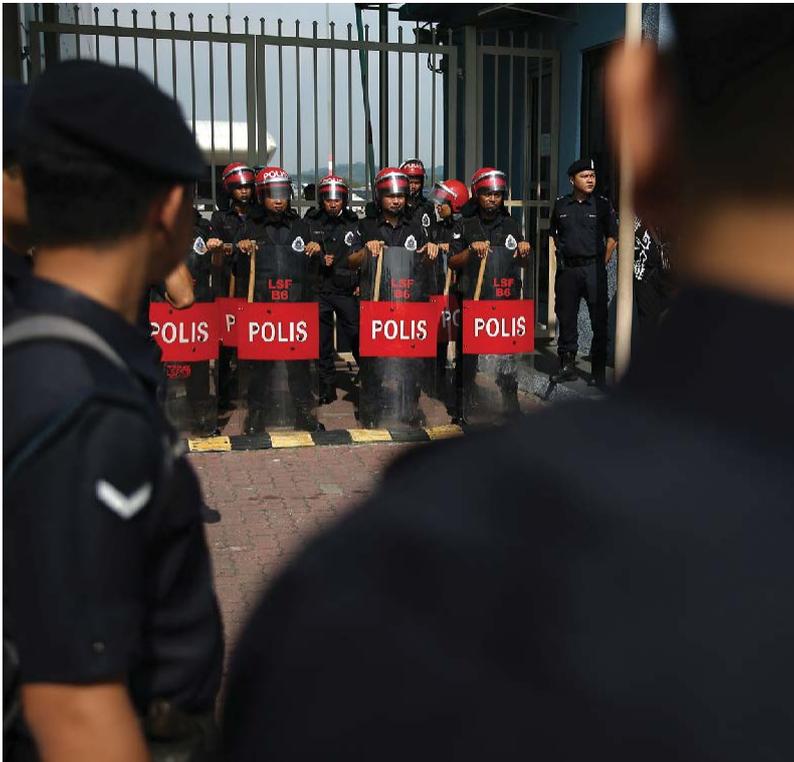
Khairy visited Najib at his house that night and said the prime minister was "calm" and "poised", but that the people around him were "stunned, shocked and sombre".

When the Election Commission eventually announced the result, hundreds of jubilant Mahathir supporters waved flags and cheered in central Kuala Lumpur.

The next day, Mahathir, who was once Najib's mentor and later his bitter adversary, was sworn in as prime minister.

Mahathir's challenges for the multi-ethnic nation are substantial: how to keep together an alliance made up of former foes, and implement populist measures and reforms without disrupting economic growth – even as he has promised to cede power to Anwar Ibrahim, the opposition leader jailed by Najib.

Mahathir's immediate attention appeared to focus on Najib. During the election campaign, Mahathir had vowed to hold Najib to account for his alleged role in the disappearance of billions of dollars from a government fund.



Riot police officers stand guard outside an entrance to Subang airport near Kuala Lumpur, on May 12, the Saturday after the general election. REUTERS/Athit Perawongmetha

As he assumed power last week, he said that those who had broken the law would be punished.

Meanwhile, Najib's estranged step-daughter, Azrene Ahmad, took to social media to hail "the end of an era of tyranny".

ANGER AT THE AIRPORT

With Mahathir in power, speculation swirled about Najib's future. Would Mahathir have him arrested? Would Najib try to leave the country?

On the Saturday after the election, an angry crowd gathered outside a small airport near Kuala Lumpur. Online, another 30,000 people tuned into a Facebook live event, streaming from the airfield entrance.

A report had leaked that Najib and his wife, Rosmah Mansor, were going to try to leave Malaysia aboard a private plane.

"Stop them running away!" said one watcher of the Facebook Live event.

Amid the commotion at the airport, Najib announced on social media that he would indeed be leaving, to take a holiday overseas.

But he and his wife never showed up at the airport.

What Najib hadn't realised then was that, just minutes before his announcement, the Immigration Department had issued a statement that Najib and Rosmah were barred from leaving the country – a final humiliation for the former prime minister.

Later that day, a sombre Najib appeared at a news conference that appeared to signal the end of his political career.

Struggling to get a microphone to work, he put on a brave face as he announced that he was resigning as leader of both his political party, the United Malays National Organisation (UMNO), and Barisan Nasional.

"Anyone who is the leader and failed, it is the responsibility of that person to accept defeat. With an open heart, I accept it," he said.

'COLLECTIVE DENIAL'

Looking back at the evening of the election, Khairy, the Barisan Nasional lawmaker, discounted speculation that Najib had been hoping to find some way out of his predicament. Once the results had sunk in, Najib's priority had been figuring out how to achieve an orderly transition, he said.

"There were a lot of concerns that he was going to declare martial law, emergency rule, not hand over power," Khairy said. "Those were never ever options that were even discussed, thought or entertained in any way. It was just about accepting it and how we would concede."

Now, without Najib at the helm, the priority for the former ruling coalition was figuring out how to become the opposition for the first time, Khairy said.

"We were in a state of collective denial," he said, adding that the coalition had misunderstood the anger of the population. "We were too drunk on our own Kool-Aid, and this is a sobering lesson for us which we'll remember for the rest of our lives." 

Additional Reporting by Liz Lee and John Chalmers;
Editing by Philip McClellan

Malaysia seeks to lay multiple charges against ex-PM Najib over 1MDB – Mahathir

BY A. ANANTHALAKSHMI, KEVIN KROLICKI AND EMILY CHOW

JUNE 19 KUALA LUMPUR

Embezzlement and bribery with government money are among the charges that Malaysia is looking to bring against former prime minister Najib Razak following a probe into funds allegedly looted from the state-run fund 1MDB, Prime Minister Mahathir Mohamad said on Tuesday.

Mahathir told Reuters in an interview that Malaysian investigators already “have an almost perfect case” against the principal suspects who had defrauded 1Malaysia Development Berhad (1MDB) and misappropriated billions of dollars in public funds.

He also described Najib, who founded 1MDB in 2009, as playing a central role.

“He was totally responsible for 1MDB. Nothing can be done without his signature, and we have his signature on all the deals entered into by 1MDB. Therefore, he is responsible,” Mahathir said.

Having retired as prime minister in 2003 after 22 years in power, Mahathir – who is aged 92 – came out of retirement and joined the opposition to topple Najib in an election last month.

Following his stunning victory, Mahathir has reopened investigations into 1MDB and

 No deal. No deal.

Malaysian Prime Minister **Mahathir Mohamad**, when asked if he would consider reaching an arrangement to give Najib Razak protection from prosecution in exchange for providing information



Najib’s involvement in its operations.

As a result of an anti-kleptocracy probe, the U.S. Department of Justice has alleged more than \$4.5 billion was misappropriated from 1MDB and that about \$700 million of that ended up in Najib’s personal bank accounts.

Mahathir has barred Najib from leaving Malaysia, and police have searched properties linked to him, while anti-graft investigators have questioned both Najib and his wife, Rosmah Mansor.

Najib has consistently denied any wrongdoing. He has said having the nearly \$700 million transferred into his account had been a donation from an unnamed Saudi royal, an assertion Mahathir said the government was preparing to challenge in court.

Responding to Mahathir’s comments, Najib denied doing anything illegal, but added that even if he had given any illegal orders at 1MDB, the management and board of the fund would not have been bound to act on it.

“As far as I am concerned, I did not do anything that I thought was
MALAYSIA TOPPLES NAJIB *Part 2*
illegal (with

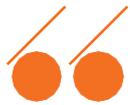
regards to 1MDB),” Najib told Reuters.

Investigators are looking to bring “a number of charges” against Najib, Mahathir said, adding those charges would be based on abuse of power when he was prime minister.

They could include “embezzlement, stealing government money, losing government money and a number of other charges. Using government money to bribe. All those things,” he said.

Mahathir said Rosmah was also being investigated in connection with 1MDB.

“Some of the money is believed to have gone to her, lots of money,” Mahathir said. “We know about this, but finding the paper trail is a bit more difficult in this case because she doesn’t



I find that all the ministries, all the departments have become corrupted.

Mahathir Mohamad



sign any papers. Najib signs a lot of papers.”

Mahathir said he expected Malaysia to make its first arrest in the 1MDB case within months and “hopefully” start a trial by the end of the year.

“We are working as hard as possible at a furious pace. We think that we already have almost a perfect case,” Mahathir said.

Asked to name the targets of that case, he said, “Against Najib, against Jho Low and a few others.”

Low is a Malaysian financier, who is also seen as a central figure in the 1MDB scandal. He is regarded as close to Najib and his family.

Low’s lawyer could not be immediately reached for comment.

“When we go to the courts, we will have clear evidence of the wrongdoing. We cannot afford to lose,” said Mahathir.

‘NO DEAL’

The prime minister said Low had contacted him to try to make a deal on 1MDB – seeking protection from prosecution in exchange for providing information, but Mahathir said he had turned down the offer. Asked if he would consider reaching any similar kind of arrangement with Najib, Mahathir said: “No deal. No deal.”

Mahathir’s promises to root out corruption and punish those responsible for the 1MDB fraud was central to his successful campaign to unseat Najib’s Barisan Nasional coalition that had ruled Malaysia for over 60 years until last month.

Malaysian investigations into 1MDB were essentially shut down during Najib’s premiership after the then-attorney general – who was sacked by Mahathir in his first few days in office – cleared him of any wrongdoing even as at least five other countries continued their own investigations.

U.S. investigators had regarded Najib’s government as obstructive, sources have said. Swiss Attorney General Michael Lauber said last year that Malaysian authorities had refused to cooperate.

Mahathir on Tuesday said he was confident of recovering “quite a lot” of the lost 1MDB money, adding Malaysia will look into why Goldman Sachs was paid almost \$600 million for helping 1MDB issue debt, an amount that critics say exceeded a normal level for fees.

Goldman raised nearly \$6.5 billion in three bond sales between 2012 and 2013 for 1MDB.

Finance Minister Lim Guan Eng told Reuters last week that Malaysia was looking at whether there were grounds for claims against Goldman Sachs and other banks that profited from 1MDB.

Mahathir, who turns 93 next month, is the world’s oldest prime minister. Aides, political allies and Mahathir himself say he has been working long hours in his first six weeks, belying his age.

His stint as premier this time around is harder, said Mahathir, in part because of the



Malaysia's Prime Minister Mahathir Mohamad reacts during an interview with Reuters in Putrajaya, Malaysia.
REUTERS/
Lai Seng Sin

challenge of rebuilding and restaffing key ministries.

"Before when I was prime minister, the structure of machinery was intact. This time around, I had to form a new government with people who have no experience. And then I find that all the ministries, all the departments have become corrupted."

Asked if he believed there had been other abuses beyond 1MDB, he said: "We don't know for sure, but we have felt that a lot of

government money was abused, made use of by the government for non-government purposes."

Mahathir said he also understood he could not make a clean sweep of suspected corruption and keep the government running, as it was hard to find "reliable people" to fill posts.

"We can't sack everybody," he said. 

Editing by Simon Cameron-Moore and Martin Howell

Malaysia's Najib explains why he had so many luxury handbags, lots of cash, jewellery

BY PRAVEEN MENON AND JOSEPH SIPALAN

JUNE 20 LANGKAWI

Former Malaysian prime minister Najib Razak says he shouldn't be blamed for the multi-billion-dollar 1MDB scandal, and declares he knows nothing about money from the state fund appearing in his personal account.

He does, though, have explanations for the vast sums of cash, luxury handbags and jewellery recently seized from his homes by the Malaysian authorities.

Speaking to Reuters in his first sit-down interview since his shock May 9 election defeat, Najib said his advisors and the management and board of 1Malaysia Development Berhad (1MDB), had wrongly kept the alleged embezzlement of funds a secret from him.

Newly-elected Prime Minister Mahathir Mohamad told Reuters on Tuesday that the authorities have "an almost perfect case" against Najib on charges of embezzlement, misappropriation and bribery linked to 1MDB.

The 64-year-old politician lost the election after a decade in power at least partly because of the 1MDB scandal, which U.S.

Attorney-General Jeff Sessions has described as "kleptocracy at its worst".

Najib, in some of his most extensive comments yet on the 1MDB scandal, said he did not know if hundreds of millions of dollars that moved through his personal account was from 1MDB, and if money from the fund was

eventually laundered to acquire assets globally, including yachts, paintings, gems and prime real estate.

"I'm not party to the yacht, the paintings...I've never seen those paintings whatsoever," said Najib.

"I was not aware of these purchases. This was done without my knowledge. I would never authorise 1MDB funds to be used for any of these items. I've been in government so long, I know what's right and what's wrong," Najib said in the interview held at a luxurious sea-facing private villa in a five-star hotel on the Malaysian holiday island of Langkawi.

He blamed 1MDB's board, saying it was incumbent upon them to tell him if something was wrong.

Relaxing in a black t-shirt and brown pants, Najib said he was enjoying golf, food, and time with his family.

The family booked the villa to celebrate Eid holidays together. Najib's children, including stepson Riza Aziz, a Hollywood film producer, were with him for the week, his aides told Reuters.

WEDDING GIFTS

Malaysian investigators looking into 1MDB say they believe that Najib and his wife Rosmah Mansor have amassed vast amounts of wealth and property using funds from the state fund. Rosmah briefly appeared at the interview but Najib said she would not take questions.

Nearly 300 boxes of designer handbags and dozens of bags filled with cash and jewellery were among the items taken away by police in raids at properties linked to Najib's family. Items included Birkin handbags from the luxury goods maker Hermes, each worth up to hundreds of thousands of dollars.

Najib said the public seizure of handbags and other luxury items created a negative

his family home in Kuala Lumpur were party funds belonging to the United Malays National Organisation, of which he was president until he stepped down shortly after the poll. UMNO was part of the Barisan Nasional coalition that lost the election.

PINK DIAMONDS

U.S. prosecutors have alleged that more than \$4.5 billion of 1MDB funds was laundered through a complex web of transactions and shell companies. The U.S. Department of Justice (DoJ) has filed several lawsuits to claim about \$1.7 billion in assets believed to have been stolen from 1MDB.

Some of the assets sought include a Picasso painting, luxury real estate in South California and New York, shares in a Hollywood production company and a \$265 million yacht, and more than \$200 million worth of jewellery – including a 22-carat pink diamond pendant and necklace.

Najib said this jewellery set was also meant to be a gift for his wife but she never received it.

“And until today we do not know...she says the item is not in her possession,” Najib said.

In the interview, Najib for the first time also spoke at length about Low Taek Jho, a Malaysian financier better known as Jho Low. U.S. and Malaysian investigators have named Jho Low as a key figure who benefited from 1MDB funds.

Najib said he felt that Low's connections in the Middle East, particularly with Saudi Arabia and the United Arab Emirates, could be helpful in pulling in more investment to Malaysia from those places.

But he said he had never instructed Low to get involved in 1MDB, and had no control over what he did.

“I didn't give him instructions, but he volunteered to do certain things, which he thought would help 1MDB. But whatever he did ultimately is the responsibility of the management and board.”

Malaysia is seeking to arrest Low, believed to be residing abroad, for his involvement in the 1MDB scandal.



My son-in-law... gets Birkin from his source, five or six at one go.

Former Malaysian prime minister **Najib Razak**



perception but most were gifts given to his wife and daughter and had nothing to do with 1MDB.

“Yes these were gifts, particularly with my daughter's they were tagged, they were actually labelled: when, by whom,” adding that a lot of them were wedding presents.

Najib said his son-in-law Daniyar Nazarbayev, the nephew of Kazakhstan President Nursultan Nazarbayev, also gifted many of the handbags to Rosmah.

“People might find it hard to understand, but my son-in-law for example, he gets Birkin from his source, five or six at one go,” he said.

“His family has got some means, so it has nothing to do with 1MDB if it comes from Kazakhstan.”

He also said 114 million ringgit found at

Malaysia's former prime minister Najib Razak speaks to Reuters during an interview in Langkawi, Malaysia.

REUTERS/
Edgar Su



He described Low and Najib's stepson Riza as friends but said he was not aware of any dealings involving 1MDB funds in Riza's Hollywood production company, which produced *The Wolf of Wall Street* among other movies.

When asked if he was still in touch with Low, Najib said: "We have cut off communication again. I don't know where he is." Low's lawyer did not immediately respond to a request for comment.

SAUDI CONNECTION

Najib has consistently denied any wrongdoing in 1MDB. He has said \$681 million transferred into his personal bank account was a donation from Saudi Arabia, and not as U.S. lawsuits have alleged misappropriated funds from 1MDB.

Najib said he had been given assurances from the late Saudi King Abdullah bin Abdulaziz Al Saud that Saudi Arabia would be sending a donation.

"All I knew, I accepted at face value that this

is coming from the Saudis, from King Abdullah at his behest, at his instruction," Najib said.

Najib said he had no knowledge of any transactions involving his personal account, as he had appointed Nik Faisal Ariff Kamil, the director of SRC International, a former 1MDB unit, to manage it.

Malaysia's anti-graft agency has issued an arrest warrant for Nik Faisal but his whereabouts are unknown.

NEVER HAD PLANS TO LEAVE

The former prime minister said he is determined to stay in Malaysia and fight against the allegations, even if he faces the possibility of going to jail.

"No, I never had plans to leave. Because if I leave, there's presumption of guilt," he said.

"I cannot be a fugitive for the rest of my life. I want to clear my name." 

Additional Reporting by A. Ananthalakshmi, Emily Chow and John Geddie; Editing by Martin Howell