

2016

ANNUAL REPORT

THE CENTER TO COMBAT CORRUPTION AND CRONYISM

## An Overview of C4 Activities 2016



clean conscious competent credible



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# STATEMENT FROM THE BOARD

**Our nation is in crisis.** 2016, was in a nutshell nothing short of painful. We witnessed frightful rollbacks on civic freedoms, accountability of government, and the rule of law.

The unresolved 1MDB monstrous financial scandal has continued to grip the nation for almost 2 years now. Prime Minister Najib has shown no remorse, holding onto power by closing investigations locally, removing his critics and intimidating his dissenters. Investigations are mounting globally however, court trials, penalties, charges and jailing of bank officials starting to take place. This has further fueled a paralyzed state of the economy and a terrible slide in the ringgit.

The regime has unleashed a nasty crackdown on civil society, following mass protests calling for the PM to quit. Being accused of colluding with foreign agents with intentions to overthrow the government, the draconian security law, SOSMA, was used to detain Bersih protest leader for up to 10 days, with scores of others were hauled in for police investigations.

Despite the shrinking space, and the intimidating environment, C4 Center continued its crusade against grand corruption, grew our campaigns on ending secrecy laws and political financing, to help shape opinions on accountability, ending impunity and good governance. Only in our second year of operations, C4 has grown its significance both locally and more globally this year too, as we venture into tackling cross-region corruption, money laundering and understanding the players facilitating organized financial crimes.

As daunting as the work appears TO BE before a disabling and threatening landscape, we take inspiration, from the quote that “when the going gets tough, the tough will get us going.” And so we will continue to strive, and lead a civil society that will place a “NO CORRUPTION” agenda, as a key feature in the coming general elections, speculated sometime this year.

*The C4 Board of Directors*



Cynthia Gabriel



Richard Yeoh



Simon Sipaun



Farouk Musa



Zaharom Nain



# Malaysia Corruption 2016 : A Quick Overview

## Corruption Continues to Intensify

Malaysia's overall Corruption Perception Ranking continues to slide in 2016. As compared with the previous 2 years, Malaysia slid 5 spots. No wonder really with the 1MDB scandal gripping the nation.

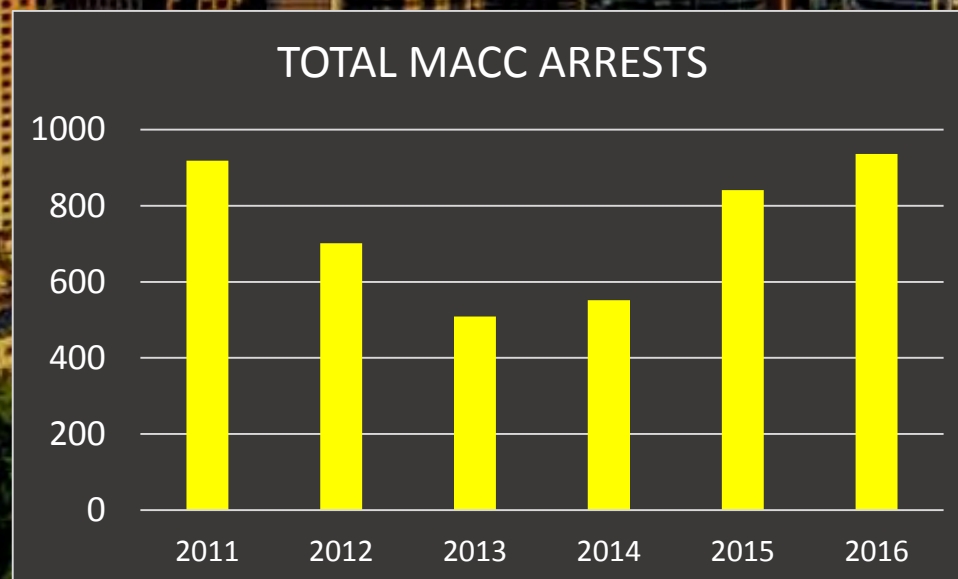
Another important indicator is the MACC arrests. Since 2013, it is an uptrend with a whopping arrest of **936** officials from both public and private sector in 2016.

## The World's Biggest Financial Scandal In Recent Times - Filed by DOJ , United States

The 1MDB, also dubbed the world's biggest grand corruption scandal continues to be in the international spotlight. On July 2016, Attorney General Loretta Lynch from the Department of Justice of US filed a civil suit to recover assets more than US1 Billion which was linked to stolen 1MDB funds. Malaysia Official 1 was mentioned more than 32 times in the report.

## Biggest Seizure in the History of MACC

The year 2016 also witnessed the seizure of another corruption case involving Sabah Water Department. The Star reported it as the biggest ever seizure in MACC's history. The total amount seized was RM114 Million although the actual amount is speculated to be up to RM3.3 Billion.



Source:  
Sprm.gov.my

# C4 in Action : The 2016 Journey

## An Overview of Key Activities

### QUARTER 1

- ❖ Political Financing Report with G25
- ❖ Opening of Penang Office
- ❖ Insight Into Kelantan Timber Industry

### QUARTER 3

- ❖ Selangor / Penang
- ❖ FOI Conference
- ❖ Right2know.my portal Launched
- ❖ ASEAN level SDG Strategy Meeting

### QUARTER 2

- ❖ Launch of Kelantan Timber Report
- ❖ Roundtable with MACC on Forest Governance
- ❖ Business Licensing Program with MBPJ

### QUARTER 4

- ❖ Engagement with Businesses (FMM) on political financing
- ❖ Kleptocrazy Portal Development (AG Report)
- ❖ Forest Governance Gua Musang Orang Asli Program





# C4 HIGHLIGHTS



## 1MDB Scandal Goes to Hollywood

C4 joins international protest in London to exert pressure on Hollywood producers and actor (Leonardo Di Caprio) to return the stolen money paid to him for the movie "Wolf of Wall Street". The money trail connects back to siphoned 1MDB funds.



## Launching of C4 Penang Office

Now with full time staff in Penang, C4 will be able to track good governance practices in the Northern region in collaboration with the State governments and MACC. The launch of C4 Northern received incredible moral support and strong commitment from many quarters of society.



## Plight of Orang Asli in Kelantan

DOZENS of activists were arrested in protest against excessive logging in Kelantan. C4 continues to support the plight of the Orang Asli and empower them through promotion of rights and good forest governance. Workshops and forums were carried out to empower the Orang Asli to fight corruption in their locale.



# Thematic Focus Areas

## Political Financing & Cross Border Corruption

In October the Political financing committee formed by Najib released its report and recommendations. There were some good ideas generated, such as ban on State Owned Enterprises donating to political parties etc. but the most worrying part was the “no cap” rule of political donations.

Much debate was generated from this and the parallel proposals put together by the coalition of NGOs that we a part of, released our recommendations and reports as well, generating even more debate on what is best to save Malaysia from deep rooted corruption stemming around political financing.



The official proposals are now sent to the Cabinet to discuss on the next course of action. The NGO and civil society coalition has gone a few steps further by engaging the ‘giver’ of the donations, mainly the business sector.

Together with G25 & C4 Center, we met with the Federation of Malaysian Manufacturing (FMM), and lobbied for their support. It was good progress when they had their own press conference and reiterated support for the proposals and recommendations, and called for an end to secret donations, hailing instead a more enabling and better regulated industry of political financing laws in the country.

**Next up is the launch of our report on cross border corruption and money laundering.**

# Thematic Focus Areas

## Freedom of Information

We have actively engaged with Penang and Selangor state government to organize open forums and review improvements into their legislation. This also involved stronger civic participation to file applications for common community concerns and obtaining data on infrastructure projects.

### Intervention at Selangor State

More than **150 people** participated in Freedom of Information forum held on 29<sup>th</sup> July 2016 jointly organized with Selangor State Assembly.

*Milestone Achieved:* The Chief Minister showed strong commitments to bolster transparency in state policies, and welcomed the use of the FOI enactment more actively. [[Link to MB Azmin Ali Speech](#)]



### Intervention at Penang State Government

C4 co-hosted the International Right to Know day on September 28, jointly organized with Penang State Government. Around **100 people** participated in the event, including public officials.

*Milestone Achieved:* Penang aims to be a leading State in Malaysia that espouses principles of openness and good governance, and promised to review their legislation and take on open data initiatives.



### Endorsement from Penang DCM

YB P. Ramasamy Palanisamy and YB Sim Chee Keong endorsing the FOI Agenda and pledge to incorporate FOI as part of Penang CAT agenda



### Freedom Of Information FORUM

**Monday • 25th July 2016 • 10am**

Bilik Gerakan, Level 2, Bangunan Annex,  
Selangor State Legislative Assembly



### Commitment from Selangor CM

YB Azmin Ali, Chief Minister of Selangor in the Selangor FOI Forum showed political will to strengthen FOI legislation and use.



# Thematic Focus Areas

## Local Government

C4 worked with Petaling Jaya City Council, Institute of Integrity Malaysia, local businesses and SMEs to reach out to the grassroots communities on anti-corruption campaigns.



### Business Integrity and Licensing

In partnership with MBPJ and the Integrity Institute of Malaysia, C4 undertook to address business integrity in licensing and permits. Small and retail businesses were reached in efforts to foster awareness on integrity values. A forum was held and about 600 traders attended, received certificates and were given badges and stickers to display integrity practices in their premises.



### Launching of MYPJ

As part of our goal in building civic participation in local government decision makings and policies, C4 worked to empower leaders of resident associations. We offered our office space for meetings, and eventually launched a new action group called MYPJ. This advocacy group will serve as a platform in building accountability and promoting transparency in Petaling Jaya.



# Thematic Focus Areas

## Forest Governance

Forest Governance became a central theme for C4 in 2016, given the serious and complex levels of corruption and organised crime, in the forestry area, as the nexus between business and politics threatened to reap profits from our diminishing natural resources. Recognizing the depth of corruption challenges in the rural heartlands, C4 Center's work with the indigenous people intensified.

In collaboration with the MACC, we brought various officials from law enforcement agencies, and the Orang Asli Affairs department to the villages to address ongoing issues of land encroachment by logging companies and the state, illegal loggings and poor planning and administration of our forests.

C4 organized 2 large complaints clinics in the following locations as part of our outreach program:

- 1. Kg Banun (Grik Perak)**
- 2. Kg Jias C (Gua Musang, Kelantan)**

High Level officials from MACC, JAKOA and Forestry Department spoke to the Orang Asli directly. We succeeded in facilitating the process, with the hope that the Orang Asli could be better engaged and equipped to document and report more complaints with the MACC and other agencies.





# Global Anti-Corruption Initiatives

## ENGAGING WITH THE WORLD TO COMBAT GRAND CORRUPTION

As the 1MDB scandal continued to spiral, and more foreign jurisdictions began to investigate possible money laundering and corruption across borders, we produced a comprehensive report titled “MONEY LAUNDERING AND CROSS BORDER CORRUPTION: WHO IS FACILITATING THIS?” which tracks illicit money flows globally.

C4 profile grew internationally in 2016, as we were invited to provide inputs in both regional and international forums, as the 1MDB became a curious case study for many initiatives. Among the notable events included the consultation on grand corruption in Berlin, UNCAC review meetings and the ASEAN SDG Strategy Meeting.

### The UNCAC

Given that Malaysia has ratified the UNCAC, C4 has been invited to provide reviews on the formal report coordinated by MACC. In April 2016, C4 was invited by the UNODC to shape policies on Whistleblower Protection in the region. We were also invited to the International Review Group (IRG) Meeting in Vienna to push for accountability at the local and global level.



### Sustainable Development Goals

From 2016 – 2030, there is a total of 17 sustainable goals aiming to make the world development more sustainable. Goal 16 directly links to our work in fighting corruption and promoting accountability and access to information. The ASEAN strategy level meeting, an initiative of C4 and TI Global is part of the strategy to achieve the goal.



### The Open Government Partnership

As Malaysia is not an OGP country, we are currently working through Governance, Integrity, Accountability, and Transparency coalition (GIAT) to build public traction on the importance of open government. We focus on Freedom of Information laws and Asset Declaration Systems.





# C4 In the News Again

C4 continues to engage with local and global media to advocate for greater transparency and to expose corruptions. The internationalization of the 1MDB Scandal in the year 2016 has given us much significance for our objective and non-partisan views. Below are just a few excerpts.



**ARE MALAYSIA ARRESTS A BID TO DIVERT ATTENTION FROM 1MDB SCANDAL?**

**- SOUTH CHINA MORNING POST**



**Cash incentive to register as voters not right, says activist**  
**- FreeMalaysiaToday**



**Second high-ranking officer indicted in Scorpene subs probe**  
**- Malaysiakini**



**Be responsible and speak to Orang Asli, Kelantan govt told**  
**- TheStarOnline**



**Putrajaya apathy made RM100m case possible, says anti-graft group**  
**- TheMalaysiaMailOnline**



**MALAYSIA'S LEADER NOW SUBJECT TO INVESTIGATION OVER SCANDAL OF BILLION DOLLAR**

**- ABC NEWS AUSTRALIA**

[\[Click to View Interview\]](#)



**60 MINUTES: DIRTY SECRETS**

[\[Click Here to View Video\]](#)

In 2016, there is an estimate of **80 to 100** citations attributed to C4 Center.



# C4 in Figures

90  
CITATIONS

Google search showed more than 90 news items or articles attributed to the C4 Center

3  
REPORTS

A total of 3 reports were produced on issues related to Timber Industry, Political Financing and 1MDB Scandal

30  
STATEMENTS

C4 has issued more than 30 statements to the media on various issues related to transparency and good governance

45  
EVENTS

C4 participated in more than 45 meetings, discussions and presentations



# Acknowledgement

For the period between 2016-2017 period, C4 continues to receive strong support from global and local donor agencies and Malaysian public amounting to around RM600,000. Without financial assistance from our donor partners and Malaysians, we will not be able to produce the planned outcomes and impacts.

| Project                               | Donor Agency     | Amount     |
|---------------------------------------|------------------|------------|
| SPRM & C4 Orang Asli Program Phase 1  | NED, SPRM        | 21,718.88  |
| Forest Governance Seminar, Kelantan   | NED              | 21,005.33  |
| Freedom of Information Forum          | OSF              | 7,737.99   |
| Financial Flow of 1MDB Research       | OSF              | 18,008.70  |
| SPRM & C4 Orang Asli Program Phase 2  | CFLI             | 28,892.71  |
| Auditor General Report Summary Online | ABA              | 9,500.00   |
| C4 General Operations                 | Public Donations | 20000.00   |
| TOTAL                                 |                  | 126,863.61 |

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## Supported By



Canada



## Project Partners

