




PetroSaudi seeks US permission to continue paying debts with 1MDB-linked funds

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By [Robert Thomason](#)

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PetroSaudi yesterday asked a US district judge in California to rule against a motion filed by DOJ last week that would freeze funds held in escrow by the UK court system (see [here](#)).

PetroSaudi, since March, had been drawing up to \$1 million a month from a \$320 million escrow account to meet expenses. But now a UK court says it needs new permission to get the money, and PetroSaudi has applied for that permission.

In the latest tug of war over the money, the DOJ last week asked US District Judge Dale S. Fischer to impose a protective order on the funds, saying PetroSaudi was dissipating monies in the escrow account that should be rightfully returned to Malaysia (see [here](#)). Fischer last month approved a warrant to seize the money.

"Regardless of how the UK court may rule on Claimant's new UK application, this Court can protect the funds that are subject to this Court's arrest warrant," the DOJ said in its motion. The DOJ also asked that Fischer order PetroSaudi to return the money that it has already withdrawn from the escrow account.

PetroSaudi, in opposition, said in its motion yesterday that the US court did not have authority to contravene any UK order that would allow PetroSaudi to access the money. PetroSaudi also said that because it is appealing Fischer's approval of a warrant to seize the money in the escrow account, the district court does not have the jurisdiction to rule on DOJ's motion at this time.

Fischer in October approved a US warrant to seize the money so that it could be returned to Malaysia and its sovereign development fund 1MDB. She said DOJ succeeded, after three failed attempts, to show that PetroSaudi had diverted money from the 1MDB to fund an oil ship venture in Venezuela.

After that ruling, a UK court said PetroSaudi would need new permission to access the funds. PetroSaudi earlier this month filed a petition with the UK court seeking that permission. It also said the US warrant is not enforceable until the UK's National Crime Agency made its own application to seize the funds under UK law.

The UK judge did not rule on the request itself, but gave PetroSaudi more time to make its case and set a hearing for Dec. 2.

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