

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 90243 / October 22, 2020

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 4191 / October 22, 2020

ADMINISTRATIVE PROCEEDING
File No. 3-20132

In the Matter of

**THE GOLDMAN SACHS
GROUP, INC.,**

Respondent.

**ORDER INSTITUTING CEASE-AND-
DESIST PROCEEDINGS PURSUANT TO
SECTION 21C OF THE SECURITIES
EXCHANGE ACT OF 1934, MAKING
FINDINGS, AND IMPOSING A CEASE-
AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against The Goldman Sachs Group, Inc. (“Goldman Sachs” or “Respondent” or the “Company”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, Respondent admits the Commission’s jurisdiction over it and the subject matter of these proceedings, and consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds¹ that:

SUMMARY

1. This matter relates to a scheme perpetrated by now former senior employees of Goldman Sachs who authorized and paid bribes and kickbacks to government officials in Malaysia and the Emirate of Abu Dhabi ("Abu Dhabi") in order to secure lucrative business for the Company and benefits for themselves. Goldman Sachs violated the antibribery, books and records and internal accounting controls provisions of the Foreign Corrupt Practices Act ("FCPA") in connection with the scheme.

2. 1Malaysia Development Berhad ("1MDB") is a Malaysian state-owned and controlled investment fund created to pursue projects for the economic benefit of Malaysia and its people. Between approximately 2009 and 2014, as 1MDB raised capital to fund its projects, billions of dollars were diverted from 1MDB. The diverted funds included a substantial portion of the approximately \$6.5 billion in capital that 1MDB raised in 2012 and 2013 through three bond offerings that it executed with Goldman Sachs (the "Bond Deals"). As part of the scheme, certain former senior employees of Goldman Sachs authorized and paid bribes to government officials in Malaysia and in Abu Dhabi to obtain and retain lucrative business for Goldman Sachs, including the 2012 and 2013 bond deals, from which Goldman Sachs earned approximately \$600 million.

Respondent

3. **The Goldman Sachs Group, Inc.** is a U.S. based global investment banking, securities, and investment management firm headquartered in New York, New York. The common stock of the Company is registered pursuant to Section 12(b) of the Exchange Act and is listed for trading on the New York Stock Exchange under the stock symbol "GS." The Company is and was an "issuer" within the meaning of the Foreign Corrupt Practices Act ("FCPA") during the relevant period.

Related Entities and Individuals

4. **1MDB** was a strategic investment and development company wholly-owned by the Malaysian government through the Malaysian Ministry of Finance. It was formed in 2009 when the Malaysian government took control of a municipal entity called Terengganu Investment Authority ("TIA"). 1MDB was created to pursue investment and development projects for the economic benefit of Malaysia and its people, primarily relying on debt to fund these investments. 1MDB's development projects were focused in the areas of energy, real estate, tourism and agribusiness. 1MDB was overseen by senior Malaysian government officials, was controlled by the Malaysian government, and performed a government function on behalf of Malaysia.

¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

5. **The Middle Eastern Sovereign Wealth Fund** was an investment fund wholly-owned by the government of Abu Dhabi. It was established by the government of Abu Dhabi pursuant to an Emiri Decree in or around 1984 with a mandate to advance Abu Dhabi's natural petroleum wealth for the development of the emirate. The Middle Eastern Sovereign Wealth Fund was overseen by senior Abu Dhabi government officials, was controlled by the Abu Dhabi government, which appointed all the members of the Middle Eastern Sovereign Wealth Fund's board of directors, and performed a government function on behalf of Abu Dhabi.

6. **The Middle Eastern Investment Firm**, a subsidiary of the Middle Eastern Sovereign Wealth Fund, was a private joint stock company incorporated under the laws of Abu Dhabi.

7. **Tim Leissner**, age 51, was employed by Goldman Sachs between 1998 and February 2016. Prior to his separation from Goldman Sachs, Leissner was a participating managing director (or "partner"), vice chairman of Investment Banking in Asia Ex-Japan, and chairman of South East Asia. Leissner was a banker with relationship management responsibility for various clients in the Asia Ex-Japan region, including 1MDB.

8. **Jho Low**, age 38, is a Malaysian national who advised on the creation of TIA, 1MDB's predecessor entity. Jho Low has never held a formal position at 1MDB. Jho Low nevertheless exercised significant control over 1MDB during the time period relevant to the Order. Jho Low worked as a finder and intermediary in relation to 1MDB officials and other government officials on a number of financial transactions and projects involving Goldman Sachs.

9. **Roger Ng**, age 47, is a Malaysian national who was employed as a Managing Director and acted as an agent of Goldman Sachs. He worked with Leissner at Goldman Sachs from approximately 2009 to May 2014.

10. **Najib Razak**, age 67, was the Prime Minister of Malaysia from 2009 to 2018 who held a position of authority with 1MDB.

FACTS

Background

11. 1MDB was formed in or around 2009, when the Malaysian government asserted federal control over TIA, which previously had been a development fund controlled by the Malaysian state of Terengganu.

12. 1MDB was created for the stated purpose of pursuing investment projects for the economic benefit of Malaysia and its people, relying mainly on debt to support these projects. 1MDB was supervised by senior Malaysian government officials, controlled by the Malaysian government, and performed a government function on behalf of Malaysia. Upon 1MDB's formation, Najib Razak assumed a position of authority with 1MDB. Najib Razak had the authority to approve all appointments to, and removals from, 1MDB's Board of Directors and 1MDB's Senior Management Team. In addition, any financial commitments by 1MDB, including investments, that were likely to affect a guarantee given by the government of Malaysia for the

benefit of 1MDB or any policy of the Malaysian government, required the approval of Najib Razak.

Malaysian Intermediary Jho Low

13. Low, a Malaysian national with close ties to senior Malaysian government officials, had advised on the creation of TIA, 1MDB's predecessor entity in 2009. Thereafter, he continued to act as an intermediary or finder for 1MDB in relation to a number of financial transactions and projects, including those involving Goldman Sachs.

14. Goldman Sachs, through its participating managing director Leissner, was retained to provide financial advice to the government of Malaysia on the same TIA project in 2009 ("Project Tiara"). Certain senior Goldman Sachs employees, including at least Leissner and Ng, knew that Low worked as a finder and intermediary in relation to TIA at the time of Project Tiara. Leissner and Ng would later work to conceal Low's involvement in Goldman-related transactions from others at the Company. They did so knowing that Low remained close to 1MDB officials and other government officials in Malaysia, including Najib Razak, and Abu Dhabi.

Goldman Sachs's Anti-Corruption Program and Deal Approval Process

15. Goldman Sachs had a general anti-corruption policy (including both a written Statement of Principles Regarding Anti-Bribery and related policies and procedures, collectively the "Anti-Bribery Policy") applicable to all employees that expressly prohibited improper payments to government officials intended to obtain or retain business for the company. Goldman Sachs's Anti-Bribery Policy was overseen and enforced by its compliance function (the "Compliance Group") and its Business Intelligence Group (the "Intelligence Group").

16. In addition to the Anti-Bribery Policy aspects of Goldman Sachs's system of internal accounting controls, including the committee review process, were intended to help ensure that transactions were executed in accordance with management's wishes. The Compliance Group and the Intelligence Group worked with, and as part of, various Goldman Sachs committees ("GS Committees") in reviewing transactions.

17. Goldman Sachs's role as underwriter for the Bond Deals meant that the firm would be using its own capital to fund the initial purchase of the 1MDB bonds. Accordingly, the transactions were formally reviewed and approved by multiple GS Committees including the Firmwide Capital Committee ("GS Capital Committee"). The GS Capital Committee's charter states as follows:

The Committee provides approval and oversight globally of debt-related transactions, including principal commitments of the Firm's capital. The Committee aims to ensure that business, reputational and suitability standards for underwritings and capital commitments are maintained on a global basis.

18. The GS Committees played a critical role in the chain of management approvals necessary for transactions such as the Bond Deals to be consummated. At the time of the Bond

Deals, transactions could be granted conditional approval by the GS Capital Committee, provided there was further follow-up on specified issues prior to deal execution. In terms of recordkeeping and documentation, the principal inputs to the GS Capital Committee were the internal memoranda prepared by deal team members under the supervision of senior employees such as Leissner, and the principal outputs were written meeting minutes that should record the GS Capital Committee's decisions and set forth any prerequisite follow-up items.

Early Attempts To Do Business With Jho Low

19. Following the successful establishment of 1MDB in 2009, Leissner and Ng supported at least three separate attempts to make Low a formal client of Goldman Sachs. These efforts took place between September 2009 and March 2011. Leissner and Ng supported them because, in part, they believed that Low would work to deliver lucrative business deals, including from 1MDB, for the benefit of Goldman Sachs.

20. These attempts were unsuccessful because certain personnel within Goldman Sachs's Compliance Group and Intelligence Group refused to approve any client relationship with Low based, in part, on concerns that these groups had concerning the source of Low's wealth. Personnel within the Compliance Group and the Intelligence Group communicated the rejection of Low's client application to Leissner and others within Goldman Sachs.

21. For example, in early 2011, another Goldman Sachs senior employee was aware that Leissner and Ng attempted to advise a business controlled by Low. This proposed engagement was declined following concerns raised by the Intelligence Group regarding Low and his source of wealth, among other things. Thus, the other Goldman Sachs senior employee was aware that the Intelligence Group was unlikely to approve proposed Goldman Sachs business involving Low.

22. Notwithstanding Leissner, Ng and the other senior employee's knowledge of the concerns that had been raised about Low not being a suitable client for Goldman Sachs, they continued to work with Low based upon their belief that Low would help ensure that government officials in Malaysia and Abu Dhabi would deliver lucrative business deals to Goldman Sachs.

The Bond Deals

23. Goldman Sachs was subsequently retained by 1MDB in 2012 and 2013 to assist it with three large debt financings – "the Bond Deals." Leissner and other employees of Goldman Sachs knew that Low was playing a central role in these transactions, including by acting as an intermediary between Goldman Sachs, 1MDB and other Malaysian and Abu Dhabi government officials. Leissner and Ng also knew that Low promised to pay bribes and kickbacks to these officials to secure 1MDB business for Goldman Sachs.

24. Throughout 2012 and 2013, Leissner and Ng actively worked to obtain and retain business from 1MDB for the benefit of Goldman Sachs through the promise and payment of bribes and kickbacks to government officials in Malaysia and Abu Dhabi using, in part, misappropriated and embezzled proceeds from the Bond Deals. During this time, through the course of the scheme,

Leissner, Low and others paid millions of dollars in bribes and kickbacks to government officials, and secured 1MDB business for Goldman Sachs, in particular, the three Bond Deals and related transactions. These three bond financing transactions were referred to internally at Goldman Sachs as “Project Magnolia,” “Project Maximus” and “Project Catalyze.”

25. Although the purported purpose of the approximately \$6.5 billion raised by the three bond transactions was to support 1MDB projects for the benefit of the Malaysian people, Leissner, Low and others instead planned and executed a scheme to misappropriate more than \$2.7 billion and distribute the money as bribes and kickbacks to government officials in Malaysia and Abu Dhabi, including but not limited to Najib Razak, as well as benefits to other participants in the scheme and their families, including Leissner.

Goldman Sachs Obtains Project Magnolia from 1MDB

26. On at least two occasions in early 2012, senior employees of Goldman Sachs met with Low and 1MDB officials to discuss 1MDB’s proposed purchase of a Malaysian energy company, Tanjong Energy Holdings Sdn Bhd, (“Tanjong”) and Goldman Sachs’s preparedness to help obtain financing for the purchase. This financing transaction was known as “Project Magnolia,” which ultimately closed in May 2012, earning approximately \$193 million for Goldman Sachs.

27. During these early-2012 meetings in Malaysia and London, according to Leissner, the attendees discussed with Low the type of financial guarantee that 1MDB needed to obtain for the bond issuance to meet Goldman Sachs’s underwriting requirements. They ultimately agreed on a guarantee from Abu Dhabi’s Middle Eastern Sovereign Wealth Fund. During this time and afterward, Leissner and other senior employees of Goldman Sachs understood that Low was acting as an intermediary between 1MDB, Najib Razak and other government officials from Abu Dhabi.

28. During a meeting in London in February 2012, Low explained that in order to secure the guarantee from the Middle Eastern Sovereign Wealth Fund they would have to pay bribes and kickbacks to government officials, including to certain officials in Malaysia and Abu Dhabi. After the February 2012 meeting, Leissner, Ng and another senior employee of Goldman Sachs discussed this information.

29. In March 2012, 1MDB formally engaged Goldman Sachs to be the sole underwriter for the \$1.75 billion debt financing transaction designed, in part, to pay for the acquisition of Tanjong, which was guaranteed by the Middle Eastern Sovereign Wealth Fund.

30. Shortly thereafter in March 2012, Leissner and other employees of Goldman Sachs met in Abu Dhabi with Low and certain 1MDB officials and officials of the Middle Eastern Sovereign Wealth Fund and the Middle Eastern Investment Firm to discuss the contemplated guarantee for Project Magnolia. Throughout that time, senior employees of Goldman Sachs, including Leissner, knew Low had arranged the meetings with the officials of the Middle Eastern Sovereign Wealth Fund and its subsidiary, the Middle Eastern Investment Firm, and Leissner and Ng also knew that some of these officials, among others, would be paid bribes by Low to secure the guarantee.

31. Leissner, Ng and another senior employee of Goldman Sachs also knew that Low would pay bribes and kickbacks to influence Malaysian officials to obtain the necessary approvals to execute Project Magnolia for Goldman Sachs. During the months leading up to the issuance of the Project Magnolia bonds, Leissner knew that Low enlisted 1MDB officials to assist him in ensuring that all necessary approvals were obtained from 1MDB officials and others to complete the transaction, in exchange for bribes and kickbacks to those 1MDB officials.

32. In April 2012, before the closing of Project Magnolia, Leissner and other members of the deal team participated in a GS Committee meeting that included many senior Goldman Sachs executives participating from multiple locations globally, including New York City, New York. The meeting was convened for the purpose of approving Goldman Sachs's potential commitment of capital in Project Magnolia. During the meeting, Leissner was directly asked whether Low was involved in Project Magnolia. Leissner told the GS Committee that Low was not involved in Project Magnolia, though he and other senior employees of Goldman Sachs knew at the time that this statement was false.

33. In late May 2012, near the closing of Project Magnolia, Leissner actively worked with Ng and Low to divert some of the bond proceeds that Goldman Sachs raised from Project Magnolia into the bank accounts of shell companies that Leissner, Ng and Low beneficially owned and controlled. These individuals each understood and expected to keep some of the diverted funds for their personal use, and that other funds would be used to pay bribes and kickbacks to government officials in Malaysia and Abu Dhabi and elsewhere in exchange for their assistance in obtaining and retaining business for Goldman Sachs in connection with Project Magnolia.

34. Goldman Sachs transferred the proceeds of the Magnolia bond offering via wire to the 1MDB entity designated to receive the payment. At the time, Leissner, Low and others knew that a large portion of the proceeds of the bond offering would be diverted to themselves and others, including government officials, through shell companies beneficially owned and controlled by Low, Leissner and others.

35. Goldman Sachs's books and records relating to the Magnolia bond offering failed to accurately reflect key aspects of the transaction, including the involvement of a third-party intermediary.

36. Within three months of the May 2012 closing of Project Magnolia, millions of dollars of bond proceeds were transferred through shell companies beneficially owned and controlled by Low and other participants in the scheme into a Hong Kong bank account in the name of shell companies incorporated in the British Virgin Islands and controlled by Leissner. Leissner used a portion of these funds for his personal use and enjoyment. Leissner also knew that other of the bond proceeds from Project Magnolia were transferred through shell company accounts beneficially owned and controlled by Low and other participants in the scheme and ultimately into accounts of shell companies beneficially owned and controlled by Abu Dhabi government officials with influence over the transaction.

Goldman Sachs Obtains Project Maximus from 1MDB

37. In May 2012, Goldman Sachs began to plan a second bond transaction, known internally as “Project Maximus.” It was designed, in part, to raise capital for 1MDB to purchase a second Malaysian power generation company, Genting Berhad (“Genting”). The mandate to underwrite this bond offering was awarded by 1MDB to Goldman Sachs, and it was structured similarly to the first bond issuance but with an indirect guarantee from the Middle Eastern Sovereign Wealth Fund. Project Maximus ultimately closed on or about October 19, 2012, raising approximately \$1.75 billion for the designated 1MDB entity and resulting in approximately \$188 million for Goldman Sachs. This was six months after the close of Project Magnolia. All told, in these two 2012 transactions, 1MDB issued a total of \$3.5 billion in bonds that were underwritten by Goldman and guaranteed by the Middle Eastern Sovereign Wealth Fund.

38. Leissner and Ng understood and intended that Low and others would pay bribes and kickbacks to influence Malaysian and Abu Dhabi officials to obtain the necessary approvals to execute the Project Maximus bond offering. Although the Middle Eastern Sovereign Wealth Fund did not provide a direct financial guarantee of the Project Maximus bonds as it had with Project Magnolia, it nevertheless agreed to provide an indirect guarantee. As with Project Magnolia, Leissner and Ng continued to work with Low to acquire this business for Goldman Sachs.

39. Leissner and Ng knew that a large portion of the proceeds of Project Maximus would be illegally diverted to themselves and others, including government officials, through shell companies beneficially owned and controlled by Leissner and others. Leissner also knew at the time that Najib Razak and government officials from Abu Dhabi and 1MDB officials would receive money from the proceeds of Project Maximus that passed through various shell companies beneficially owned and controlled by himself, Low and others. Moreover, along with Low and others, it was Leissner’s intended purpose that the payments were to flow to these government officials to influence the officials to execute the bond transaction with Goldman Sachs. A close relative of Najib Razak and a senior official with the Middle Eastern Sovereign Wealth Fund, among others, received some of these funds.

40. Some of the proceeds from Project Maximus were transferred by or per Low to Leissner in furtherance of the scheme. Thereafter, Leissner, Low and others caused some of these funds to be transferred to the accounts of 1MDB officials or relatives of such officials, or to the accounts of shell companies beneficially owned by 1MDB officials, in exchange for their assistance in obtaining and retaining business for Goldman Sachs.

41. Goldman Sachs’s books and records relating to the Maximus bond offering failed to accurately reflect key aspects of the transaction, including the involvement of a third-party intermediary.

Goldman Sachs Obtains Project Catalyze from 1MDB

42. In November 2012, despite having raised over \$3 billion in the prior 11 months, 1MDB sought to raise an additional \$3 billion through a bond issuance known internally at Goldman Sachs as “Project Catalyze.” The stated purpose of this debt financing was to fund

1MDB's portion of a joint venture with the Middle Eastern Investment Firm. Goldman Sachs was engaged to underwrite the project in or around early 2013. The Project Catalyze bond offering ultimately issued on March 19, 2013, resulting in a further approximately \$186 million for Goldman Sachs from the deal.

43. As they had with the two prior 1MDB bond issuances, Leissner and other Goldman Sachs employees continued to work on deals where Low was an intermediary between Goldman Sachs, 1MDB officials, Najib Razak and other Malaysian government officials. A portion of the approximately \$3 billion raised by Project Catalyze was transferred to Leissner by or at the direction of Low.

44. Goldman Sachs's books and records relating to the Catalyze bond offering failed to accurately reflect key aspects of the transaction, including the involvement of a third-party intermediary

Goldman Sachs Obtains Further Business from Jho Low Post-Catalyze

45. During and after the 1MDB Bond Deals, Goldman Sachs pursued additional business opportunities involving Low, such as the restructuring of an investment by the Middle Eastern Investment Firm in a Malaysian bank with Low as "an advisor" to the Company's client, and Low's acquisition of an oil company through a joint venture with a subsidiary of the Middle Eastern Sovereign Wealth Fund ("Project Condor"). These transactions involved not only Low, but also two officials from Abu Dhabi whom Low and others had recently bribed in connection with the Bond Deals.

46. Leissner and other Goldman Sachs employees failed to disclose Low's involvement in Project Condor to the firm's Intelligence Group for approximately ten months. In October 2013, Leissner sought internal approval for Goldman Sachs to advise Low's business entity as a client. Goldman Sachs Intelligence Group personnel informed Leissner that the firm could not advise Low's business entity. Leissner and other senior Goldman Sachs employees completed the transaction, with Low as a minority co-investor alongside the Middle Eastern Sovereign Wealth Fund subsidiary that was the Company's client. When Project Condor ultimately closed in January 2014, the deal was structured with Low's business entity contributing a minor percentage of the necessary capital and the Middle Eastern Sovereign Wealth Fund subsidiary responsible for the remainder. The transaction resulted in approximately \$10 million for Goldman Sachs.

Goldman Sachs's Failure to Maintain Adequate Internal Accounting Controls

47. Goldman Sachs failed to maintain a sufficient system of internal accounting controls between 2012 and 2015 with respect to the process by which it reviewed and approved the commitment of firm capital in large, significant and complex transactions, such as the Bond Deals. This resulted in Goldman Sachs's failing to reasonably assure adequate documentation of the GS Capital Committee's processes, including follow-up, oversight and documentation regarding due diligence of concerns raised by the GS Capital Committee regarding the Bond Deals. Under the Company's policy, the GS Capital Committee was intended to serve a vital control function with

regard to significant commitments in firm capital. Goldman Sachs initiated enhancements to its processes with respect to committee documentation in 2015.

48. Each of the three Bond Deals was submitted to the GS Capital Committee, and as was typical practice at the firm, the GS Capital Committee transaction review took place in stages. The Committee's approvals were granted conditionally, meaning that further action steps were needed – typically by the deal team – to address open items or conduct due diligence on significant concerns raised during the GS Committee process before approval of a given transaction would become effective. Follow-up was required on a number of items for the Bond Deals, including the Middle Eastern Sovereign Wealth Fund guarantee on the first Bond Deal.

49. Goldman Sachs's Debt Underwriting Group had responsibility for confirming that follow-up items were completed prior to a deal closing. However, due to weaknesses in the implementation of this control, the results of this follow-up were not documented consistent with the GS Capital Committee providing its vital control function.

LEGAL STANDARDS AND VIOLATIONS

50. Under Section 21C(a) of the Exchange Act, the Commission, after making certain required findings, may impose a cease-and-desist order upon any person who is violating, has violated, or is about to violate any provision of the Exchange Act or any rule or regulation thereunder, and upon any other person that is, was, or would be a cause of the violation, due to an act or omission the person knew or should have known would contribute to such violation.

Goldman Sachs Violated Exchange Act Section 30A

51. The anti-bribery provisions of the FCPA, Section 30A of the Exchange Act, make it unlawful for any issuer with a class of securities registered pursuant to Section 12 of the Exchange Act, or any employee or agent of such issuer, to make use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift or promise to give anything of value to any foreign official for purposes of influencing any act or decision of such foreign official in his official capacity in order to assist such issuer in obtaining or retaining business for or with any person. 15 U.S.C. § 78dd-1. As a result of the conduct described above regarding payments to government officials, Goldman Sachs violated Exchange Act Section 30.

Goldman Sachs Violated Exchange Act Section 13(b)(2)(A)

52. The books and records provision of the FCPA, Section 13(b)(2)(A) of the Exchange Act, requires every issuer with a class of securities registered pursuant to Section 12 of the Exchange Act to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer. 15 U.S.C. § 78m(b)(2)(A). As described above, Goldman Sachs's books and records did not accurately reflect key aspects of the Bond Deals. By this conduct Goldman Sachs violated Exchange Act Section 13(b)(2)(A).

Goldman Sachs Violated Exchange Act Section 13(b)(2)(B)

53. Section 13(b)(2)(B) of the Exchange Act requires companies with a class of securities registered under Section 12 of the Exchange Act to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary (I) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (II) to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. 15 U.S.C. § 78m(b)(2)(B). As described above, Goldman Sachs failed to implement a system of internal accounting controls sufficient to provide reasonable assurances that transactions were executed in accordance with management's general or specific authorization and that access to assets was permitted only in accordance with management's general or specific authorization. By this conduct, Goldman Sachs violated Exchange Act Section 13(b)(2)(B).

Criminal and Other Regulatory Dispositions

54. Respondent has entered into a deferred prosecution agreement with the Department of Justice that acknowledges responsibility for criminal conduct relating to certain findings in the Order.

55. Respondent has also entered into a parallel civil settlement with the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") concerning some of the findings in the Order.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent's Offer.

Accordingly, pursuant to Section 21C of the Exchange Act, it is hereby ORDERED that:

- A. Respondent Goldman Sachs cease and desist from committing or causing any violations and any future violations of Sections 30A, 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(b)(2)(A), 78m(b)(2)(B), and 78dd-1];
- B. Respondent Goldman Sachs shall pay to the Commission disgorgement of \$606,300,000, which shall be deemed satisfied by the payment previously made to the Government of Malaysia and 1MDB pursuant to a parallel Settlement Agreement entered into by Goldman Sachs on August 18, 2020;
- C. Respondent shall, within 21 days of the entry of this Order, pay a civil money penalty in the amount of \$400,000,000 to the Securities and Exchange

Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717; and

D. Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying The Goldman Sachs Group, Inc. as the Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Charles Cain, FCPA Unit Chief, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

- E. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Vanessa A. Countryman
Secretary