UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT of 1933
Release No. 9129 / July 22, 2010

In the Matter of
Goldman, Sachs & Co.,
Respondent.

ORDER UNDER RULE 602(c) OF THE
SECURITIES ACT OF 1933 GRANTING A
WAIVER OF THE RULE 602(c)(2) & 602(b)(4)
DISQUALIFICATION PROVISIONS

I.

Defendant Goldman, Sachs & Co. (“Defendant” or “Goldman”) has submitted a letter, dated July 13, 2010, requesting a waiver of the Rule 602(c)(2) and 602(b)(4) disqualifications from the exemption from registration under Regulation E arising from Defendant’s settlement of an injunctive action commenced by the Commission.

II.

On April 16, 2010, the Commission filed a civil injunctive action in U.S. District Court for the Southern District of New York charging Defendant with violating the antifraud provisions of the federal securities laws. In its complaint, the Commission alleged that Defendant misstated and omitted key facts regarding a synthetic collateralized debt obligation (“CDO”) that hinged on the performance of subprime residential mortgage-backed securities. Defendant failed to disclose to investors vital information about the CDO, in particular the role that a major hedge fund played in the portfolio selection process and the fact that the hedge fund had taken a short position against the CDO. On July 20, 2010, pursuant to Defendant’s consent, the Southern District of New York entered a Final Judgment permanently enjoining Defendant from violating Section 17(a) of the Securities Act of 1933 (“Securities Act”), requiring Defendant to pay disgorgement and a penalty, and requiring Defendant to comply with specified remedial undertakings.

III.

The Regulation E exemption is unavailable for the securities of small business investment company issuers or business development company issuers if such issuer or any of its affiliates is subject to a court order entered within the past five years “permanently restraining or enjoining such person from engaging in or continuing any
conduct or practice in connection with the purchase or sale of securities.” Rule 602(b)(4); 17 C.F.R. § 230.602(b)(4). The Regulation E exemption also is unavailable for the securities of any issuer if, among other things, any investment adviser or underwriter of the securities to be offered is “temporarily or permanently restrained or enjoined by any court from engaging in or continuing any conduct or practice in connection with the purchase or sale of any security or arising out of such person’s conduct as an underwriter, broker, dealer or investment adviser.” Rule 602(c)(2); 17 C.F.R. § 230.602(c)(2). Rule 602(e) of the Securities Act provides, however, that the disqualification “shall not apply . . . if the Commission determines, upon a showing of good cause, that it is not necessary under the circumstances that the exemption be denied.” 17 C.F.R. § 230.602(e).

IV.

Based upon the representations set forth in Defendant’s request, the Commission has determined that pursuant to Rule 602(e) under the Securities Act a showing of good cause has been made that it is not necessary under the circumstances that the exemption be denied as a result of the Order.

Accordingly, IT IS ORDERED, pursuant to Rule 602(e) under the Securities Act, that a waiver from the application of the disqualification provisions of Rules 602(c)(2) and 602(b)(4) under the Securities Act resulting from the entry of the Order is hereby granted.

By the Commission.

Elizabeth M. Murphy
Secretary