

Press Release

October 22, 2020

Federal Reserve Board fines the Goldman Sachs Group, Inc. \$154 million for failure to maintain appropriate oversight, internal controls, and risk management with respect to 1Malaysia Development Berhad (1MDB)

The Federal Reserve Board on Thursday announced it has fined the Goldman Sachs Group, Inc. \$154 million for the firm's failure to maintain appropriate oversight, internal controls, and risk management with respect to Goldman's involvement in a far-reaching scheme to defraud a Malaysian state-owned investment and development company, 1Malaysia Development Berhad (1MDB).

In 2012 and 2013, Goldman arranged and underwrote three bond offerings that raised \$6.5 billion for 1MDB. Certain former Goldman bankers in Asia participated in a scheme with Malaysian businessman Low Taek Jho and others to divert substantial portions of the proceeds from the 1MDB offerings for their personal benefit and to pay bribes to certain foreign government officials. Goldman's transaction approval processes and internal controls failed to detect or prevent the scheme or to address obvious red flags around the 1MDB offerings. The Board is requiring Goldman to improve its risk management and oversight of significant and complex transactions, enhance its due diligence related to these transactions, and improve its anti-bribery compliance program.

The Board's action is being taken in conjunction with actions by other authorities including the U.S. Department of Justice, the Securities and Exchange Commission, the New York Department of Financial Services, the U.K. Financial Conduct Authority, and the Bank of England Prudential Regulation Authority, and other foreign authorities. The penalties and disgorgement announced by all of the agencies total approximately \$2.9 billion.

The Board has previously prohibited from banking three former Goldman employees in connection with the 1MDB offerings. In March 2019, the Board prohibited former Goldman employees Tim Leissner and Roger Ng for their roles in the scheme to divert bond proceeds. Leissner was also fined \$1.42 million. In January 2020, the Board also prohibited former Goldman employee Andrea Vella for unsafe and unsound practices in connection with the bond offerings.

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