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Goldman Sachs settles investigation into 1MDB scandal with USD 2.8 billion payment

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Goldman Sachs has agreed to pay a penalty of USD 2.2 billion^[1] for its role in the robbing of 1Malaysia Development Berhad (1MDB), a Malaysian development fund meant to improve infrastructure and living standards for millions of Malaysians. The bank's Asian offices, run by the chief executive David Solomon, helped sell billions in bonds for the fund. The bank also assisted in money laundering and bribed officials, including the former first lady of Malaysia. Some of Goldman Sachs employees also profited from the illicit deals and have been since charged in U.S. courts.

Additionally, Goldman Sachs will return roughly \$600 million in fees it earned for the work it did helping to strip the fund of billions of dollars. Two Goldman Sachs executives, Tim Leissner and Roger Ng, have been indicted. Leissner pleaded guilty and agreed to forfeit \$43.7 million in 2018 and is scheduled to be sentenced in January. He is expected to be sentenced in January 2021. Ng is awaiting trial.

The settlement is not going to be a problem for the large Wall Street Bank that was also at the center of the 2008 subprime mortgage scandal that led to a huge recession. The penalty is less than it expected and, despite an additional penalty of \$2.5 billion it will pay to the Malaysian government, Goldman Sachs saw its stock price rise the day after the announcement.

¹ Dave Michaels, Liz Hoffman, and Bradley Hope, "Goldman Sachs to Pay \$2.8 Billion, Admit Wrongdoing to Settle 1MDB Charges," *The Wall Street Journal*, October 20, 2020, <https://on.wsj.com/31zem0R>.

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