

**Goldman Sachs facing risks due to 1MDB probe**  
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The probe against 1MDB has indeed posed nothing but risks for investment management firm Goldman Sachs.

The *Financial Times* reported that US officials from the Department of Justice are investigating whether the firm had violated the US Bank Secrecy Act in its handling of the proceeds of securities offerings for 1MDB.

A person familiar with the probes confirmed that regulators at the Securities and Exchange Commission and the Federal Reserve were similarly scrutinising the bank's conduct.

“Any time you have illicit activity going through international banks, you've got – potentially – exposure by those banks for failing to do a good enough job of figuring out the purpose of those transfers,” said one former federal prosecutor as quoted by the *Financial Times*.

Under the Bank Secrecy Act, all financial institutions are required to maintain programmes to prevent money laundering, including notifying authorities of suspicious customer transactions.

In relation to 1MDB, Goldman employees had an obligation to be especially careful when dealing with Prime Minister Najib Abdul Razak, his relatives, or other senior Malaysian government officials.

The law requires enhanced due diligence when handling transactions connected to a “politically exposed person”.

US prosecutors are also focusing on Goldman's role in advising on three bond deals for 1MDB between 2012 and 2013, in which the fund raised about US\$6.5 billion.

Goldman earned US\$593 million in fees along the way — a sum which it said was explained by the risk it ran by holding the offerings on its books.

1MDB is currently being investigated in at least seven countries.

The US probe came as international media reports state US\$1 billion was deposited into Najib's bank accounts.

*The Wall Street Journal* first revealed last year that RM2.6 billion was transferred to Najib's personal bank accounts.

The prime minister, who heads the 1MDB board of adviser, has consistently denied wrongdoing in this matter, saying that the money was a political donation from Saudi Arabia, with attorney-general Mohamed Apandi Ali finally clearing him of wrongdoing in January.

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