

NY regulator queries Goldman again on 1MDB fund, says source

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Suzanne Barlyn, Reuters

New York State's financial regulator has sent a second request to Goldman Sachs Group Inc for information about its fundraising for Malaysian sovereign wealth fund 1MDB, a person familiar with the matter said.

The New York State Department of Financial Services (NYDFS), in a letter sent late yesterday, also requested a meeting with Goldman on or before Aug 31, the person said. The request follows a letter the regulator sent to Goldman last month seeking details on the matter.

The source was not authorised to discuss the matter publicly.

"We are aware of their interest in this matter and have been in dialogue with them on it for some time," a Goldman Sachs spokesperson said.

The Wall Street bank's work with 1MDB is under the spotlight after the US government alleged that billions of dollars earmarked for investments were diverted for the personal use of 1MDB officials, their relatives and associates.

Goldman Sachs helped 1MDB, which was founded by Malaysian Prime Minister Najib Abdul Razak in September 2009, raise US\$6.5 billion in three bond sales in 2012 and 2013 to invest in energy projects and real estate to boost the Malaysian economy.

Instead, more than US\$2.5 billion raised from those bonds was misappropriated and used to buy artwork, including paintings by Vincent Van Gogh and Claude Monet, luxury properties in New York and London and to pay off gambling debts in Las Vegas, according to US Department of Justice civil lawsuits filed in court on July 20.

Goldman Sachs, which earned close to US\$600 million to arrange and underwrite the 1MDB bonds, was not accused of any wrongdoing in the lawsuits. But they allege investors were not properly informed about the use and nature of the bonds.

NYDFS considers the meeting it is requesting a type of "supplemental special report", the person familiar with the matter said. Details the regulator wants to discuss at the meeting

include the timing of disclosures to NYDFS concerning Goldman's involvement with bond transactions involving the Malaysian fund.

The regulator also wants details about Goldman's due diligence in connection with transmitting the sale proceeds from the three bond offerings.

Singapore's central bank said last week that it was also examining the extent of involvement by Goldman Sachs' local unit in bond deals for 1MDB.

- *Reuters*

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