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Newspaper	THE WALL STREET JOURNAL
Date	1 AUGUST 2016

Bank Takes Heat on 1MDB

WdJ - 1/8/2016

BY JUSTIN BAER

U.S. authorities have issued subpoenas to **Goldman Sachs Group Inc.** for documents related to the bank's dealings with a Malaysian investment fund at the center of an international corruption scandal, a person familiar with the matter said.

Goldman received the requests for information earlier this year from the U.S. Justice Department and the Securities and Exchange Commission, the person said. Investigators have also subpoenaed a Goldman banker who worked closely with the Malaysian fund, The Wall Street Journal reported in March.

Under the subpoenas, Goldman is providing documents to the investigators, the person said.

The authorities also want to interview current and former Goldman employees in connection with the inquiries, though by Friday none of those meetings had occurred, people familiar with the matter said.

Goldman Sachs is also providing information to the Monetary Authority of Singapore, the city-state's central bank and financial regulator that also has inquired about the firm's work for the fund in question—**1Malaysia Development Bhd.**, or 1MDB, the person said.

The Justice Department and the SEC, along with the New York State Department of Financial Services are looking

Authorities have issued subpoenas to Goldman regarding dealings with fund.

into Goldman's role in a series of bond sales it managed for 1MDB, the Journal has reported, citing people familiar with the matter.

Some \$2.5 billion of the proceeds from those offerings was diverted from the fund to shell companies controlled by influential figures in Malaysia and Abu Dhabi, the Justice Depart-

ment alleged in late July in lawsuits seeking to seize some of those assets.

1MDB on Tuesday said its "board remains confident that no wrongdoing has been committed by 1MDB and that the past audited financial statements continue to show a true and fair view of the company's affairs at the relevant points in time."

New York-based Goldman said in July that it had "no visibility into whether some of those funds may have been subsequently diverted to other purposes."

U.S. investigators are seeking to determine whether Goldman broke the law when it didn't sound an alarm after some of the proceeds disappeared offshore, The Wall Street Journal has reported.

Tim Leissner, Goldman's top banker in Southeast Asia and a close adviser to 1MDB until his resignation from the firm in early 2016, was also subpoenaed by the Justice Department, the Journal has reported. Mr. Leissner, through a spokes-

man, declined to comment on Friday.

When Mr. Leissner was issued his summons by investigators earlier this year, he was informed he wasn't considered a target of the inquiry, the Journal has reported.

Goldman's ties to 1MDB can be traced to the fund's launch in 2009. The bank has underwritten three bond offerings worth \$6.5 billion, and it has advised the fund on two acquisitions.

Goldman's role in arranging the bond sales, and the some \$590 million the firm collected from 1MDB for its work, are laid out in the U.S. government's lawsuits.

Investigators are focusing on whether Goldman failed to comply with the U.S. Bank Secrecy Act, which requires financial institutions to report suspicious transactions to regulators. U.S. authorities believe the bank may have had reason to suspect the money it raised wasn't being used for its intended purpose, the Journal reported in June.