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Goldman Probed Over Fund Deal

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U.S. investigators are trying to determine whether Goldman Sachs Group Inc. broke the law when it didn't sound an alarm about a suspicious transaction in Malaysia, people familiar with the investigation said.

*By Justin Baer,
Tom Wright
and Bradley Hope*

At issue is \$3 billion Goldman raised via a bond issue for Malaysian state investment fund 1Malaysia Development Bhd., or 1MDB. Days after Goldman sent the proceeds into a Swiss bank account controlled by the fund, half of the money disappeared offshore, with some later ending up in the prime minister's bank account, according to people familiar with the matter and bank-transfer information viewed by The Wall Street Journal.

The cash was supposed to fund a major real-estate proj-

ect in the nation's capital that was intended to boost the country's economy.

U.S. law-enforcement officials have sought to schedule interviews with Goldman executives, people familiar with the matter said. Goldman hasn't been accused of wrongdoing. The bank says it had no way of knowing how 1MDB would use the money it raised.

Investigators are focusing on whether the bank failed to comply with the U.S. Bank Secrecy Act, which requires financial institutions to report suspicious transactions to regulators. The law has been used against banks for failing to report money laundering in Mexico and ignoring red flags about the operations of Ponzi scheme operator Bernard Madoff.

The investigators believe the bank may have had reason to suspect the money it raised wasn't being used for its in-

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