



# MEDIA RELEASE

## RE: GOLDMAN SACHS

1. Criminal charges for offences under the securities laws of Malaysia were filed today against subsidiaries of Goldman Sachs investment bank, its key employees, Tim Leissner and Roger Ng Chong Hwa (who will be charged shortly), together with former employee of 1MDB, Jasmine Loo Ai Swan and Low Taek Jho (commonly known as Jho Low).
  
2. The charges arise from the commission and abetment of false or misleading statements by all the accused in order to dishonestly misappropriate USD2.7 billion from the proceeds of 3 bonds issued by subsidiaries of 1MDB, which were arranged and underwritten by Goldman Sachs. The three bonds with a total face value of USD6.5 billion are:
  - (i) USD1.75 billion bonds issued by 1MDB Energy Limited through an Offering Circular dated 18 May 2012 with an interest rate of 5.99% per annum and redeemable in 2022;
  
  - (ii) USD1.75 billion bonds issued by 1MDB Energy (Langat) Limited through a Private Placement Memorandum dated 17 October 2012 with an interest rate of 5.75% per annum and redeemable in 2022; and

- (iii) USD3 billion bonds issued by 1MDB Global Investments Limited through an Offering Circular dated 16 March 2013 with an interest rate of 4.4% per annum and redeemable in 2023.
3. Tim Leissner and Roger Ng Chong Hwa of Goldman Sachs conspired with Jho Low, Jasmine Loo Ai Swan (then General Counsel of 1MDB) and others to bribe Malaysian public officials in order to procure the selection, involvement and participation of Goldman Sachs in these Bond issuances.
  4. Goldman Sachs benefited by receiving underwriting and arranging fees of approximately USD600 million which was several times higher than the prevailing market rates and industry norms. In addition to personally receiving part of the misappropriated Bond proceeds, those employees and directors of Goldman Sachs received large bonuses and enhanced career prospects at Goldman Sachs and in the investment banking industry generally.
  5. The Offering Circulars and Private Placement Memorandum for the Bonds filed with the Labuan Financial Services Authority, the financial regulator of Labuan, Malaysia's off-shore banking jurisdiction (which are the subject matter of the charges), contained statements which were false, misleading or from which there were material omissions by representing to investors that the proceeds of the Bond issuances would be used for legitimate purposes, when in fact the proceeds were corruptly and fraudulently misappropriated. Offering Circulars and Private Placement Memorandum are serious documents, intended to be relied on, and, in fact, were relied on, by purchasers of the Bonds.

6. The scheme designed and crafted by the accused to fraudulently structure the Bonds for ostensibly legitimate purposes when they knew that the proceeds thereof would be misappropriated and fraudulently diverted by the accused themselves was planned and executed in order to defraud the Government of Malaysia and the purchasers of the Bonds. Their scheme to defraud is a contravention of Malaysia's securities laws, particularly, Section 179 of the Capital Markets and Services Act, 2007 [Act 671].
7. Malaysia considers the allegations in the charges against all the accused to be grave violations of our securities laws, and to reflect their severity, prosecutors will seek criminal fines against the accused well in excess of the USD2.7 billion misappropriated from the Bonds proceeds and USD600 million in fees received by Goldman Sachs, and custodial sentences against each of the individual accused: the maximum term of imprisonment being 10 years. Their fraud goes to the heart of our capital markets, and if no criminal proceedings are instituted against the accused, their undermining of our financial system and market integrity will go unpunished.
8. Having held themselves out as the pre-eminent global adviser / arranger for bonds, the highest standards are expected of Goldman Sachs. They have fallen far short of any standard. In consequence, they have to be held accountable.

**Tommy Thomas**  
**Attorney General**  
**17<sup>th</sup> December 2018**