

UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

In the Matter of

JOSEPH JIAMPIETRO

A former institution-affiliated party of
Goldman, Sachs & Co.,
New York, New York

A Non-Bank Subsidiary of a Registered Bank
Holding Company

Docket Nos. 16-012-E-I
16-012-CMP-I

Notice of Intent to Prohibit and
Notice of Assessment of a Civil
Money Penalty Pursuant to Section 8
of the Federal Deposit Insurance Act,
as Amended

The Board of Governors of the Federal Reserve System (the “Board of Governors”) is of the opinion or has reasonable cause to believe that:

(A) Joseph Jiampietro (“Jiampietro”), a former employee of Goldman, Sachs & Co. (“Goldman Sachs”), a non-bank subsidiary of The Goldman Sachs Group, Inc. (“Goldman Sachs Group”), a bank holding company, New York, New York, engaged in unsafe or unsound practices, violations of law, and breaches of fiduciary duty. The practices, violations, and breaches of fiduciary duty related to Jiampietro’s receipt, use and dissemination of misappropriated Confidential Supervisory Information (“CSI”) of the Board of Governors and other banking regulators. In connection with the misconduct described herein, Jiampietro received a financial gain or other benefit and Goldman Sachs suffered financial loss or other damage; and

(B) The misconduct described herein involves personal dishonesty or a continuing or willful disregard for the safety and soundness of Goldman Sachs on the part of Jiampietro.

Accordingly, the Board of Governors hereby institutes this Combined Notice of Intent to Prohibit and Assessment of Civil Money Penalty (the “Notice”) for the purpose of determining whether an appropriate order should be issued:

- i. Permanently barring Jiampietro from participating in any manner in the conduct of the affairs of any institution specified in 12 U.S.C. § 1818(e)(7)(a), pursuant to section 8(e) of the Federal Deposit Insurance Act, as amended (the “FDI Act”), 12 U.S.C. § 1818(e); and
- ii. Assessing a civil money penalty against Jiampietro pursuant to section 8(i) of the FDI Act, 12 U.S.C. § 1818(i), of \$337,500.

In support of this Notice, the Board of Governors alleges as follows:

JURISDICTION

1. Goldman Sachs is and was at all material times relevant to this Notice, a non-bank subsidiary of Goldman Sachs Group, a bank holding company subject to the supervision and regulation of the Board of Governors. Accordingly, the Board of Governors is the appropriate Federal Banking Agency to bring charges against institution-affiliated parties of Goldman Sachs within the meaning of sections 3(q)(3) and 8(b)(3) of the FDI Act, 12 U.S.C. §§ 1813(q)(3), 1818(b)(3).

2. Jiampietro was an employee in the Investment Banking division of Goldman Sachs at all material times relevant to this Notice, and was an institution-affiliated party (“IAP”) of Goldman Sachs, as defined in sections 3(u) and 8(b)(3) of the FDI Act, 12 U.S.C. §§ 1813(u) and 1818(b)(3), and subject to the Board of Governors’ enforcement jurisdiction under sections 8(e) and 8(b)(3) of the FDI Act, 12 U.S.C. §§ 1818(e)(3) and 1818(b)(3).

3. The material period for purposes of this notice, unless otherwise stated, is February 15, 2012 through at least October 3, 2014.

FACTUAL ALLEGATIONS

4. CSI includes “information consisting of reports of examination, inspection and visitation, confidential operating and condition reports, and any information derived from, related to, or contained in such reports . . . and . . . [a]ny documents prepared by, on behalf of, or for the use of the Board, a Federal Reserve Bank, a federal or state financial institutions supervisory agency, or a bank or bank holding company or other supervised financial institution.” (12 C.F.R. § 261.2(c)). Board of Governors’ regulation provides that any person in possession of CSI “shall not use or disclose such information for any purpose other than that authorized by the General Counsel of the Board without his or her prior written approval.” (12 CFR § 261.22(e)).

5. Beginning in 2012, and as further set forth below, Jiampietro repeatedly received unauthorized CSI of the Board of Governors and other banking agencies and failed to take any corrective action or alert appropriate Goldman Sachs personnel to the issue. Instead, Jiampietro improperly used and disseminated CSI in violation of applicable law and regulations in order to benefit himself in his position at Goldman Sachs.

6. In or around February 2011, Goldman Sachs hired Jiampietro as a Managing Director in its Financial Institutions Group (“FIG”). Prior to joining Goldman Sachs, Jiampietro had over 10 years of investment banking experience advising financial institutions. Jiampietro also served as a senior advisor to the Chair of the Federal Deposit Insurance Corporation, a federal banking regulator, from 2009 to 2010. He also served as legal counsel to the Senate

Banking Committee. At Goldman Sachs, Jiampietro was recognized as an expert in regulatory matters by his managers and subordinates.

**Jiampietro Develops a Regulatory Advisory Practice
and Routinely Obtains and Uses CSI without Authorization**

7. By 2012, Jiampietro had developed a regulatory advisory practice at Goldman Sachs in which he advised mid-sized and regional banking organizations on various regulatory issues, including stress testing and the impact of banking regulations and supervision on mergers and acquisitions.

8. From 2012 through September 2014, Jiampietro repeatedly obtained, used and disseminated CSI to others within FIG, including CSI concerning financial institutions' confidential CAMELS ratings, non-public enforcement actions, and confidential documents prepared by banking regulators. Jiampietro obtained this CSI without authorization from the appropriate banking agency and used it in connection with his regulatory advisory practice in order to benefit himself in his position at Goldman Sachs.

9. While Jiampietro's regulatory practice was well regarded at Goldman Sachs, his supervisors had also identified issues with his performance. Jiampietro's review for the performance year ending in 2013 indicated that his ratings were in the bottom 10% of managing directors, both regionally and globally. Jiampeitro's performance evaluations for that year also reflected that Jiampeitro's colleagues had concerns regarding Jiampietro's handling of confidential client information. In addition, Jiampeitro's managers advised him that he needed increase the amount of revenue generating business he brought into the firm.

10. In 2014, Jiampietro served as the lead banker for numerous financial institution clients, including Bank A, a bank holding company subject to supervision by the Board of Governors. In 2014, Goldman Sachs personnel interviewed a former supervisor from the Federal Reserve Bank of New York (the "Reserve Bank"), Rohit Bansal, for employment with FIG.

Bansal had worked at the Reserve Bank for approximately eight years, serving in a number of roles, including as the Central Point of Contact for Bank A.

11. Through his position at the Reserve Bank, Bansal had access to CSI of the Board of Governors and other banking regulators related to the examination and supervision of institutions under the supervision of the Reserve Bank and, as part of his employment, Bansal was aware of the applicable restrictions and disclosure requirements that govern the use of CSI.

12. During the hiring process, Jiampietro met with Bansal at least three times. Jiampietro also spoke with Bansal by phone and exchanged emails where he provided advice to Bansal on how to approach his interviews with others at Goldman Sachs in order to obtain an offer of employment. Jiampietro used these interactions to ask Bansal for information regarding regulatory and supervisory issues. Goldman Sachs hired Bansal as an associate, and Bansal began his employment on July 21, 2014.

**Jiampietro Misappropriates CSI to
Further His Regulatory Advisory Practice**

13. In July 2014, FIG employees undertook an initiative to pitch regulatory advisory services to financial institutions, with a focus on enterprise-wide risk management (“ERM”), model risk management (“MRM”), and the Board of Governors’ Supervisory Capital Assessment Program (commonly referred to as a “stress test”). In his first week of employment, Bansal was tasked with drafting portions of presentations to potential financial institution clients regarding ERM and MRM, among other issues.

14. Through his advisory work, Jiampietro was aware that confidential internal guidance and materials were being developed to evaluate the ERM programs of institutions supervised by the Board of Governors (“confidential ERM framework”). Jiampietro asked Bansal to obtain the confidential ERM framework for use in client pitches.

15. In connection with Jiampietro's request, Bansal requested the non-public ERM framework from an analyst at the Reserve Bank with whom he had previously worked, which the analyst provided to Bansal on July 24, 2014. In August and September, Bansal and Jiampietro used the non-public ERM framework in at least five pitches to potential and existing clients.

16. On multiple other occasions, Jiampietro requested that Bansal obtain CSI ("the CSI materials") from the Reserve Bank analyst.

17. Bansal requested the CSI materials from the Reserve Bank analyst. Upon receiving the materials, Bansal then disseminated them to Jiampietro, by email or in hard copy. The CSI materials were used by Jiampietro and Bansal in connection with Goldman Sachs' regulatory advisory work for current clients and pitches to potential clients, which gave Jiampietro and Goldman Sachs a competitive advantage in providing regulatory advisory services and provided a personal benefit to Jiampietro.

18. For example, in August 2014, Jiampietro and Bansal worked on a PowerPoint presentation to Bank B to pitch regulatory advisory services related to stress testing, including ERM and MRM. In connection with that presentation, Jiampietro requested and Bansal provided to him CSI materials obtained from the Reserve Bank, including a 2013 MRM survey the Reserve Bank conducted of Bank A, and a 2013 stress testing survey the Reserve Bank conducted of Bank A. After receiving Bansal's email containing the 2013 MRM Survey, Jiampietro replied to the email, directing Bansal and others to use it "as a guide for [Bank B]." The CSI materials were copied or paraphrased in the Bank B presentation, giving Jiampietro and Goldman Sachs a competitive advantage in soliciting Bank B's business.

19. Also in August 2014, Goldman Sachs advised Bank A on a presentation Bank A planned to make to regulators seeking approval to engage in an acquisition of another financial institution. In connection with that advice, Jiampietro requested and Bansal provided to him in

hard copy CSI materials regarding Bank A's past examinations, including first-day letters from examiners, supervisory assessments, and reports of examination prepared by examiners. Bank A decided to engage Goldman Sachs to assist with additional regulatory advisory work related to satisfying regulators' recommendations from recent examinations. This had a direct benefit to Jiampietro because his compensation was, in part, based on the revenue his advisory services generated for Goldman Sachs.

20. In September 2014, examiners from the banking regulators scheduled an exit meeting with Bank A to discuss the results of its recent examination and to communicate its confidential CAMELS ratings, a bank-rating system where bank supervisory authorities rate institutions according to six factors, which ratings would have had a direct effect on whether Bank A would be permitted to engage in an acquisition of another financial institution. Jiampietro asked Bansal to obtain information regarding Bank A's expected CAMELS ratings ahead of the exit interview, which Bansal did and relayed to Jiampietro on the evening of September 23, 2014. The following morning, prior to Bank A's exit interview, Jiampietro disseminated this information to others within FIG.

21. By reason of his long career in investment banking, tenure at the FDIC, and work at Goldman Sachs on regulatory and supervisory issues for financial institutions, Jiampietro was aware of the confidential nature of the CSI materials and that his actions were in violation of the law. Moreover, while at Goldman Sachs, Jiampietro signed at least one client engagement letter in which he acknowledged that Goldman Sachs was restricted from receiving CSI without prior regulatory permission. At no time did Jiampietro seek regulatory approval or authorization to use or disclose CSI.

22. At all relevant times, Goldman Sachs maintained a Code of Business Conduct and Ethics, which, among other things, prohibited personnel from seeking unfair competitive

advantage through illegal or unethical business practices, and a Policy on the Use of Materials from Previous Employers, which prohibited the use of materials that Bansal had obtained during and by virtue of his employment at the Reserve Bank. Jiampietro knew that Bansal had retained and used materials from the Reserve Bank while at Goldman Sachs, and knew that the use of such materials was in violation of Goldman Sachs' policies.

Discovery of Jiampietro's Misconduct

23. On September 26, 2014, while on a conference call with other Goldman Sachs employees, Bansal sent an email to a Goldman Sachs partner and others attaching CSI. The partner recognized the confidential nature of the information Bansal had sent and notified Goldman Sachs' compliance department. Shortly thereafter, Bansal and Jiampietro were interviewed by Goldman Sachs personnel regarding their use and dissemination of CSI. In the course of the interview, Jiampietro admitted to having in his office hard copy documents that he received from Bansal. When Goldman Sachs personnel located the documents, they found the documents contained CSI. On October 3, 2014, Goldman Sachs terminated Jiampietro's and Bansal's employment.

24. On November 5, 2015, Bansal consented to the Board of Governors' Order of Prohibition barring him from participating in the banking industry. On that same day, Bansal pled guilty to one count of misappropriating government property, in violation of 18 U.S.C. § 641, in United States District Court for the Southern District of New York.

25. On October 28, 2015, Goldman Sachs Group settled an action with the New York State Department of Financial Services relating to the misappropriation and use of CSI described above by agreeing to pay a \$50 million penalty and accepting a three-year voluntary abstention from accepting new consulting engagements that require the Department to authorize the disclosure of confidential information under New York Banking Law §36(10). The firm has also

been the subject of additional regulatory action and has suffered reputational loss and other harm relating to the misappropriation and use of CSI described above.

**VIOLATIONS OF LAW AND REGULATION, UNSAFE OR
UN SOUND PRACTICES, AND BREACHES OF
FIDUCIARY DUTY BY JIAMPIETRO**

COUNT I: Unsafe or Unsound Banking Practices

26. As set forth in paragraphs 1 through 25, Jiampietro engaged in unsafe or unsound practices by failing to take corrective action when he received unauthorized CSI while employed by Goldman Sachs, and instead misappropriating or using it for his own use and benefit. These unsafe or unsound practices caused Goldman Sachs to suffer financial loss, and posed legal and reputational risks to Goldman Sachs, as well as significant risks to the banks to which the CSI related and to the Board of Governors' system of supervision and examination of its regulated institutions.

27. In addition, Jiampietro engaged in unsafe or unsound practices by failing to supervise his subordinate Bansal during the course of his employment and to prevent Bansal's use and dissemination of CSI materials and work product taken from his former employer, the Reserve Bank. Further, on multiple occasions, Jiampietro knowingly received and used for his own personal gain CSI materials and other work product prepared by the Reserve Bank, in clear contravention of Goldman Sachs' Policy on the Use of Materials from Previous Employers.

COUNT II: Violations of 12 CFR § 261.22(e)

28. At all relevant times, 12 CFR part 261.22(e) (12 C.F.R. § 261.22(e)) provided that: "All confidential supervisory information made available under this section shall remain the property of the Board. Any person in possession of such information shall not use or disclose

such information for any purpose other than that authorized by the General Counsel of the Board without his or her prior written approval.”

29. At all relevant times, CSI was defined by 12 CFR part 261.2(c) (12 C.F.R. § 261.2(c)), in relevant part, as “(i) Exempt information consisting of reports of examination, inspection and visitation, confidential operating and condition reports, and any information derived from, related to, or contained in such reports . . . and (iii) Any documents prepared by, on behalf of, or for the use of the Board, a Federal Reserve Bank, a federal or state financial institutions supervisory agency, or a bank or bank holding company or other supervised financial institution.”

30. As set forth in Paragraphs 1 through 25 above, Jiampietro knowingly used and disclosed CSI of the Board of Governors without authorization while employed at Goldman Sachs.

COUNT III: Breaches of Fiduciary Duty

31. At all relevant times, Goldman Sachs had general policies and procedures prohibiting Jiampietro’s conduct, including the Code of Business Conduct and Ethics and the Policy on the Use of Materials from Previous Employers. In addition, as a managing director at Goldman Sachs, Jiampietro had a duty to supervise the personnel working under him, including Bansal, and to escalate any misconduct by his subordinates to appropriate senior management or compliance personnel. By allowing Bansal to continue to disseminate the CSI materials without taking any corrective measures, Jiampietro exposed Goldman Sachs to risk of harm.

32. As set forth in Paragraphs 1 through 25 above, Jiampietro violated the aforementioned policies and Board of Governors’ regulations, and he failed to act as a prudent and diligent person would in requesting that Bansal obtain, use, and disseminate CSI, and failing

to adequately supervise Bansal or to escalate Bansal's conduct within Goldman Sachs. As such, Jiampietro breached his fiduciary duties to his employer.

REQUESTED RELIEF

PROHIBITION ACTION

33. Notice is hereby given that a hearing will be held on _____, at the United States Courthouse in the Southern District of New York or any place designated by the presiding administrative law judge, for the purpose of taking evidence on the charges specified herein, in order to determine whether an appropriate order should be issued under section 8(e) of the FDI Act to prohibit the future participation of Jiampietro in the affairs of any insured depository institution, holding company thereof, foreign bank, or any institution specified in section 8(e)(7)(A) of the FDI Act, 18 U.S.C. § 1818(e)(7)(A). As set forth above, by reason of Jiampietro's violations of law, unsafe or unsound practices, and breaches of fiduciary duty, Jiampietro received a financial gain or other benefit and Goldman Sachs has suffered or will probably suffer financial loss or other damage, or the interests of its depositors have been or could be prejudiced; and, the violations of law, unsafe or unsound practices, and breaches of fiduciary duty involved personal dishonesty or continuing or willful disregard for the safety and soundness of Goldman Sachs on Jiampietro's part.

34. The hearing shall be held before an administrative law judge to be appointed from OFIA, pursuant to section 263.54 of the Rules of Practice, 12 C.F.R. § 263.54. The hearing shall be public, unless the Board of Governors determines that a public hearing would be contrary to the public interest, and in all other aspects shall be conducted in compliance with the provisions of the FDI Act and the Rules of Practice.

35. **Jiampietro is hereby directed to file an answer to this Notice within 20 days of the service of this Notice, as provided by section 19 of the Rules of Practice, 12 C.F.R.**

§ 263.19, with OFIA. Jiampietro is encouraged to file any answer to this Notice by electronic mail with the Office of Financial Institution Adjudication at ofia@fdic.gov.

Pursuant to section 263.11(a) of the Rules of Practice, 12 C.F.R. § 263.11(a), any answer filed with OFIA shall also be served on the Secretary of the Board of Governors. As provided in section 263.19(c)(1) of the Rules of Practice, 12 C.F.R. § 263.19(c)(1), the failure of Jiampietro to file an answer required by this Notice within the time provided herein shall constitute a waiver of his right to appear and contest the allegations of this Notice in which case the presiding officer is authorized, upon proper motion, to find the facts to be as alleged in the Notice and to file with the Secretary of the Board of Governors a recommended decision containing such findings and appropriate conclusions. Any final order issued by the Board based upon a failure to answer is deemed to be an order issued by consent.

36. Jiampietro may submit to the Secretary of the Board of Governors, within 20 days of the service of this Notice, a written statement detailing the reasons why the hearing described herein should not be public. The failure to submit such a statement within the aforesaid period shall constitute a waiver of any objection to a public hearing.

37. Authority is hereby delegated to the Secretary of the Board of Governors to designate the time and place and presiding officer for any hearing that may be conducted on this Notice and to take any and all actions that the presiding officer would be authorized to take under the Board's Rules of Practice for Hearings with respect to this Notice and any hearing to be conducted hereon, until such time as a presiding officer shall be designated.

CIVIL MONEY PENALTY ASSESSMENT

38. At all material times relevant to the Notice of Charges, the violations and practices set forth in Counts I-III permit the assessment of civil money penalties under section

8(i)(2)(B) of the FDI Act, 12 U.S.C. § 1818(i)(2)(B), in a daily amount not to exceed \$37,500, pursuant to 12 C.F.R. § 263.65(b)(2)(ii).

39. Jiampietro engaged in violations of law and regulation, recklessly engaged in unsafe or unsound practices, and breached his fiduciary duties by the use and disclosure of misappropriated CSI in pitches to potential clients. Jiampietro's violations of law and regulation, unsafe or unsound practices, and breaches of fiduciary duties, as set forth in Counts I-III, constituted a pattern of misconduct and conferred upon him a financial gain or other benefit and caused Goldman Sachs more than minimal financial loss or other damage.

40. After taking into account the size of Jiampietro's financial resources, his good faith, the gravity of the violations, the history of previous violations, and such other matters as justice may require, the Board of Governors hereby assesses a civil money penalty of \$337,500 against Jiampietro for his knowing and intentional violations of 12 C.F.R. § 261.22(e), and for Jiampietro's willfully and recklessly engaging in unsafe and unsound practices, and breaching his fiduciary duties, as set forth in this Notice of Charges. Jiampietro shall forfeit and pay the penalty as hereinafter provided.

41. The penalty set forth in this Notice is assessed by the Board of Governors pursuant to section 8(i) of the FDI Act, 12 U.S.C. § 1818(i) and subparts A and B of the Board of Governors' Rules of Practice for Hearings ("Rules of Practice"), 12 C.F.R. § 263.1 *et seq.*

42. Remittance of the penalty set forth herein shall be made within 60 days of the date of this Notice, in immediately available funds, payable to the order of the Secretary of the Board of Governors of the Federal Reserve System, Washington, D.C. 20551, who shall make remittance of the same to the Treasury of the United States.

43. Notice is hereby given, pursuant to section 8(i)(2) of the FDI Act, 12 U.S.C. § 1818(i)(2) and section 263.23 of the Rules of Practice, 12 C.F.R. § 263.23, that Jiampietro is

afforded an opportunity for a formal hearing before the Board of Governors concerning this assessment.

44. **Any request for such a hearing must be filed with the Office of Financial Institution Adjudication (“OFIA”), 3501 N. Fairfax Drive, Suite VS-D8113, Arlington, VA 22226-3500, and with the Secretary of the Board of Governors, Washington, D.C. 20551, within 20 days after the issuance and service of this Notice on Jiampietro, with regard to the civil money penalty proceedings against Jiampietro. Jiampietro is encouraged to file any request for a hearing by electronic mail with the Office of Financial Institution Adjudication at ofia@fdic.gov.** A hearing, if requested, will be public, unless the Board of Governors shall determine that a public hearing would be contrary to the public interest, and in all other aspects will be conducted in compliance within the provisions of the FDI Act and the Rules of Practice before an administrative law judge to be designated pursuant to applicable law as in effect at the time of such hearing. The hearing described above may, in the discretion of the Board of Governors, be combined with any other hearing to be held on the matters set forth in this Notice.

By order of the Board of Governors of the Federal Reserve System, effective this 2d day of August, 2016.

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

By: Robert deV. Frierson (signed)
Robert deV. Frierson
Secretary of the Board