

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

In the Matter of

NG CHONG HWA,
also known as “ROGER NG,”

A Former Institution-Affiliated Party of

The GOLDMAN SACHS GROUP, INC., New
York, N.Y.,
A Registered Bank Holding Company, and

Its Non-Bank Subsidiaries
GOLDMAN SACHS (SINGAPORE) PTE.,
Singapore, and GOLDMAN SACHS
(MALAYSIA) SDN. BHD., Malaysia.

Docket No. 19-007-G-I

Notice of Prohibition Issued Pursuant
to Section 8(g)(1)(A) 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) On or about October 3, 2018, a federal grand jury in the United States District Court for the Eastern District of New York charged Ng Chong Hwa, also known as Roger Ng, (“Respondent” or “Ng”) by indictment with multiple counts of conspiracy to violate the Foreign Corrupt Practices Act (“FCPA”) and conspiracy to commit money laundering. *See United States v. Low*, No. 1:18-cr-538, Docket No. 1 (E.D.N.Y. Oct. 3, 2018) (“the Indictment”).

(B) On or about November 1, 2018, Respondent was arrested in Malaysia pursuant to a provisional arrest warrant issued at the request of the United States. The United States is seeking to extradite Respondent to answer the charges in the Indictment.

(C) The charges in the Indictment concern actions taken by Respondent from 2009 to 2014, as an institution-affiliated party (“IAP”) of The Goldman Sachs Group, Inc. (“GS Group”), a registered bank holding company, and its non-banking subsidiaries Goldman Sachs (Singapore) Pte. (“GS Singapore”) and Goldman Sachs (Malaysia) SDN. BHD. (“GS Malaysia”) (collectively “Goldman”).

(D) The Indictment charges that between 2009 and 2014, Respondent conspired to violate the FCPA and conspired to commit money laundering in violation of 18 U.S.C. §§ 371, 1956(h). *See also* 15 U.S.C. §§ 78dd-1, 78dd-3, 78m(b)(2)(B), 78m(b)(5), 78ff(a) (FCPA violations) and 18 U.S.C. §§ 1956(a) and 1957(a) (money laundering).

(E) The charges against Respondent for conspiracy to violate the FCPA and conspiracy to commit money laundering involve the commission of or participation in crimes involving dishonesty or breach of trust and are punishable by imprisonment for a term exceeding one year within the meaning of section 8(g)(1)(A)(i) of the Federal Deposit Insurance Act (“FDI Act”), 12 U.S.C. § 1818(g)(1)(A)(i).

(F) The charge that Respondent conspired to commit money laundering involves the commission of or participation in criminal violations of sections 1956 and 1957 of title 18 of the United States Code within the meaning of section 8(g)(1)(A)(ii) of the FDI Act, 12 U.S.C. § 1818(g)(1)(A)(ii).

(G) Respondent’s continued service or participation in the conduct of the affairs of any relevant depository institution posed, poses, or may pose a threat to the interests of depositors of such institution, or threatened, threatens, or may threaten to impair public confidence in such institution, pursuant to section 8(g) of the FDI Act.

THEREFORE NOTICE IS HEREBY GIVEN by the Board of Governors that pursuant to section 8(g)(1)(A) of the FDI Act, 12 U.S.C. § 1818(g)(1)(A), Respondent Ng is prohibited from participating in any manner in the conduct of 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); and such prohibition shall remain in effect until the Indictment (or any superseding indictment) is finally disposed of, or such prohibition is terminated by the Board of Governors;

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

JURISDICTION

1. GS Singapore and GS Malaysia are and were at all material times relevant to this Notice, non-bank subsidiaries of GS Group, a bank holding company subject to the supervision and regulation of the Board of Governors under the Bank Holding Company Act, 12 U.S.C. § 1841 *et seq.*, and section 8 of the FDI Act, 12 U.S.C. § 1818. Accordingly, the Board of Governors is the appropriate Federal banking agency within the meaning of sections 3(q)(3) and 8(g)(1)(A) of the FDI Act, 12 U.S.C. §§ 1813(q)(3) and 1818(g)(1)(A).

2. Respondent was employed by Goldman from 2005 to 2014. At the time of his departure in 2014, Respondent was a managing director and head of Southeast Asia sales for fixed income, currencies and commodities. Accordingly, Respondent is an IAP of Goldman, as defined in sections 3(u), 8(b)(3) and 8(i)(3) of the FDI Act, 12 U.S.C. §§ 1813(u), 1818(b)(3) and 1818(i)(3).

FACTUAL ALLEGATIONS

3. According to the Indictment, Respondent, while acting as an IAP of Goldman, conspired with others to obtain and retain business for Goldman from 1Malaysia Development

Bhd (“1MDB”), a strategic investment and development company that is wholly owned by the government of Malaysia, including three bond offerings that raised a total of approximately \$6.5 billion for 1MDB in 2012 and 2013.

4. According to the Indictment:
 - a. Respondent and others obtained the three bond offerings and related transactions for Goldman from 1MDB through the promise and payment of bribes to government officials in Malaysia and Abu Dhabi.
 - b. To obtain the bond deals for Goldman, Respondent also conspired with other Goldman employees to knowingly and willfully circumvent the internal accounting controls of Goldman in connection with the three 1MDB bond transactions and other 1MDB business by concealing, among other things, information about the role of an intermediary who helped Goldman obtain and retain 1MDB’s business.
 - c. Although the stated purpose for the three bond transactions was to support projects for the benefit of the Malaysian people, Respondent and others misappropriated more than \$2.7 billion of the funds. These funds were used to pay the aforementioned bribes and distributed to co-conspirators and their families, including Respondent’s family.
 - d. Respondent also conspired with others to launder the aforementioned bribes and other embezzled funds through financial systems in the United States and elsewhere.
 - e. As a result of the scheme, Respondent and others did obtain and retain 1MDB business for Goldman, including the three bond transactions. The

bond transactions also resulted in large bonuses and enhanced professional reputations for Respondent and other Goldman employees.

5. On or about October 3, 2018, a federal grand jury in the United States District Court for the Eastern District of New York charged Respondent by indictment with multiple counts of conspiracy to violate the FCPA and conspiracy to commit money laundering based upon, among other things, the factual allegations stated above. Respondent was arrested in Malaysia on or about November 1, 2018. The United States is seeking to extradite Respondent to the United States to answer the charges in the Indictment.

6. Future participation by Respondent in the affairs of Goldman may threaten to impair public confidence in Goldman. As a result of Respondent's misconduct described in the Indictment, numerous news articles have noted that the criminal proceedings have further damaged the reputation of Goldman both in the United States and globally. Respondent's involvement with the 1MDB bond transactions on behalf of Goldman as stated in the Indictment generated, and will likely continue to generate, adverse publicity for Goldman.

7. The negative publicity created by the pending criminal action against Respondent, the serious nature of the allegations contained in the Indictment, and the particular crime involved, all serve to impair public confidence in Goldman.

PROCEDURES

Within thirty (30) days of service of this Notice, a Respondent may file a request for an informal hearing regarding his suspension pursuant to section 8(g)(3) of the FDI Act, 12 U.S.C. § 1818(g)(3), and Subpart D of the Rules of Practice for Hearings of the Board of Governors (the "Rules of Practice"), 12 C.F.R. § 263.72. The request shall be filed in writing with the Secretary of the Board of Governors. Upon receipt of a timely request for an informal

hearing, the Secretary shall promptly issue an order directing an informal hearing concerning the Respondent's suspension to commence within 30 days of the receipt of the request, which hearing will be conducted in the manner prescribed in section 8(g)(3) of the FDI Act, 12 U.S.C. § 1813(g)(3), and Subpart D of the Rules of Practice, 12 C.F.R. § 263.73. Respondent may waive in writing his right to an oral hearing and instead elect to have the matter determined by the Board of Governors solely on the basis of written submissions. The failure of Respondent to file a timely written request for an informal hearing shall be deemed to be a waiver of his right to request such a hearing of Respondent's suspension.

By order of the Board of Governors of the Federal Reserve System, effective this 11th day of March, 2019.

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

By: /s/
Margaret McCloskey Shanks
Deputy Secretary of the Board