

Plaut v. Goldman Sachs Group, Inc. et al.

COURT: United States District Court for the Southern District of New York

CASE NUMBER: 1:18-cv-12084-VSB

CASE LEADERS: Salvatore J. Graziano, Rebecca E. Boon

Securities fraud class action filed on behalf of a class of persons and entities who purchased or acquired the securities of The Goldman Sachs Group (“Goldman Sachs” or “the Company”) between February 28, 2014 and December 17, 2018 (the “Class Period”) against the Company and certain of its former senior executives (collectively, “Defendants”), including former CEO Lloyd C. Blankfein.

Plaintiffs allege that throughout the Class Period, Defendants made materially false and misleading statements regarding the Company’s business, operational and compliance policies and failure to disclose risks related to their activities in Malaysia. Goldman Sachs raised \$6.5 billion in three bond offerings for 1Malaysia Development Berhad (“1MDB”), a fund for infrastructure and economic deals in Malaysia established by former Prime Minister Najib Razak in 2009. Goldman Sachs earned \$600 million in fees for its work related to 1MDB.

Beginning in 2015, regulators have placed 1MDB under intensifying scrutiny after it missed \$11 billion in payments to banks and bondholders. According to the United States Department of Justice, 1MDB officials, including former Prime Minister Razak, allegedly misappropriated \$4.5 billion of 1MDB funds between 2009 and 2014, including over \$700 million to Razak’s personal bank accounts. Former Goldman Sachs executives in the United States are at the center of the scandal for their involvement – one has been convicted and the other is under indictment.

The action alleges that: (i) Goldman Sachs participated in a fraud and money-laundering scheme in collusion with 1MDB; (ii) this conduct, when revealed, would foreseeably subject Goldman Sachs to heightened regulatory investigation and enforcement; and (iii) as a result, Goldman Sachs’s public statements were materially false and misleading at all relevant times.

Following a series of revelations about investigations into allegations of money laundering and corruption at 1MDB in the United States and Malaysia, Goldman Sachs’s stock price fell precipitously, causing significant losses and damages to the Class of Goldman Sachs investors.

On September 19, 2019, Swedish pension fund Sjunde Ap-Fonden (“AP7”) was appointed by the Court as Lead Plaintiff and Bernstein Litowitz Berger and Grossmann was appointed as Liaison Counsel.

On October 28, 2019, Lead Plaintiff filed the Second Amended Complaint.

On June 28, 2021, the Court issued an opinion and order granting in part and denying in part Defendants’ motion to dismiss. The parties have proceeded to discovery.