

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT  
NO. 2022073415001**

TO: Department of Enforcement  
Financial Industry Regulatory Authority (FINRA)

RE: Goldman Sachs & Co. LLC (Respondent)  
Member Firm  
CRD No. 361

Pursuant to FINRA Rule 9216, Respondent Goldman Sachs & Co. LLC submits this Letter of Acceptance, Waiver, and Consent (AWC) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described in this AWC.

**I.**

**ACCEPTANCE AND CONSENT**

- A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

**BACKGROUND**

Goldman has been a FINRA member since October 1936. The firm is a full-service broker-dealer headquartered in New York, New York, with over 7,500 registered representatives and over 30 branches nationwide.<sup>1</sup>

**OVERVIEW**

In July 2021, Goldman was a lead underwriter for an initial public offering in which it had a conflict of interest, but a qualified independent underwriter (QIU) did not participate in the preparation of the registration statement and prospectus and exercise the usual standards of due diligence. As a result, the firm violated FINRA Rules 5121 and 2010.

From May 2021 through March 2022, Goldman permitted four individuals to perform investment banking activities requiring registration during periods when they were not registered with FINRA in any capacity. During the same period, Goldman's supervisory system, including its written procedures, was not reasonably designed to achieve

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<sup>1</sup> For more information about the firm, including prior regulatory events, visit BrokerCheck® at [www.finra.org/brokercheck](http://www.finra.org/brokercheck).

compliance with FINRA registration requirements. As a result, the firm violated FINRA Rules 1210, 3110, and 2010.

For these violations, Goldman is censured and fined \$250,000.

### **FACTS AND VIOLATIVE CONDUCT**

This matter originated from a FINRA cycle examination of the firm.

**The firm participated in an initial public offering in which it had a conflict of interest, but a QIU did not participate in the preparation of the registration statement and prospectus.**

FINRA Rule 5121 prohibits member firms with a conflict of interest from participating in public offerings of securities unless the firm complies with certain conditions enumerated in FINRA Rule 5121(a)(1) or (a)(2).

FINRA Rule 5121(a)(1) requires “prominent disclosure of the nature of the conflict of interest in the prospectus, offering circular or similar document” and one of the following conditions: (A) “the member(s) primarily responsible for managing the public offering does not have a conflict of interest”; (B) “the securities offered have a bona fide public market”; or (C) “the securities offered are investment grade rated[.]”

FINRA Rule 5121(a)(2) requires the retention of a “qualified independent underwriter [who] has participated in the preparation of the registration statement and the prospectus, offering circular, or similar document and has exercised the usual standards of ‘due diligence’ in respect thereto[.]”

Under FINRA Rule 5121(f)(5)(C), a conflict of interest exists where “at least five percent of the net offering proceeds, not including underwriting compensation, are intended to be: (i) used to reduce or retire the balance of a loan or credit facility extended by the member, its affiliates and its associated persons, in the aggregate; or (ii) otherwise directed to the member, its affiliates and associated persons, in the aggregate[.]”

A violation of FINRA Rule 5121 is also a violation of FINRA Rule 2010, which requires member firms, in the conduct of their business, to “observe high standards of commercial honor and just and equitable principles of trade.”

In July 2021, Goldman served as the lead underwriter for an initial public offering for Company A, which raised approximately \$700 million.<sup>2</sup> As stated in the offering documents, Company A used the offering proceeds to purchase LLC units from Company B, which in turn applied the proceeds from the sale of the LLC units to repay an outstanding debt. A Goldman affiliate served as a lender to Company B and received \$96 million from Company B’s repayment using the offering proceeds.

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<sup>2</sup> In total, 17 underwriters participated in the offering.

The use of approximately 13.5 percent of the offering proceeds to repay the firm's affiliate was a conflict of interest that required Goldman to satisfy FINRA Rule 5121(a)(1) or (a)(2) if it was to participate in the offering. Goldman did not satisfy FINRA Rule 5121(a)(1) because it, as lead underwriter, had a conflict and the securities offered were not investment grade rated and did not have a bona fide public market at the time of the offering. Goldman did not satisfy FINRA Rule 5121(a)(2) because a QIU did not participate in the preparation of the registration statement and prospectus.

Therefore, Goldman violated FINRA Rules 5121 and 2010.

**The firm permitted four individuals to conduct investment banking activities requiring registration during periods when they were not registered with FINRA.**

FINRA Rule 1210 provides that “[e]ach person engaged in the investment banking or securities business of a member shall be registered with FINRA as a representative or principal in each category of registration appropriate to his or her functions and responsibilities as specified in Rule 1220, unless exempt from registration pursuant to Rule 1230.”

FINRA Rule 1220(b)(5)(A) provides that a person “shall be required to register with FINRA as an Investment Banking Representative if his or her activities in the investment banking or securities business of a member involve ... advising on or facilitating debt or equity securities offerings through a private placement or a public offering, including but not limited to origination, underwriting, marketing, structuring, syndication, and pricing of such securities[.]”

A violation of FINRA Rule 1210 is also a violation of FINRA Rule 2010.

From May 2021 through March 2022, Goldman permitted four individuals to perform investment banking activities requiring registration during periods when they were not registered with FINRA in any capacity. The unregistered persons worked as part of investment banking deal teams, engaging in activities such as advising clients on securities offerings. The unregistered persons were not timely registered notwithstanding that each of them was previously registered with FINRA as an Investment Banking Representative within two years of the date the firm hired them, and therefore did not need to take and pass a qualification examination before becoming registered through the firm. The period between when the individuals' employment at the firm began and when they registered with FINRA (through approval of a Uniform Application for Securities Industry Registration or Transfer (Form U4)) ranged from 109 to 171 days.

Therefore, Goldman violated FINRA Rules 1210 and 2010.

**The firm failed to establish, maintain, and enforce a supervisory system, including written procedures, reasonably designed to achieve compliance with FINRA registration requirements.**

FINRA Rule 3110(a) requires member firms to establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve

compliance with applicable securities laws and regulations, and with applicable FINRA rules. FINRA Rule 3110(b) requires member firms to establish, maintain, and enforce written procedures to supervise the types of business in which it engages and the activities of its associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules.

A violation of FINRA Rule 3110 is also a violation of FINRA Rule 2010.

From May 2021 through March 2022, the firm's supervisory system was not reasonably designed to comply with FINRA registration requirements. The firm required new hires who were previously registered with FINRA to transfer their registrations within 30 days of their hire date and sent them notices that they were not allowed to perform work requiring registration until they obtained or transferred all required registrations. The firm, however, had no procedures reasonably designed to escalate issues with employees who failed to timely obtain or transfer their registrations. Although the firm maintained weekly reports that tracked pending and overdue registration requirements, the firm did not regularly review those reports to promptly identify employees with outstanding registration issues. The firm's weekly reports identified individuals as having overdue registrations, yet the firm permitted them to be added to deal teams and perform investment banking activities requiring registration.<sup>3</sup>

Therefore, Goldman violated FINRA Rules 3110 and 2010.

B. Respondent also consents to the imposition of the following sanctions:

- a censure and
- a \$250,000 fine.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

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<sup>3</sup> In March 2022, the firm took steps to revise its supervisory system, including by modifying its procedures to require monthly reviews of registration reports and escalate issues for employees with outstanding registrations.

## II.

### WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a complaint issued specifying the allegations against it;
- B. To be notified of the complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made, and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council (NAC) and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

## III.

### OTHER MATTERS

Respondent understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and

C. If accepted:

1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
3. FINRA may make a public announcement concerning this agreement and its subject matter in accordance with FINRA Rule 8313; and
4. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.

- D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this statement. This statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on Respondent's behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that Respondent has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.

July 25, 2025  
Date

  
Goldman Sachs & Co. LLC  
Respondent


Print Name: Colleen M. O'Brien

Title: Managing Director & Senior Counsel

Accepted by FINRA:

August 7, 2025  
Date

Signed on behalf of the  
Director of ODA, by delegated authority

  
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Robert Fair  
Senior Counsel  
FINRA  
Department of Enforcement  
581 Main St., 7<sup>th</sup> Floor  
Woodbridge, NJ 07095