

THE PEOPLE OF THE STATE OF CALIFORNIA
BY AND THROUGH THE COMMISSIONER OF CORPORATIONS

In the matter of)
GOLDMAN, SACHS & CO.,) FINDINGS OF FACT
Respondent.) CONCLUSIONS OF LAW
) ADMINISTRATIVE CONSENT ORDER
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WHEREAS, Goldman, Sachs & Co. (“Goldman Sachs” or “Respondent”) is a broker-dealer registered in the State of California; and

WHEREAS, the California Department of Corporations has been a part of coordinated investigations into Goldman Sachs’ activities in connection with the marketing and sale of auction rate securities (“ARS”); and

WHEREAS, Goldman Sachs has cooperated with regulators conducting the investigations by responding to inquiries, providing documentary evidence and other materials, and providing regulators with access to facts relating to the investigations; and

WHEREAS, Goldman Sachs has advised regulators of its agreement to resolve the investigations relating to its marketing and sale of ARS to individual investors; and

WHEREAS, Goldman Sachs agrees to take certain actions described herein and to make certain payments; and

WHEREAS, Goldman Sachs admits to the jurisdiction of the California Department of Corporations and consents to the entry of this Administrative Consent Order (the “Order” or “Consent Order”); and

WHEREAS, Goldman Sachs waives compliance with the provisions of the Administrative Procedure Act; and

WHEREAS, Goldman Sachs elects to permanently waive any right to a hearing and appeal under the California Corporations Code sections 25532(d) and 25609 and to judicial review of this Consent Order; and

1 WHEREAS, Goldman Sachs acknowledges, without admitting or denying the Findings of
2 Fact and Conclusions of Law contained in this Order, and consents to the entry of this Order by the
3 California Department of Corporations.

4 NOW, THEREFORE, the California Department of Corporations, as administrator of the
5 California Corporate Securities Law (the "Act"), hereby enters this Order.

6 I.

7 **FINDINGS OF FACT**

8 1. Auction rate securities are long-term bonds issued by municipalities, corporations, and
9 student loan companies, or perpetual equity instruments issued by closed-end mutual funds that pay
10 an interest rate that resets periodically through a bidding process known as a Dutch auction.

11 2. Goldman Sachs participated in the marketing and sale of ARS.

12 3. Goldman Sachs acted as an underwriter and as the auction broker-dealer for certain
13 issues of auction rate securities. When acting as sole manager, Goldman Sachs was the only firm that
14 could submit bids into the auction on behalf of its clients and/or other broker-dealers who wanted to
15 buy and/or sell any auction rate securities in such auctions. When acting as lead manager, Goldman
16 Sachs was the primary firm that could submit bids into the auction, but other auction broker-dealers
17 were able to submit orders on behalf of their clients as well. Goldman Sachs received revenue in
18 connection with auction rate securities, including an underwriting fee representing a percentage of
19 total issuance and a fee for managing the auctions.

20 4. Goldman Sachs conveyed to certain clients that ARS were secure, liquid securities that
21 were a suitable alternative for cash management purposes. It did so through its sales force, some of
22 whom represented to certain investors that auction rate securities were highly liquid, safe investments
23 for cash management purposes.

24 5. These representations were misleading as to certain investors. Auction rate securities
25 were in fact different from cash and money market funds. As discussed above, the liquidity of an
26 auction rate security relied on the successful operation of the Dutch auction process. In the event of a
27 failed auction, investors cannot sell their auction rate securities in that auction and are potentially
28 stuck holding long-term investments, not money market instruments. As discussed below, starting in

1 the Fall of 2007, the auction rate securities market faced dislocation and an increased risk of auction
2 failure.

3 6. Since it began participating in the auction rate securities market, Goldman Sachs
4 submitted “cover” bids, purchase orders for the entirety of an auction rate security issue for which it
5 acted as the sole or lead auction manager. Such “cover” bids were Goldman Sachs proprietary orders
6 that would be filled, in whole or in part, if there was otherwise insufficient demand in an auction.
7 When Goldman Sachs purchased auction rate securities through “cover” bids, those auction rate
8 securities were then owned by Goldman Sachs and the holdings were recorded on Goldman Sachs’
9 balance sheet. For risk management purposes, Goldman Sachs imposed limits on the amounts of
10 securities its Municipal Money Markets unit could hold (which included Goldman Sachs’ auction
11 rate securities holdings).

12 7. Because many investors could not ascertain how much of an auction was filled
13 through Goldman Sachs “cover” bids, those investors could not determine if auctions were clearing
14 because of normal marketplace demand, or because Goldman Sachs was making up for the lack of
15 demand through “cover” bids. Many investors were also not aware that the liquidity of the auction
16 rate securities was dependent upon Goldman Sachs’ continued use of “cover” bids. While Goldman
17 Sachs could track its own inventory as a measure of the supply and demand for its auction rate
18 securities, many investors had no comparable ability to assess the operation of the auctions. There
19 was no way for those investors to monitor supply and demand in the market or to assess when broker-
20 dealers might decide to stop supporting the market, which could cause its collapse.

21 8. In August of 2007, the credit crisis and other deteriorating market conditions began to
22 strain the auction rate securities market. Some institutional investors withdrew from the market,
23 decreasing demand for auction rate securities.

24 9. The resulting market dislocation should have been evident to Goldman Sachs. When
25 client demand for its auction rate securities declined, Goldman Sachs’ “cover” bids filled the
26 increasing shortfall, thereby sustaining the impression for certain investors that auctions managed by
27 Goldman Sachs were functioning. As a result, Goldman Sachs’ auction rate securities inventory
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1 grew significantly, requiring Goldman Sachs to raise its risk management limits for its Municipal
2 Money Markets business (which included auction rate securities) several times.

3 10. From the Fall of 2007 through early February of 2008, demand for auction rate
4 securities continued to erode and Goldman Sachs' auction rate securities inventory increased
5 significantly. Goldman Sachs was aware of the increasing strains in the auction rate securities
6 market, and increasingly questioned the viability of the auction rate securities market. Goldman
7 Sachs did not disclose these increasing risks of owning or purchasing auction rate securities to all of
8 its clients.

9 11. In February of 2008, Goldman Sachs and other firms stopped supporting auctions.
10 Without the benefit of "cover" bids, the auction rate securities market collapsed, leaving certain
11 investors who had been led to believe that these securities were liquid, safe investments appropriate
12 for managing short-term cash needs, holding long-term or perpetual securities that could not be sold
13 at par value until and if the auctions cleared again.

14 **Failure to Supervise**

15 12. Goldman Sachs did not adequately supervise certain of its salespeople to ensure that
16 all of the firm's clients would be sufficiently apprised of ARS, the mechanics of the auction process,
17 and the potential illiquidity of ARS, including the fact that Goldman Sachs may stop submitting
18 "cover" bids, as discussed above.

19 **II.**

20 **CONCLUSIONS OF LAW**

21 13. The California Department of Corporations has jurisdiction over this matter pursuant
22 to the California Corporate Securities Law.

23 14. The California Department of Corporations finds that the above conduct subjects
24 Goldman Sachs to sanctions under Title 10, Ch. 3, section 260.218 of the California Code of
25 Regulations (failure to observe high standards of commercial honor and just and equitable principles
26 of trade) and Title 10, Ch. 3, section 260.218.4(a) of the California Code of Regulations (failure to
27 adequately supervise employees with regard to the sale of securities).

28 15. Nothing in this Order shall be construed as a finding or admission of fraud.

III.

ORDER

On the basis of the Findings of Fact, Conclusions of Law, and Goldman Sachs' consent to the entry of this Order, for the sole purpose of settling this matter, prior to a hearing and without admitting or denying any of the Findings of Fact or Conclusions of Law,

IT IS HEREBY ORDERED:

17. This Order concludes the investigation by the California Department of Corporations and any other action that the California Department of Corporations could commence under applicable California law on behalf of California as it relates to Goldman Sachs' marketing and sale of auction rate securities to Goldman Sachs' Eligible Investors, as defined below.

18. This Order is entered into solely for the purpose of resolving the investigation into Goldman Sachs' marketing and sale of auction rate securities, and is not intended to be used for any other purpose.

19. This Order shall be binding upon Respondent Goldman Sachs and its successors and assigns as well as to successors and assigns of relevant affiliates with respect to all conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions.

20. Goldman Sachs shall desist and refrain from violating and will comply with Title 10, Ch. 3, sections 260.218 and 260.218.4(a) of the California Code of Regulations in connection with the marketing and sale of ARS.

21. Goldman Sachs shall pay the sum of One Million Five Hundred And Ninety Five Thousand Seven Hundred and Sixty Nine Dollars And Fifty Three Cents (\$1,595,769.53) to the California Department of Corporations as a civil monetary penalty, which amount constitutes California's proportionate share of the state settlement amount of twenty-two million, five hundred thousand dollars (\$22,500,000.00), which shall be payable to the State of California within ten (10) days of the date on which this Order is entered.

22. In the event another state securities regulator determines not to accept Goldman Sachs' settlement offer, the total amount of the payment to the State of California shall not be affected.

Requirement to Repurchase ARS from Retail ARS Investors

23. Goldman Sachs shall have provided liquidity to Eligible Investors by offering to buy back Eligible ARS that since February 11, 2008, have not been auctioning, at par, in the manner described below.

24. "Eligible ARS," for the purposes of this Order, shall mean auction rate securities purchased from Goldman Sachs on or before February 11, 2008.

25. "Eligible Investors," for the purposes of this Order, shall mean:

i. Natural persons (including their IRA accounts, testamentary trust and estate accounts, custodian UGMA and UTMA accounts, and guardianship accounts);

ii. Legal entities forming investment vehicles for closely related individuals including but not limited to IRA accounts, Trusts, Family Limited Partnerships, and other legal entities performing a similar function;

iii. Charities and non-profits with Internal Revenue Code Section 501(c) status that purchased Eligible ARS from Goldman Sachs; and

iv. Small Businesses that purchased Eligible ARS from Goldman Sachs. For purposes of this provision, "Small Businesses" shall mean Goldman Sachs clients not otherwise covered in paragraphs 25(i) and (ii) above that had \$10 million or less in assets in their accounts with Goldman Sachs, net of margin loans, as determined by the client's aggregate household position(s) at Goldman Sachs as of August 31, 2008, or, if the client was not a client of Goldman Sachs as of August 31, 2008, as of the date that the client terminated its client relationship with Goldman Sachs. Notwithstanding any other provision, "Small Businesses" does not include broker-dealers or banks acting as conduits for their customers.

26. Goldman Sachs shall have offered to purchase, at par plus accrued and unpaid dividends/interest, from Eligible Investors their Eligible ARS that since February 11, 2008, have not been auctioning ("Buyback Offer"), and explain what Eligible Investors must do to accept, in whole

1 or in part, the Buyback Offer. The Buyback Offer shall have remained open until at least November
2 12, 2008 ("Offer Period"). Goldman Sachs may extend the Offer Period beyond this date.

3 27. Goldman Sachs shall have undertaken its best efforts to identify and provide notice to
4 Eligible Investors who invested in Eligible ARS that since February 11, 2008, have not been
5 auctioning, of the relevant terms between Goldman Sachs and the California Department of
6 Corporations.

7 28. Eligible Investors may have accepted the Buyback Offer by notifying Goldman Sachs
8 at any time before midnight, Eastern Time, November 12, 2008, or such later date and time as
9 Goldman Sachs may extend the Offer Period. For Eligible Investors who accepted the Buyback
10 Offer within the Offer Period, Goldman Sachs shall have purchased the Eligible ARS on or before
11 November 17, 2008 (or a later date if an offer period is extended). For Eligible Investors who
12 accepted the Buyback Offer within the Offer Period but custodied their Eligible ARS away from
13 Goldman Sachs, Goldman Sachs shall repurchase the Eligible ARS upon receipt of assurance
14 reasonably satisfactory to Goldman Sachs from the Eligible Investor's current financial institution
15 that the bidding rights associated with the Eligible Auction Rate Securities will be transferred to
16 Goldman Sachs and transfer of the Eligible ARS.

17 29. No later than December 31, 2009, any Eligible Investor who for good cause (including
18 but not limited to incapacity or failure to receive the notice provided for in paragraph 27) did not
19 accept the Buyback Offer pursuant to paragraph 28 above, shall be entitled to sell their Eligible ARS,
20 at par, to Goldman Sachs for (30) days after establishing such good cause, and Goldman Sachs shall
21 purchase such Eligible Investor's Eligible ARS promptly.

22 30. No later than October 20, 2008, Goldman Sachs shall have established a dedicated
23 toll-free telephone assistance line, with appropriate staffing, to provide information and to respond to
24 questions from clients concerning the terms of the settlement between Goldman Sachs and the
25 California Department of Corporations.

26 **Review of Client Accounts**

27 31. For a period of two years from the date of this Order, upon request from any firm that
28 is repurchasing auction rate securities, upon receipt from the repurchasing firm of (i) the names of

1 any Goldman Sachs clients that may hold ARS subject to the repurchasing firm's repurchase offer,
2 (ii) the CUSIPs of the Eligible ARS, (iii) the clients' Goldman Sachs' account number(s) (if known
3 to the repurchasing firm), and (iv) the date those ARS were transferred to Goldman Sachs (if known
4 to the repurchasing firm), Goldman Sachs shall take reasonable steps to provide notice to those
5 clients of the repurchasing firm's repurchase offer.

6 **Relief for Investors Who Sold Below Par**

7 32. By November 12, 2008, Goldman Sachs shall have undertaken its best efforts to
8 identify any Eligible Investor who sold Eligible ARS below par between February 11, 2008, and
9 August 21, 2008, and shall have paid any such Eligible Investor the difference between par and the
10 price at which the Eligible Investor sold the Eligible ARS.

11 **Reimbursement for Related Loan Expenses**

12 33. Goldman Sachs shall have made best efforts to identify Eligible Investors who took
13 out loans from Goldman Sachs, between February 11, 2008, and March 19, 2010, that were secured
14 by Eligible ARS that were not successfully auctioning at the time the loan was taken out from
15 Goldman Sachs, and paid interest associated with the auction rate securities based portion of those
16 loans in excess of the total interest and dividends received on the auction rate securities during the
17 duration of the loan. Goldman Sachs shall have reimbursed such clients for the excess expense, plus
18 reasonable interest thereon. Such reimbursement shall have occurred no later than March 31, 2010.

19 **Claims for Consequential Damages**

20 34. Goldman Sachs shall consent to participate in a special arbitration ("Arbitration") for
21 the exclusive purpose of arbitrating any Eligible Investor's consequential damages claim arising from
22 their inability to sell Eligible ARS. Goldman Sachs shall have provided written notice to Eligible
23 Investors of the terms of the Arbitration process on or before November 12, 2008.

24 35. The Arbitration shall be conducted by a single public arbitrator (as defined by section
25 12100(u) of the NASD Code of Arbitration Procedures for Customer Disputes, eff. April 16, 2007),
26 under the auspices of FINRA. Goldman Sachs will pay all applicable forum and filing fees. Any
27 Eligible Investors who choose to pursue such claims in the Arbitration shall bear the burden of
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1 proving that they suffered consequential damages and that such damages were caused by their
2 inability to access funds invested in Eligible Auction Rate Securities.

3 36. In the Arbitration, Goldman Sachs shall be permitted to defend itself against such
4 claims; provided, however, that Goldman Sachs shall not contest in these arbitrations liability related
5 to the sale of auction rate securities, or use as part of its defense any decision by an Eligible Investor
6 not to borrow money from Goldman Sachs.

7 37. Eligible Investors seeking consequential damages who elect to use the special
8 arbitration process provided for herein shall not be eligible for punitive or special damages.

9 38. Eligible Investors who elect to utilize the special arbitration process set forth above are
10 limited to the remedies available in that process and may not bring or pursue a claim against
11 Goldman Sachs or in any case where Goldman Sachs is an underwriter relating to Eligible Auction
12 Rate Securities in another forum.

13 **Institutional Investors**

14 39. Goldman Sachs shall endeavor to work with issuers and other interested parties,
15 including regulatory and governmental entities, to expeditiously provide liquidity solutions for
16 institutional investors not covered by paragraph 23 above that purchased auction rate securities from
17 Goldman Sachs prior to February 11, 2008 ("Institutional Investors").

18 40. Beginning November 12, 2008, and within 45 days of the end of each Goldman Sachs
19 fiscal quarter thereafter, Goldman Sachs shall have submitted a written report to the Illinois Securities
20 Department or other representative specified by the North American Securities Administrators
21 Association ("NASAA") outlining Goldman Sachs' progress with respect to its obligations pursuant
22 to this Order. Goldman Sachs shall have, at the option of the Illinois Securities Department or other
23 representative specified by NASAA, conferred with such representative on a quarterly basis to
24 discuss Goldman Sachs' progress to date. Such quarterly reports and conferences shall have
25 continued until December 31, 2009. Following every quarterly report, the representative shall have
26 advised Goldman Sachs of any concerns regarding Goldman Sachs' progress, and, in response,
27 Goldman Sachs shall have discussed how Goldman Sachs plans to address such concerns. The
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1 reporting or meeting deadlines may be amended with written permission from the Illinois Securities
2 Department or other representative specified by NASAA.

3 **Relief for Municipal Issuers**

4 41. Goldman Sachs shall promptly refund to municipal issuers refinancing fees paid to
5 Goldman Sachs for the refinancing or conversion of their auction rate securities that occurred
6 between February 11, 2008, and the date of this Order, where Goldman Sachs acted as underwriter
7 for the initial primary offering of the auction rate securities between August 1, 2007, and February
8 11, 2008. Nothing in this Order precludes the California Department of Corporations from pursuing
9 any other civil action that may arise with regard to auction rate securities other than the marketing
10 and sale of auction rate securities to retail investors.

11 42. Goldman Sachs agrees to waive any right to indemnification and/or claims of
12 contribution, and/or other similar remedies with respect to any costs, expenses, or losses in
13 connection with this Order that Goldman Sachs may have against any municipal issuers that issued
14 securities through Goldman Sachs in the primary market, including any student loan authority.

15 **Additional Considerations**

16 43. Nothing herein shall preclude California, its departments, agencies, boards,
17 commissions, authorities, political subdivisions and corporations, other than the California
18 Department of Corporations and only to the extent set forth in paragraph 17 above (collectively,
19 "State Entities"), and the officers, agents or employees of State Entities from asserting any claims,
20 causes of action, or applications for compensatory, nominal and/or punitive damages, administrative,
21 civil, criminal, or injunctive relief against Goldman Sachs in connection with certain auction rate
22 securities practices at Goldman Sachs.

23 44. This Order shall not disqualify Goldman Sachs or any of its affiliates or current or
24 former employees from any business that they otherwise are qualified or licensed to perform under
25 applicable state law and this Order is not intended to form the basis for any disqualification.

26 45. To the extent applicable, this Order hereby waives any disqualification from relying
27 upon the registration exemptions or registration safe harbor provisions that may be contained in the
28 federal securities laws, the rules and regulations thereunder, the rules and regulations of self

1 regulatory organizations or any states' or U.S. Territories' securities laws. In addition, this Order is
2 not intended to form the basis for any such disqualifications. In addition, this Order is not intended to
3 form the basis of a statutory disqualification under Section 3(a)(39) of the Securities Exchange Act of
4 1934.

5 46. Except in an action by the California Department of Corporations to enforce the
6 obligations of Goldman Sachs in this Order, this Order may neither be deemed nor used as an
7 admission of or evidence of any alleged fault, omission, or liability of Goldman Sachs in any civil,
8 criminal, arbitration, or administrative proceeding in any court, administrative agency, or tribunal.
9 For any person or entity not a party to this Order, this Order does not limit or create any private right
10 against Goldman Sachs including, without limitation with respect to the use of any e-mails or other
11 documents of Goldman Sachs or of others concerning the marketing and/or sales of auction rate
12 securities, limit or create liability of Goldman Sachs, or limit or create defenses of Goldman Sachs to
13 any claims.

14 47. This Order and any dispute related thereto shall be construed and enforced in
15 accordance with, and governed by, the laws of the State of California without regard to any choice of
16 law principles.

17 48. Evidence of a violation of this Order proven in a court of competent jurisdiction shall
18 constitute prima facie proof of a violation of the Act in any civil action or proceeding hereafter
19 commenced by the California Department of Corporations against Goldman Sachs.

20 49. Should the California Department of Corporations prove in a court of competent
21 jurisdiction that a material breach of this Order by Goldman Sachs has occurred, Goldman Sachs
22 shall pay to the California Department of Corporations the cost, if any, of such determination and of
23 enforcing this Order, including without limitation legal fees, expenses and court costs.

24 50. If Goldman Sachs fails to make the payment specified in paragraph 21, the California
25 Department of Corporations may, at its sole discretion, pursue any legal remedies, including but not
26 limited to initiating an action to enforce the Order, revoking Goldman Sachs' registration within the
27 state, or terminating this Order.
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1 51. If in any proceeding, after notice and opportunity for a hearing, a court of competent
2 jurisdiction, including an administrative proceeding by a state securities administrator, finds that
3 there was a material breach of this Order, the California Department of Corporations, at its sole
4 discretion, may terminate the Order. If Goldman Sachs defaults on any other obligation under this
5 Order, the California Department of Corporations may, at its sole discretion, pursue legal remedies to
6 enforce the Order or pursue an administrative action, including but not limited to, an action to revoke
7 Goldman Sachs' registration within the state. Goldman Sachs agrees that any statute of limitations or
8 other time related defenses applicable to the subject of the Order and any claims arising from or
9 relating thereto are tolled from and after the date of this Order. In the event of such termination,
10 Goldman Sachs expressly agrees and acknowledges that this Order shall in no way bar or otherwise
11 preclude the California Department of Corporations from commencing, conducting, or prosecuting
12 any investigation, action, or proceeding, however denominated, related to the Order, against Goldman
13 Sachs, or from using in any way any statements, documents, or other materials produced or provided
14 by Goldman Sachs prior to or after the date of this Order, including, without limitation, such
15 statements, documents, or other materials, if any, provided for purposes of settlement negotiations,
16 except as may otherwise be provided in a written agreement with the California Department of
17 Corporations.

18 52. Goldman Sachs shall cooperate fully and promptly with the California Department of
19 Corporations and shall use its best efforts to ensure that all the current and former officers, directors,
20 trustees, agents, members, partners, and employees of Goldman Sachs (and of any of Goldman
21 Sachs' parent companies, subsidiaries, or affiliates) cooperate fully and promptly with the California
22 Department of Corporations in any pending or subsequently initiated investigation, litigation, or other
23 proceeding relating to auction rate securities and/or the subject matter of the Order. Such cooperation
24 shall include, without limitation, and on a best efforts basis:

25 (a) production, voluntarily and without service of subpoena, upon the request of
26 the California Department of Corporations, of all documents or other tangible evidence
27 requested by the California Department of Corporations and any compilations or summaries
28 of information or data that the California Department of Corporations requests that Goldman

1 Sachs (or the Goldman Sachs' parent companies, subsidiaries, or affiliates) prepare, except to
2 the extent such production would require the disclosure of information protected by the
3 attorney-client and/or work product privileges;

4 (b) without the necessity of a subpoena, having the current (and making all
5 reasonable efforts to cause the former) officers, directors, trustees, agents, members, partners,
6 and employees of Goldman Sachs (and of any of the Goldman Sachs' parent companies,
7 subsidiaries, or affiliates) attend any Proceedings (as hereinafter defined) in California or
8 elsewhere at which the presence of any such persons is requested by the California
9 Department of Corporations and having such current (and making all reasonable efforts to
10 cause the former) officers, directors, trustees, agents, members, partners, and employees
11 answer any and all inquiries that may be put by the California Department of Corporations to
12 any of them at any proceedings or otherwise, except to the extent such production would
13 require the disclosure of information protected by the attorney-client and/or work product
14 privileges; "Proceedings" include, but are not limited to, any meetings, interviews,
15 depositions, hearings, trials, grand jury proceedings, or other proceedings;

16 (c) fully, fairly, and truthfully disclosing all information and producing all records
17 and other evidence in its possession, custody, or control (or the possession, custody, or control
18 of the Goldman Sachs parent companies, subsidiaries, or affiliates) relevant to all inquiries
19 made by the California Department of Corporations concerning the subject matter of the
20 Order, except to the extent such inquiries call for the disclosure of information protected by
21 the attorney-client and/or work product privileges; and

22 (d) making outside counsel reasonably available to provide comprehensive
23 presentations concerning any internal investigation relating to all matters in the Order and to
24 answer questions, except to the extent such presentations or questions call for the disclosure
25 of information protected by the attorney-client and/or work product privileges.

26 53. In the event Goldman Sachs fails to comply with paragraph 23 of the Order, the
27 California Department of Corporations shall be entitled to specific performance, in addition to any
28 other available remedies.

1 54. The California Department of Corporations has agreed to the terms of this Order based
2 on, among other things, the representations made to the California Department of Corporations by
3 Goldman Sachs, its counsel, and the California Department of Corporations's own factual
4 investigation. To the extent that any material representations are later found to be materially
5 inaccurate or misleading, this Order is voidable by the California Department of Corporations in its
6 sole discretion.

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8 Dated this 27th day of April, 2010.

9 PRESTON DuFAUCHARD
10 California Corporations Commissioner

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12 By _____
13 ALAN S. WEINGER
14 Deputy Commissioner
15 Enforcement Division
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**CONSENT TO ENTRY OF ADMINISTRATIVE ORDER BY
GOLDMAN, SACHS & CO.**

Goldman, Sachs & Co. ("Goldman Sachs") hereby acknowledges that it has been served with a copy of this Consent Order, has read the foregoing Order, is aware of its right to a hearing and appeal in this matter, and has waived the same.

Goldman Sachs admits the jurisdiction of the California Department of Corporations, neither admits nor denies the Findings of Fact and Conclusions of Law contained in this Order, and consents to entry of this Order by California Department of Corporations as settlement of the issues contained in this Order.

Goldman Sachs states that no promise of any kind or nature whatsoever was made to it to induce it to enter into this Order and that it has entered into this Order voluntarily.

Norman Feit represents that he/she is a Managing Director of Goldman Sachs and that, as such, has been authorized by Goldman Sachs to enter into this Order for and on behalf of Goldman Sachs.

DATED this 22nd day of April, 2010.

GOLDMAN, SACHS & CO.

By: _____

Title: Managing Director, Legal

STATE OF _____)
_____)
County of _____)

SUBSCRIBED AND SWORN TO before me this _____ day of _____, 2010.

Notary Public

My commission expires:
