

June 29, 2023

David M. Solomon
Chairman and CEO
Goldman, Sachs & Co.
200 West Street, 29th Floor
New York, NY 10282

Dear Mr. Solomon,

I am writing today regarding Goldman Sachs' involvement in the March 2023 collapse of Silicon Valley Bank (SVB) and the profits your bank received for its dual – and conflicting – roles with the failing bank. Goldman Sachs, serving as both the buyer of SVB-held bonds and the architect of a failed efforts to raise capital for the bank,¹ raked in profits and fees even as SVB was seized by the Federal Deposit Insurance Committee (FDIC) in a failure that necessitated extraordinary action by financial regulators, cost the Federal Deposit Insurance Fund \$20 billion, and caused “macro ripples” across the entire economy.² This dual role – in which Goldman profited as the economy suffered – is reminiscent of the company's behavior during the 2008 financial crisis, when it profited both from selling mortgage-backed securities and from placing bets against them.³ While I am glad that Goldman Sachs is cooperating with federal investigations into its role,⁴ you owe the American public full transparency regarding how your bank benefited from this crisis.

Goldman Sachs appears to have profited at nearly every stage of Silicon Valley Bank's collapse. On March 8, 2023, on your bank's recommendation, Silicon Valley Bank sold Goldman Sachs a \$24 billion debt portfolio at a \$1.8 billion loss.⁵ Goldman Sachs, in its role as an advisor to SVB, attempted to line up a \$2.25 billion sale of SVB stock that would provide SVB with the capital it

¹ New York Times, “New Questions About Goldman Sachs's Work With Silicon Valley Bank,” Andrew Ross Sorkin and Lauren Hirsch, March 15, 2023, <https://www.nytimes.com/2023/03/15/business/goldman-svb-silicon-valley-bank.html>.

² Axios, “Macros ripples from Silicon Valley Bank,” Neil Irwin, March 10, 2023, <https://www.axios.com/2023/03/10/svb-meltdown-ripple-effect>; Markets Insider, “Silicon Valley Bank's failure will cost \$20 billion – that's almost a sixth of the pool of funds that insures US depositors,” Zahra Tayeb, March 27, 2023, <https://markets.businessinsider.com/news/stocks/svb-failure-cost-fdic-private-insurance-fund-20-billion-2023-3#>.

³ CNNMoney, “Goldman blasted for conflicts of interest,” Ben Rooney, April 14, 2011, https://money.cnn.com/2011/04/13/news/economy/goldman_sachs_senate_report/index.htm.

⁴ Reuters, “Goldman Sachs cooperating with government probes on SVB collapse,” May 4, 2023, <https://www.reuters.com/legal/litigation/goldman-sachs-named-defendant-svb-related-class-action-lawsuit-2023-05-04/>.

⁵ Fortune, “Feds probe Goldman Sachs role in failed SVB fundraising deal that helped push U.S. regional banking system into turmoil,” Sridhar Natarajan, May 4, 2023, <https://fortune.com/2023/05/04/feds-probe-goldman-sachs-role-failed-svb-fundraising-deal-helped-push-us-regional-banking-system-turmoil/>.

needed to stay solvent.⁶ However, news of the sale of SVB’s portfolio to Goldman Sachs instead sparked panic among investors and “set in motion the failure of SVB.”⁷ Within days, the stock sale was cancelled, SVB customers sought to withdraw more than \$40 billion in deposits from SVB, and regulators seized the bank, marking one of the largest bank failures in U.S. history.⁸

Your bank’s dual roles meant that not only were you buying SVB’s debt portfolio at a discount, you were also raking in fees as the underwriter for the failed \$2.25 billion capital raise that doomed SVB. And Goldman Sachs actually benefited further from the collapse of SVB, with the “turmoil” in the market following SVB’s failure increasing the value of the discounted bond portfolio by an estimated \$100 million.⁹

The failure of SVB was a failure of the entire system – regulators who were asleep at the wheel, SVB executives who engaged in shady backroom deals, and big banks like yours that profited from SVB’s troubles and are now seeking to use accounting tricks to avoid replenishing the federal deposit insurance fund.¹⁰ The American people, and your customers, deserve a full accounting of your dual role in SVB’s collapse, and the steps you plan to take to ensure crises like this don’t happen again. I therefore ask that you provide me with answers to the following questions no later than July 13, 2023:

Regarding the March 8, 2023 portfolio sale:

1. What was the original value of SVB’s debt portfolio sold to Goldman Sachs on March 8, 2023?
2. What did Goldman Sachs pay for this portfolio?
3. Did Goldman Sachs review the potential impacts on SVB’s resilience once the sale became public?
4. Did Goldman Sachs receive any fees for advising SVB on the March 8, 2023 sale of its portfolio to Goldman Sachs?

⁶ Reuters, “Analysis: For Goldman Sachs, SVB’s botched stock sale had a silver lining,” Echo Wang, Lanah Nguyen, and David French, March 16, 2023, <https://www.reuters.com/business/finance/goldman-sachs-svbs-botched-stock-sale-had-silver-lining-2023-03-16/>.

⁷ Reuters, “Analysis: For Goldman Sachs, SVB’s botched stock sale had a silver lining,” Echo Wang, Lanah Nguyen, and David French, March 16, 2023, <https://www.reuters.com/business/finance/goldman-sachs-svbs-botched-stock-sale-had-silver-lining-2023-03-16/>; Reuters, “SVB says Goldman Sachs was buyer of portfolio it booked losses on,” Echo Wang, Niket Nishant, and Saeed Azhar, March 14, 2023, <https://www.reuters.com/business/finance/goldman-sachs-bought-svbs-bond-portfolio-lender-says-2023-03-14/>.

⁸ Fortune, “Feds probe Goldman Sachs role in failed SVB fundraising deal that helped push U.S. regional banking system into turmoil,” Sridhar Natarajan, May 4, 2023, <https://fortune.com/2023/05/04/feds-probe-goldman-sachs-role-failed-svb-fundraising-deal-helped-push-us-regional-banking-system-turmoil/>.

⁹ New York Times, “New Questions About Goldman Sachs’s Work With Silicon Valley Bank,” Andrew Ross Sorkin and Lauren Hirsch, March 15, 2023, <https://www.nytimes.com/2023/03/15/business/goldman-svb-silicon-valley-bank.html>.

¹⁰ Letter from Senator Elizabeth Warren to The Honorable Martin J. Gruenberg, May 18, 2023, <https://www.warren.senate.gov/imo/media/doc/2023.05.18%20Letter%20to%20FDIC%20re%20replenishment%20of%20deposit%20insurance%20fund.pdf>.

- a. If so, please list the fees.
5. How much did the value of the portfolio rise in the week following the collapse of SVB in March 2023?
 6. What was Goldman Sachs paid for its role as underwriter in the failed \$2.25 billion capital raise?
 - a. Did Goldman Sachs receive payment for any other roles in the capital raise? If so, which roles?
 7. What actions – if any – did Goldman take to prevent conflicts of interest in its dual role as buyer of SVB’s debt portfolio, and advisor on SVB’s attempt to raise capital and avert collapse?
 - a. Which individuals at Goldman Sachs were involved in the debt purchase?
 - b. Which individuals at Goldman Sachs were involved in advising SVB on its attempt to raise capital?
 - c. Were any of these individuals in communication during the period from March 1, 2023 to March 12, 2023?

Sincerely,



Elizabeth Warren
United States Senator