

Ex-New York Fed employee avoids prison for Goldman Sachs leaks

By Nate Raymond

NEW YORK (Reuters) - A former Federal Reserve Bank of New York employee was spared prison on Wednesday, disappointing prosecutors who said his leaking of confidential documents to a friend at Goldman Sachs Group Inc justified time behind bars.

Jason Gross, 37, was fined \$2,000 by U.S. Magistrate Judge Gabriel Gorenstein in Manhattan and sentenced to a year of probation with 200 hours of community service after pleading guilty to a misdemeanor charge of theft of government property.

Prosecutors had sought six to 12 months in prison for Gross, who in November admitted to providing confidential information to Rohit Bansal, his former supervisor at the Federal Reserve Bank of New York who had left to work at Goldman Sachs.

But while Gorenstein said Gross had abused the position of trust he had at the New York Fed, his conviction coupled with the loss of a career had already sent "a powerful message to others."

The case highlighted the so-called revolving door on Wall Street, in which regulators take new jobs at the banks they formerly oversaw.

The charges were announced after Goldman Sachs agreed in October to a related \$50 million settlement with the New York Department of Financial Services.

According to prosecutors and New York regulators, Bansal obtained numerous documents from Gross after joining Goldman Sachs in July 2014.

Those documents included some pertaining to examinations of a bank that Goldman was advising about a potential transaction, regulators said.

Bansal shared some of the documents with others at Goldman, regulators and prosecutors said, telling them in at least one instance, "Please don't distribute."



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Ex-employee of the Federal Reserve Bank of New York Jason Gross, exits the Manhattan U.S. District Courthouse in New York

In court, Bruce Barket, Gross's lawyer, said Gross in providing Bansal the documents thought he was doing a favor for a friend who had already seen them and even created some.

"I don't think he thought much of it," Barket said.

Goldman has said that after discovering Bansal obtained the confidential supervisory information, it notified regulators and fired him and a more senior employee who failed to take further action. The New York Fed also fired Gross.

Bansal pleaded guilty in November to theft of government property. He is scheduled to be sentenced on Tuesday.

The case is U.S. v. Gross, U.S. District Court, Southern District of New York, No. 15-cr-00766.

(Reporting by Nate Raymond in New York; editing by Grant McCool)

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