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Goldman Joins Retreat From Texas Muni Business After Gun Law.

- **Goldman replaced by Texas agency as lead on upcoming bond sale**
- **Official cites bank's decision to pause underwriting in state**

Goldman Sachs Group Inc. is said to be pulling back from public-finance business in Texas because of new state laws that seek to punish Wall Street banks for wading into the debates over gun control and global warming.

The bank, which is ranked as the sixth biggest municipal-bond underwriter in 2021, is joining rivals Citigroup Inc. and JPMorgan Chase & Co. in halting such business in Texas, at least temporarily, since the Republican-backed laws took effect Sept. 1, according to a state agency that had planned to have Goldman lead an upcoming sale. Bank of America Corp. also hasn't handled any new Texas bond deals since the start of last month.

One of the laws bars Texas state and local governments from working with banks that have moved to curtail ties to the firearms industry in the wake of U.S. mass shootings. Another restricts state contracts with those that have shunned fossil-fuel producers, a major industry in Texas.

The board for the Texas Public Finance Authority last week voted to appoint a new bank to replace Goldman on an upcoming general-obligation bond sale because the bank is pausing its underwriting work in the state, according to an audio recording of the meeting provided to Bloomberg by the authority.

Patrick Scanlan, a spokesperson for Goldman, declined to comment.

Goldman isn't as big a force in Texas bond underwriting as rivals like Bank of America or Citigroup, ranking as the 12th-biggest in the state in 2020 with about \$1.9 billion of new long-term deals, according to data compiled by Bloomberg.

But Goldman was slated to be the senior manager on the finance authority deal, which could be as big as \$856 million. The board issues bonds for state agencies and entities like universities.

Lee Deviney, executive director of the authority, said at the Oct. 7 meeting that a "handful" of municipal underwriters have told the authority that they are on pause in the state due to the new legislation.

"In this case, Goldman Sachs has advised us that they are on pause," he said at the meeting.

The underwriters that have been affected are deciding how to comply with the legislation or not, he said at the meeting. As part of the gun law, banks have to verify that they haven't enacted policies that discriminate against the gun industry or its trade groups.

Deviney declined to comment.

The authority's board members voted to appoint Raymond James Financial Inc. to replace Goldman on the upcoming bond transaction.

That bank is among those filling the breach left by the retreat of some of the biggest underwriters.

Barclays Plc, TD Securities, Stifel Financial Corp. and Wells Fargo & Co. are also among those certifying that they can keep working in Texas because they don't have policies targeted by its new laws, according to letters to the state attorney general compiled by the Municipal Advisory Council of Texas, an industry association. The advisory council posted the letters on its website.

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