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Ex-GSAM Employee, Fired After Assault Claims, Gets Felony Charge Reduced

By Danielle Walker October 18, 2018

A former institutional salesman at Goldman Sachs Asset Management (GSAM) who was fired earlier this year after being arrested twice for allegedly attacking a woman has had a felony charge against him reduced to a misdemeanor, court documents obtained by *FundFire* reveal.

In the ongoing case, **Joseph Karwosky** faces claims that he punched his girlfriend last April, and allegedly choked a woman in a separate incident this May, as first reported by *Bloomberg*.

The most recent claim of choking, which initially resulted in a strangulation charge - a felony in New York - was reduced last month to a misdemeanor offense, minutes from Oct. 11 court proceedings in Manhattan state. As such, Karwosky currently faces two misdemeanor charges related to the alleged attacks, his attorney tells *FundFire*.

"The DA's office dropped the felony charge on the case [from May]," the attorney says. "It's a misdemeanor assault charge now."

Goldman fired Karwosky in June after allegations arose that he "did not provide accurate information to the firm regarding non-investment related outside events," Financial Industry Regulatory Authority (FINRA) BrokerCheck filings about his employment separation state.

After Goldman discovered the charges against Karwosky, the firm placed him on leave and began a full investigation, a Goldman spokesperson told *FundFire* Wednesday in an emailed statement.

Karwosky continues to deny the alleged assaults, according to his attorney.

"There's been no guilty plea and Mr. Karwosky maintains [his] innocence," his attorney tells *FundFire*.

While a misdemeanor is less serious than a felony, such charges alone could hold enough weight to have lasting employment implications on an individual, particularly in the current climate, says **Salvatore Gangemi**, a partner at **Murtha Cullina** who litigates labor and employment matters.

"In the past, a charge of a non-financial related crime might not have had much of an effect on his career, in the #MeToo era he may run into problems going forward," Gangemi, who is not involved in the case, wrote to *FundFire* in an email.

"Institutional investors might be concerned about his history of violence with women and even from a public relations standpoint might refuse to work with him," he added.

In February, a Silicon Valley family office **Iconiq Capital**, which has been linked to Facebook CEO **Mark Zuckerberg**, fired its head of real estate **John Sauter** after a potential investor learned during a background check that the executive had been accused of sexual assault nearly 30 years prior, as reported. Sauter was fired despite the fact that a court ordered the record expunged.

Criminal charges, whether felonies or misdemeanors, and even arrests, would typically surface in institutional investors' due diligence investigations, particularly for key employees at an investment firm, according to **Kenneth H. Springer**, a senior v.p. at **Corporate Resolutions Inc.**, which conducts background investigations for investment clients.

But on the asset manager side, "it's actually not as clear what will come out of this type of situation," in regard to hiring individuals down the road, Springer continues.

"Really, it's the hiring practices at the asset manager [that determine] whether an individual with a criminal history is eligible for hire... there's plenty of people on Wall Street who have underage drinking criminal convictions from college," he says.

"In certain cases, there are employment laws that limits the information employers can see – New York City is one of the most strict jurisdictions where they are really are on the side of the [job] candidate," he adds.

As recently as February 2016, Karwosky served as a relationship manager for GSAM's emerging markets equity team in New York, according to company presentation materials submitted to the **Los Angeles Department of Water and Power Employees' Retirement Plan**. LADWP was considering the firm for a mandate, among other finalists, at the time.

The presentation materials billed him as a "client relationship manager responsible for U.S. public and Taft-Hartley pension funds," having joined GSAM in 2010 from UBS.

Karwosky's next court date is scheduled for December 6, when both charges will be discussed, according to his attorney.

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