

# Goldman Sachs

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The Goldman Sachs Group, Inc.



<b>Type</b>	Public
<b>Traded as</b>	NYSE: GS S&P 500 Component
<b>Industry</b>	Banking, Financial Services
<b>Founded</b>	1869
<b>Founder(s)</b>	Marcus Goldman, Samuel Sachs
<b>Headquarters</b>	200 West Street, New York, New York, U.S.
<b>Area served</b>	Worldwide
<b>Key people</b>	Lloyd Blankfein (Chairman & CEO) Gary Cohn (President & COO) David Viniar (Executive VP & CFO)
<b>Products</b>	Asset management, commercial banking, commodities, investment banking, investment management, mutual funds, prime brokerage
<b>Revenue</b>	▼US\$ 39.161 billion (2010) <sup>[1]</sup>
<b>Operating income</b>	▼US\$ 12.892 billion (2010) <sup>[1]</sup>
<b>Net income</b>	▼US\$ 8.364 billion (2010) <sup>[1]</sup>
<b>AUM</b>	▼US\$ 840 billion (2010) <sup>[1]</sup>

**Total assets** ▲US\$ 911.332 billion (2010)<sup>[1]</sup>

**Total equity** ▲US\$ 77.400 billion (2010)<sup>[1]</sup>

**Employees** 35,700 (2010)<sup>[1]</sup>

**Website** GoldmanSachs.com

**The Goldman Sachs Group, Inc.** (NYSE: GS) is an American multinational bulge bracket investment banking and securities firm that engages in global investment banking, securities, investment management, and other financial services primarily with institutional clients. Goldman Sachs was founded in 1869 and is headquartered at 200 West Street in the Lower Manhattan area of New York City, with additional offices in major international financial centers. The firm provides mergers and acquisitions advice, underwriting services, asset management, and prime brokerage to its clients, which include corporations, governments and individuals. The firm also engages in proprietary trading and private equity deals, and is a primary dealer in the United States Treasury security market.

Former employees include Robert Rubin and Henry Paulson who served as United States Secretary of the Treasury under Presidents Bill Clinton and George W. Bush, respectively, as well as Mark Carney, the governor of the Bank of Canada since 2008, Mario Draghi, governor of the European Central Bank and Mario Monti, the Italian Prime Minister.

Goldman Sachs announced 1,000 layoffs in July 2011 in an effort to cut expenses up to \$1.2 billion.<sup>[2][3]</sup>

## History

### 1869–1930

Goldman Sachs was founded in New York in 1869 by the German-born Marcus Goldman.<sup>[4][5]</sup> In 1882, Goldman's son-in-law Samuel Sachs joined the firm.<sup>[6]</sup> In 1885, Goldman took his son Henry and his son-in-law Ludwig Dreyfuss into the business and the firm adopted its present name, Goldman Sachs & Co.<sup>[7]</sup> The company made a name for itself pioneering the use of commercial paper for entrepreneurs and was invited to join the New York Stock Exchange (NYSE) in 1896.

In the early 20th century, Goldman was a player in establishing the initial public offering (IPO) market. It managed one of the largest IPOs to date, that of Sears, Roebuck and Company in 1906. It also became one of the first companies to heavily recruit those with MBA degrees from leading business schools, a practice that still continues today.<sup>[citation needed]</sup>

On December 4, 1928, it launched the Goldman Sachs Trading Corp. a closed-end fund. The fund failed as a result of the Stock Market Crash of 1929, hurting the firm's reputation for several years afterward.<sup>[8]</sup> Of this case and others like Blue Ridge Corporation<sup>[9]</sup> and Shenandoah Corporation<sup>[10]</sup> John Kenneth Galbraith wrote: *The Autumn of 1929 was, perhaps, the first occasion when men succeeded on a large scale in swindling themselves.*<sup>[11]</sup>

### 1930–1980

In 1930, Sidney Weinberg assumed the role of senior partner and shifted Goldman's focus away from trading and towards investment banking. It was Weinberg's actions that helped to restore some of Goldman's tarnished reputation. On the back of Weinberg, Goldman was lead advisor on the Ford Motor Company's IPO in 1956, which at the time was a major coup on Wall Street. Under Weinberg's reign the firm also started an investment research division and a municipal bond department. It also was at this time that the firm became an early innovator in risk arbitrage.

Gus Levy joined the firm in the 1950s as a securities trader, which started a trend at Goldman where there would be two powers generally vying for supremacy, one from investment banking and one from securities trading. For most of the 1950s and 1960s, this would be Weinberg and Levy. Levy was a pioneer in block trading and the firm established this trend under his guidance. Due to Weinberg's heavy influence at the firm, it formed an investment banking division in 1956 in an attempt to spread around influence and not focus it all on Weinberg.

In 1969, Levy took over as Senior Partner from Weinberg, and built Goldman's trading franchise once again. It is Levy who is credited with Goldman's famous philosophy of being "long-term greedy", which implied that as long as money is made over the long term, trading losses in the short term were not to be worried about. At the same time, partners reinvested almost all of their earnings in the firm, so the focus was always on the future.<sup>[12]</sup> That same year, Weinberg retired from the firm.

Another financial crisis for the firm occurred in 1970, when the Penn Central Transportation Company went bankrupt with over \$80 million in commercial paper outstanding, most of it issued by Goldman Sachs. The bankruptcy was large, and the resulting lawsuits threatened the partnership capital and life of the firm. It was this bankruptcy that resulted in credit ratings being created for every issuer of commercial paper today by several credit rating services.<sup>[13]</sup>

During the 1970s, the firm also expanded in several ways. Under the direction of Senior Partner Stanley R. Miller, it opened its first international office in London in 1970, and created a private wealth division along with a fixed income division in 1972. It also pioneered the "white knight" strategy in 1974 during its attempts to defend Electric Storage Battery against a hostile takeover bid from International Nickel and Goldman's rival Morgan Stanley.<sup>[14]</sup> This action would boost the firm's reputation as an investment advisor because it pledged to no longer participate in hostile takeovers.

John L. Weinberg (the son of Sidney Weinberg), and John C. Whitehead assumed roles of co-senior partners in 1976, once again emphasizing the co-leadership at the firm. One of their initiatives was the establishment of the 14 business principles<sup>[15]</sup> that are still used to this day.

## **1980–1999**

On November 16, 1981, the firm made a move by acquiring J. Aron & Company, a commodities trading firm which merged with the Fixed Income division to become known as Fixed Income, Currencies, and Commodities. J. Aron was a player in the coffee and gold markets, and the current CEO of Goldman, Lloyd Blankfein, joined the firm as a result of this merger. In 1985 it underwrote the public offering of the Real Estate Investment Trust that owned Rockefeller Center, then the largest REIT offering in history. In accordance with the beginning of the dissolution of the Soviet Union, the firm also became involved in facilitating the global privatization movement by advising companies that were spinning off from their parent governments.

In 1986, the firm formed Goldman Sachs Asset Management, which manages the majority of its mutual funds and hedge funds today. In the same year, the firm also underwrote the IPO of Microsoft, advised General Electric on its acquisition of RCA and joined the London and Tokyo stock exchanges. 1986 also was the year when Goldman became the first United States bank to rank in the top 10 of mergers and acquisitions in the United Kingdom. During the 1980s the firm became the first bank to distribute its investment research electronically and created the first public offering of original issue deep-discount bond.

Robert Rubin and Stephen Friedman assumed the Co-Senior Partnership in 1990 and pledged to focus on globalization of the firm and strengthening the Merger & Acquisition and Trading business lines. During their reign, the firm introduced paperless trading to the New York Stock Exchange and lead-managed the first-ever global debt offering by a U.S. corporation. It also launched the Goldman Sachs Commodity Index (GSCI) and opened a Beijing office in 1994. It was this same year that Jon Corzine assumed leadership of the firm following the departure of Rubin and Friedman.

Another momentous event in Goldman's history was the Mexican bailout of 1995. Rubin drew criticism in Congress for using a Treasury Department account under his personal control to distribute \$20 billion to bail out Mexican bonds, of which Goldman was a key distributor.<sup>[16]</sup> On November 22, 1994, the Mexican Bolsa stock market had admitted Goldman Sachs and one other firm to operate on that market.<sup>[17]</sup> The 1994 economic crisis in Mexico threatened to wipe out the value of Mexico's bonds held by Goldman Sachs.

The firm joined David Rockefeller and partners in a 50–50 joint ownership of Rockefeller Center during 1994, but later sold the shares to Tishman Speyer in 2000. In 1996, Goldman was lead underwriter of the Yahoo! IPO and in 1998 it was global coordinator of the NTT DoCoMo IPO. In 1999, Henry Paulson took over as Senior Partner.

## **Since 1999**

One of the largest events in the firm's history was its own IPO in 1999. The decision to go public was one that the partners debated for decades. In the end, Goldman decided to offer only a small portion of the company to the public, with some 48% still held by the partnership pool.<sup>[18]</sup> 22% of the company was held by non-partner employees, and 18% was held by retired Goldman partners and two longtime investors, Sumitomo Bank Ltd. and Hawaii's Kamehameha Activities Assn (the investing arm of Kamehameha Schools). This left approximately 12% of the company as being held by the public. With the firm's 1999 IPO, Paulson became Chairman and Chief Executive Officer of the firm. As of 2009, after further stock offerings to the public, Goldman is 67% owned by institutions (such as pension funds and other banks).<sup>[19]</sup>

In 1999, Goldman acquired Hull Trading Company, one of the world's premier market-making firms, for \$531 million. More recently, the firm has been busy both in investment banking and in trading activities. It purchased Spear, Leeds, & Kellogg, one of the largest specialist firms on the New York Stock Exchange, for \$6.3 billion in September 2000. It also advised on a debt offering for the Government of China and the first electronic offering for the World Bank. In 2003 it took a 45% stake in a joint venture with JBWere, the Australian investment bank. In 2009 The Private Wealth Management arm of JBWere was sold into a joint venture with National Australia Bank. Goldman opened a full-service broker-dealer in Brazil in 2007, after having set up an investment banking office in 1996. It expanded its investments in companies to include Burger King, **McJunkin Corporation**, and in January 2007, Alliance Atlantis alongside CanWest Global Communications to own sole broadcast rights to the all three *CSI* series. The firm is also heavily involved in energy trading, including oil, on both a principal and agent basis.

In May 2006, Paulson left the firm to serve as U.S. Treasury Secretary, and Lloyd C. Blankfein was promoted to Chairman and Chief Executive Officer. Former Goldman employees have headed the New York Stock Exchange, the World Bank, the U.S. Treasury Department, the White House staff, and firms such as Citigroup and Merrill Lynch.

### **Actions in the 2007–2008 subprime mortgage crisis**

During the 2007 subprime mortgage crisis, Goldman was able to profit from the collapse in subprime mortgage bonds in the summer of 2007 by short-selling subprime mortgage-backed securities. Two Goldman traders, Michael Swenson and Josh Birnbaum, are credited with bearing responsibility for the firm's large profits during America's sub-prime mortgage crisis.<sup>[20]</sup> The pair, members of Goldman's structured products group in New York, made a profit of \$4 billion by "betting" on a collapse in the sub-prime market, and shorting mortgage-related securities. By summer of 2007, they persuaded colleagues to see their point of view and talked around skeptical risk management executives.<sup>[21]</sup> The firm initially avoided large subprime writedowns, and achieved a net profit due to significant losses on non-prime securitized loans being offset by gains on short mortgage positions. Its sizable profits made during the initial subprime mortgage crisis led the New York Times to proclaim that Goldman Sachs is without peer in the world of finance.<sup>[22]</sup> The firm's viability was later called into question as the crisis intensified in September 2008.

On October 15, 2007, as the crisis had begun to unravel, Allan Sloan, a senior editor for *Fortune* magazine, said:<sup>[23]</sup>

So let's reduce this macro story to human scale. Meet GSAMP Trust 2006-S3, a \$494 million drop in the junk-mortgage bucket, part of the more than half-a-trillion dollars of mortgage-backed securities issued last year. We found this issue by asking mortgage mavens to pick the worst deal they knew of that had been floated by a top-tier firm – and this one's pretty bad.

It was sold by Goldman Sachs – GSAMP originally stood for Goldman Sachs Alternative Mortgage Products but now has become a name itself, like AT&T and 3M.

This issue, which is backed by ultra-risky second-mortgage loans, contains all the elements that facilitated the housing bubble and bust. It's got speculators searching for quick gains in hot housing markets; it's got loans that seem to have been made with little or no serious analysis by lenders; and finally, it's got Wall Street, which churned out mortgage "product" because buyers wanted it. As they say on the Street, "When the ducks quack, feed them."

On September 21, 2008, Goldman Sachs and Morgan Stanley, the last two major investment banks in the United States, both confirmed that they would become traditional bank holding companies, bringing an end to the era of investment banking on Wall Street.<sup>[24][25]</sup> The Federal Reserve's approval of their bid to become banks ended the ascendancy of the securities firms, 75 years after Congress separated them from deposit-taking lenders, and capped weeks of chaos that sent Lehman Brothers into bankruptcy and led to the rushed sale of Merrill Lynch & Co. to Bank

of America Corp.<sup>[26][27]</sup>

According to a 2009 **BrandAsset Valuator** survey taken of 17,000 people nationwide, the firm's reputation suffered in 2008 and 2009, and rival Morgan Stanley was respected more than Goldman Sachs, a reversal of the sentiment in 2006. Goldman refused to comment on the findings.<sup>[28]</sup>

### **TARP and Berkshire Hathaway investment**

On September 23, 2008, Berkshire Hathaway agreed to purchase \$5 billion in Goldman's preferred stock, and also received warrants to buy another \$5 billion in Goldman's common stock, exercisable for a five-year term.<sup>[29]</sup> Goldman also received a \$10 billion preferred stock investment from the U.S. Treasury in October 2008, as part of the Troubled Asset Relief Program (TARP).<sup>[30]</sup>

Andrew Cuomo, then Attorney General of New York, questioned Goldman's decision to pay 953 employees bonuses of at least \$1 million each after it received TARP funds in 2008.<sup>[31]</sup> That same period, however, CEO Lloyd Blankfein and six other senior executives opted to forgo bonuses, stating they believed it was the right thing to do, in light of "the fact that we are part of an industry that's directly associated with the ongoing economic distress".<sup>[32]</sup> Cuomo called the move "appropriate and prudent", and urged the executives of other banks to follow the firm's lead and refuse bonus payments.

In June 2009, Goldman Sachs repaid the U.S. Treasury's TARP investment, with 23% interest (in the form of \$318 million in preferred dividend payments and \$1.418 billion in warrant redemptions).<sup>[33]</sup> In December 2009, Goldman announced their top 30 executives will be paid year-end bonuses in restricted stock, with clawback provisions, that must go unsold for five years.<sup>[34][35]</sup>

### **Use of Federal Reserve's Emergency Liquidity Programs**

During the 2008 Financial Crisis, the Federal Reserve introduced a number of short-term credit and liquidity facilities to help stabilize markets. Some of the transactions under these facilities provided liquidity to institutions whose disorderly failure could have severely stressed an already fragile financial system.<sup>[36]</sup>

Goldman Sachs was one of the heaviest users of these loan facilities, taking out numerous loans from March 18, 2008 – April 22, 2009. The Primary Dealer Credit Facility (PDCF), the first Fed facility ever to provide overnight loans to investment banks, loaned Goldman Sachs a total of \$589 billion against collateral such as corporate market instruments and mortgage-backed securities.<sup>[37]</sup> The Term Securities Lending Facility (TSLF), which allows primary dealers to borrow liquid Treasury securities for one month in exchange for less liquid collateral, loaned Goldman Sachs a total of \$193 billion.<sup>[38]</sup>

Goldman Sachs's borrowings totaled \$782 billion in hundreds of transactions over these months.<sup>[39]</sup> This number is a total of all transactions over time and not the outstanding loan balance. The loans have been fully repaid in accordance with the terms of the facilities.<sup>[40][41]</sup>

## **Corporate affairs**





Goldman Sachs Tower, at 30 Hudson Street, in Jersey City.

As of 2009, Goldman Sachs employed 31,701 people worldwide.<sup>[34]</sup> In 2006, the firm reported earnings of US\$9.34 billion and record earnings per share of \$19.69.<sup>[42]</sup> It was reported that the average total compensation per employee in 2006 was US\$622,000.<sup>[43]</sup> However, this number represents the arithmetic mean of total compensation and is highly skewed upwards as several hundred of the top recipients command the majority of the Bonus Pools, leaving the median that most employees receive well below this number.<sup>[44]</sup> In Business Week's recent release of the *Best Places to Launch a Career 2008*, Goldman Sachs was ranked No.4 out of 119 total companies on the list.<sup>[45]</sup> The current Chief Executive Officer is Lloyd C. Blankfein. The company ranks No.1 in Annual Net Income when compared with 86 peers in the Investment Services sector. Blankfein received a \$67.9 million bonus in his first year. He chose to receive "some" cash unlike his predecessor, Paulson, who chose to take his bonus entirely in company stock.<sup>[46]</sup>

Goldman Sachs is divided into three businesses units: Investment Banking, Trading and Principal Investments, and Asset Management and Securities Services.<sup>[47]</sup>

## Investment banking

Investment banking is divided into two divisions and includes Financial Advisory (mergers and acquisitions, investitures, corporate defense activities, restructuring and spin-offs) and Underwriting (public offerings and private placements of equity, equity-related and debt instruments). Goldman Sachs is one of the leading M&A advisory firms, often topping the league tables in terms of transaction size. The firm gained a reputation as a white knight in the mergers and acquisitions sector by advising clients on how to avoid hostile takeovers, moves generally viewed as unfriendly to shareholders of targeted companies. Goldman Sachs, for a long time during the 1980s, was the only major investment bank with a strict policy against helping to initiate a hostile takeover, which increased the firm's reputation immensely among sitting management teams at the time. The investment banking segment accounts for around 17 percent of Goldman Sachs' revenues.<sup>[48]</sup>

The firm has also been involved in both advising and brokering deals to privatize major highways by selling them to foreign investors. In addition to advising 4 state and local governments on privatization projects, including Indiana, Texas, and Chicago.<sup>[49]</sup>

## Trading & principal investments

Trading and Principal Investments is the largest of the three segments, and is the company's profit center.<sup>[50]</sup> The segment is divided into four divisions and includes Fixed Income (The trading of interest rate and credit products, mortgage-backed securities, insurance-linked securities and structured and derivative products), Currency and Commodities (The trading of currencies and commodities), Equities (The trading of equities, equity derivatives, structured products, options, and futures contracts), and Principal Investments (merchant banking investments and funds). This segment consists of the revenues and profit gained from the Bank's trading activities, both on behalf of its clients (known as flow trading) and for its own account (known as proprietary trading).

Most trading done by Goldman is not speculative, but rather an attempt to profit from bid-ask spreads in the process of acting as a market maker.<sup>[citation needed]</sup> On average, around 68 percent of Goldman's revenues and profits are derived from trading.<sup>[50]</sup> Upon its IPO, Goldman predicted that this segment would not grow as fast as its Investment Banking division and would be responsible for a shrinking proportion of earnings. The opposite has been true however, resulting in now-CEO Blankfein's appointment to President and Chief Operating Officer after John Thain's departure to run the NYSE and John L. Thornton's departure for an academic position in China.

## Asset management and securities services



Goldman Sachs Headquarters, at 200 West Street, in Manhattan.

As the name suggests, the firm's Asset Management and Securities Services segment is divided into two components: Asset Management and Securities Services. The Asset Management division provides investment advisory and financial planning services and offers investment products (primarily through separately managed accounts and commingled vehicles) across all major asset classes to a diverse group of institutions and individuals worldwide.<sup>[51]</sup> The unit primarily generates revenues in the form of management and incentive fees. The Securities Services division provides clearing, financing, custody, securities lending, and reporting services to institutional clients, including hedge funds, mutual funds, and pension funds. The division generates revenues primarily in the form of interest rate spreads or fees.<sup>[51]</sup>

In 2009, the Goldman Sachs Asset Management hedge fund was the 9th largest in the United States, with \$20.58 billion under management.<sup>[52]</sup> This was down from \$32.5 billion in 2007, after client redemptions and weaker investment performance.<sup>[53][54]</sup>

On September 14, 2011, Goldman Sachs stated it was shutting down the Global Alpha fund, once the firm's largest hedge fund. The announcement followed a reported decline in fund balances to less than \$1.7 billion in June 2011 from \$11 billion in 2007. The decline was caused by investors withdrawing from the fund following earlier substantial market losses. The firm said it expected most of the fund assets to be liquidated by mid-October 2011.<sup>[55]</sup>

## **GS Capital Partners**

Main article: Goldman Sachs Capital Partners

GS Capital Partners is the private equity arm of Goldman Sachs. It has invested over \$17 billion in the 20 years from 1986 to 2006. One of the most prominent funds is the GS Capital Partners V fund, which comprises over \$8.5 billion of equity.<sup>[56]</sup> On April 23, 2007, Goldman closed GS Capital Partners VI with \$20 billion in committed capital, \$11 billion from qualified institutional and high net worth clients and \$9 billion from the firm and its employees. GS Capital Partners VI is the current primary investment vehicle for Goldman Sachs to make large, privately negotiated equity investments.<sup>[57]</sup>

### **Major private equity assets**

The Ayco Company, L.P. (Financial Advisory)

Hawker Beechcraft (Aerospace)

Cogentrix Energy (Energy)

American Casino & Entertainment Properties (Casinos)

CH James Restaurant Holdings (Quick Service Restaurant)

Coffeyville Resources LLC (Oil Refinery)

USI Holdings Corporation (Insurance & Finance)

East Coast Power LLC (Energy)

Queens Moat Houses (Hotels)

Sequoia Credit Consolidation (Finance)

Shineway Industrial Group (Meat Processing)

Equity Inns, Inc. (Hotels)

Arcandor (*former KarstadtQuelle property group – Retailer*)

Medfinders Inc. (formerly Nursefinders Inc. – Healthcare)

Latin Force Group, LLC (Media)

Constellation Energy Group

Archon Hospitality Japan (Hotels)

CMC Markets (Financial trading)<sup>[58]</sup>

## Predictions

In December 2005, four years after its report on the emerging "BRIC" economies (Brazil, Russia, India, and China), Goldman Sachs named its "Next Eleven"<sup>[59]</sup> list of countries, using macroeconomic stability, political maturity, openness of trade and investment policies and quality of education as criteria: Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, the Philippines, Turkey, South Korea and Vietnam.<sup>[60]</sup>

## Corporate citizenship

Goldman Sachs has received favorable press coverage for conducting business and implementing internal policies related to reversing global climate change.<sup>[61]</sup> According to the company website, the Goldman Sachs Foundation has given \$114 million in grants since 1999, with the goal of promoting youth education worldwide.<sup>[62]</sup>

The company also has been on Fortune Magazine's 100 Best Companies to Work For list since the list was launched in 1998, with emphasis placed on its support for employee philanthropic efforts.<sup>[63]</sup> In November 2007, Goldman Sachs established a donor advised fund called Goldman Sachs Gives that donates to charitable organizations around the world, while increasing their maximum employee donation match to \$20,000.<sup>[64]</sup> The firm's Community TeamWorks is an annual, global volunteering initiative that in 2007 gave over 20,000 Goldman employees a day off work from May through August to volunteer in a team-based project organized with a local nonprofit organization.<sup>[65]</sup>

In March 2008, Goldman launched the 10,000 Women initiative to train 10,000 women from predominantly developing countries in business and management.<sup>[66]</sup>

In November 2009, Goldman pledged \$500 million to aid small businesses in their newly created 10,000 Small Businesses initiative. The initiative aims to provide 10,000 small businesses with assistance – ranging from business and management education and mentoring to lending and philanthropic support. The networking will be offered through partnerships with national and local business organizations, as well as employees of Goldman Sachs.<sup>[67]</sup> In addition to Goldman CEO Lloyd Blankfein, Berkshire Hathaway's Warren Buffet and Harvard Business School professor Michael Porter will chair the program's advisory council.<sup>[68]</sup>

Goldman Sachs employees are known to be highly loyal to their organization.<sup>[65] [68]</sup>

## Tax Rate

Goldman Sachs expected in December 2008 to pay \$14 million in taxes worldwide for 2008 compared with \$6 billion the previous year, after making \$2.3 billion profit and paying \$10.9 billion in employee pay and benefits. The company's effective tax rate dropped to 1% from 34.1% in 2007, due to tax credits and, according to Goldman Sachs, "changes in geographic earnings mix" thus reducing the company's tax obligation.<sup>[69][70]</sup> Many critics argue that the reduction in Goldman Sachs's tax rate was achieved by shifting its earnings to subsidiaries in low- or no-tax nations. Goldman Sachs had 28 such subsidiaries at the time, including 15 in the Cayman Islands.<sup>[71]</sup>

## Controversies

### Involvement in the European sovereign debt crisis

Goldman is being criticized for its involvement in the 2010 European sovereign debt crisis. Goldman Sachs is reported to have systematically helped the Greek government mask the true facts concerning its national debt between the years 1998 and 2009.<sup>[72]</sup> In September 2009, Goldman Sachs, among others, created a special credit default swap (CDS) index to cover of high risk of Greece's national debt.<sup>[73]</sup> The interest-rates of Greek national bonds have soared to a very high level, leading the Greek economy very close to bankruptcy in March and May 2010 and again in June 2011.<sup>[74]</sup> Lucas Papademos, Greece's new prime minister, ran the Central Bank of Greece at the time of the controversial derivatives deals with Goldman Sachs that enabled Greece to hide the size of its debt.<sup>[75]</sup> **Petros Christodoulou**, head of Greece's debt management agency began his career at Goldman Sachs.<sup>[75]</sup> Mario Monti, Italy's new prime minister and finance minister, who heads the new government that took over after Berlusconi's resignation, is an international adviser to Goldman Sachs.<sup>[75]</sup> So is Otmar Issing, former board member of the Bundesbank and the Executive Board of the European Bank.<sup>[75]</sup> Mario Draghi, the new head of the European Central Bank, is the former managing director of Goldman Sachs International.<sup>[75]</sup> Antonio Borges, formerly head of the IMF's European Department is a former vice chairman of Goldman Sachs International.<sup>[75]</sup> Peter Sutherland, former Attorney General of Ireland is a non-executive director of Goldman Sachs International. Karel van Miert, former EU Competition Commissioner is an ex-international adviser to Goldman Sachs.<sup>[75]</sup> These ties between Goldman Sachs and European leaders is an ongoing source of controversy.<sup>[75]</sup>

### California bonds

On November 11, 2008, the *Los Angeles Times* reported that Goldman Sachs, which earned \$25M from underwriting California bonds, had advised other clients to short those bonds.<sup>[76]</sup> While some journalists criticized the contradictory actions,<sup>[77]</sup> others pointed out that the opposite investment decisions undertaken by the underwriting side and the trading side of the bank were normal and in line with regulations regarding Chinese walls.<sup>[78]</sup>

### Personnel "revolving-door" with U.S. government

During 2008 Goldman Sachs received criticism for an apparent revolving door relationship, in which its employees and consultants have moved in and out of high level U.S. Government positions, creating the potential for conflicts of interest. Former Treasury Secretary Paulson was a former CEO of Goldman Sachs. Additional controversy attended the selection of former Goldman Sachs lobbyist Mark Patterson as chief of staff to Treasury Secretary Timothy Geithner, despite President Barack Obama's campaign promise that he would limit the influence of lobbyists in his administration.<sup>[79]</sup> In February 2011, the *Washington Examiner* reported that Goldman Sachs was "the company from which Obama raised the most money in 2008" and that its "CEO Lloyd Blankfein has visited the White House 10 times."<sup>[80]</sup>

### Insider trading cases

In 1986, **David Brown** was convicted of passing inside information to Ivan Boesky on a takeover deal.<sup>[81]</sup> **Robert Freeman**, who was a senior Partner, who was the Head of Risk Arbitrage, and who was a protégé of Robert Rubin, was also convicted of insider trading, for his own account and for the firm's account.<sup>[82]</sup>

In April, 2010, Goldman director Rajat Gupta was named in an insider-trading case. It was said Gupta had "tipped off a hedge-fund billionaire", Raj Rajaratnam of Galleon Group, about the \$5 billion Berkshire Hathaway investment in Goldman in September, 2008. According to the report, Gupta had told Goldman the month before his involvement became public that he wouldn't seek re-election as a director.<sup>[83]</sup> In early 2011, with the delayed Rajaratnam criminal trial about to begin,<sup>[84]</sup> the United States Securities and Exchange Commission (SEC) announced civil charges

against Gupta covering the Berkshire investment as well as confidential quarterly earnings information from Goldman and Procter & Gamble (P&G). Gupta was board member at P&G until voluntarily resigning the day of the SEC announcement, after the charges were announced. "Gupta was an investor in some of the Galleon hedge funds when he passed the information along, and he had other business interests with Rajaratnam that were potentially lucrative.... Rajaratnam used the information from Gupta to illegally profit in hedge fund trades.... The information on Goldman made Rajaratnam's funds \$17 million richer.... The Procter & Gamble data created illegal profits of more than \$570,000 for Galleon funds managed by others, the SEC said." Gupta was said to have "vigorously denied the SEC accusations". He is also a board member of AMR Corp..<sup>[85]</sup>

## **First Quarter 2009 and December 2008 financial results**

In April 2009, there was controversy that Goldman Sachs had "puffed up" its Q1 earnings by creating a December "orphan month" into which it shifted large writedowns.<sup>[86]</sup> In its first full quarter as a bank holding company, the firm reported a \$780M net loss for the single month of December alongside Q1 net earnings of \$1.81B (Jan–Mar)<sup>[87]</sup><sup>[88]</sup>

The accounting change to a calendar fiscal year, which created the stub month, was required when the firm converted to a bank holding company and declared in Item 5.03 of its Form 8-K U.S. Securities and Exchange Commission (SEC) filing of December 15, 2008.<sup>[89]</sup> The December loss also included a \$850M writedown on loans to bankrupt chemical maker LyondellBasell, as reported in late December (the chemical maker formally declared bankruptcy on January 6 but the loan would have been marked-to-market – it became clear in mid/late-December that Lyondell would not be able to meet its debt obligations).<sup>[90]</sup><sup>[91]</sup>

Most financial analysts and the mainstream financial press (Bloomberg L.P., Reuters, etc), aware of the accounting change and deteriorating market conditions into December, were unsurprised by the December loss (Merrill Lynch took at least \$8.1B of losses in the same period).<sup>[92]</sup> However, their lack of reaction and reporting of what was a widely expected result may have contributed to the surprise attributing this as a sign that the firm was trying to hide losses in December. On the contrary, the results of December 2008 were discussed up front and in detail by CFO David Viniar in the first few minutes of the firm's Q1 2009 conference call, and were fully declared on page 10 of its earnings release document.<sup>[87]</sup><sup>[93]</sup>

On April 22, 2009, Morgan Stanley also reported<sup>[94]</sup> a \$1.3B net loss for the single month of December, alongside a \$177M loss for the first quarter (Jan–Mar).<sup>[95]</sup> However, whereas Goldman Sachs' first-quarter earnings (Jan–Mar) were well-above forecasts<sup>[96]</sup> (which led to the speculation that the firm may have 'conveniently' shifted losses into December), Morgan Stanley's results for the same Jan–Mar period were below consensus estimates.<sup>[97]</sup> This, in addition to Morgan Stanley's losses in December, would appear to support Goldman's rejection of the notion that they deliberately shifted losses into December.<sup>[88]</sup> Like Goldman Sachs, Morgan Stanley converted to a bank holding company after the bankruptcy of Lehman Brothers in September 2008.

At the end of 2009, the firm was on track to complete its most profitable year since its founding.<sup>[35]</sup><sup>[98]</sup>

## **Involvement with the bailout of AIG**

American International Group (AIG) was bailed out by the US government in September 2008 after suffering a liquidity crisis, whereby the Federal Reserve initially lent \$85 billion to AIG to allow the firm to meet its collateral and cash obligations.

In March 2009, it was reported that, in 2008, Goldman Sachs, alongside other major US and international financial institutions, had received billions of dollars during the unwind of credit default swap (CDS) contracts purchased from AIG, including \$12.9bn from funds provided by the US Federal Reserve to bail out AIG.<sup>[99]</sup><sup>[100]</sup><sup>[101]</sup> (As of April, 2009, US Government loans to AIG totaled over \$180 billion.) The money was used to repay customers of its security-lending program and was paid as collateral to counterparties under credit insurance contracts purchased from AIG. However, due to the size and nature of the payouts there was considerable controversy in the media and amongst some politicians as to whether banks, including Goldman Sachs, may have benefited materially from the bailout and if they had been overpaid.<sup>[102]</sup><sup>[103]</sup> The New York State Attorney General Andrew Cuomo announced in March 2009 that he was investigating whether AIG's trading counterparties improperly received government money.<sup>[104]</sup>

## **Firm's response to criticism of AIG payments**

Goldman Sachs has maintained that its net exposure to AIG was 'not material', and that the firm was protected by hedges (in the form of CDSs with other counterparties) and \$7.5B of collateral.<sup>[105]</sup> The firm stated the cost of these hedges to be over \$100M.<sup>[106]</sup> According to Goldman, both the collateral and CDSs would have protected the bank from incurring an economic loss in the event of an AIG bankruptcy (however, because AIG was bailed out and not allowed to fail, these hedges did not pay out.)<sup>[107]</sup> CFO David Viniar stated that profits related to AIG in Q1 2009 "rounded to zero", and profits in December were not significant. He went on to say that he was "mystified" by the interest the government and investors have shown in the bank's trading relationship with AIG.<sup>[108]</sup>

Considerable speculation remains that Goldman's hedges against their AIG exposure would not have paid out if AIG was allowed to fail. According to a report by the United States Office of the Inspector General of TARP, if AIG had collapsed, it would have made it difficult for Goldman to liquidate its trading positions with AIG, even at discounts, and it also would have put pressure on other counterparties that "might have made it difficult for Goldman Sachs to collect on the credit protection it had purchased against an AIG default."<sup>[109]</sup> Finally, the report said, an AIG default would have forced Goldman Sachs to bear the risk of declines in the value of billions of dollars in collateral debt obligations.

Goldman argues that CDSs are marked to market (i.e. valued at their current market price) and their positions netted between counterparties daily. Thus, as the cost of insuring AIG's obligations against default rose substantially in the lead-up to its bailout, the sellers of the CDS contracts had to post more collateral to Goldman Sachs. The firm claims this meant its hedges were effective and the firm would have been protected against an AIG bankruptcy and the risk of knock-on defaults, had AIG been allowed to fail.<sup>[106]</sup> However, in practice, the collateral would not protect fully against losses both because protection sellers would not be required to post collateral that covered the complete loss during a bankruptcy and because the value of the collateral would be highly uncertain following the repercussions of an AIG bankruptcy.<sup>[citation needed]</sup> As with the bankruptcy of Lehman Brothers, wider and longer-term systemic and economic turmoil brought on by an AIG default would probably have affected the firm and all other market participants.<sup>[citation needed]</sup>

### **Final AIG meetings on September 15 at the New York Federal Reserve**

Some have said, incorrectly according to others,<sup>[110]</sup> that Goldman Sachs received preferential treatment from the government by being the only Wall Street firm to have participated in the crucial September meetings at the New York Fed, which decided AIG's fate. Much of this has stemmed from an inaccurate but often quoted *New York Times* article.<sup>[111]</sup> The article was later corrected to state that Blankfein, CEO of Goldman Sachs, was "*one of the Wall Street chief executives at the meeting*" (emphasis added). Bloomberg has also reported that representatives from other firms were indeed present at the September AIG meetings.<sup>[112]</sup> Furthermore, Goldman Sachs CFO David Viniar has stated that CEO Blankfein had never "met" with his predecessor and then-US Treasury Secretary Henry Paulson to discuss AIG;<sup>[113]</sup> However, there were frequent phone calls between the two of them.<sup>[114]</sup> Paulson was not present at the September meetings at the New York Fed. It is also a lesser known fact that Morgan Stanley was hired by the Federal Reserve to advise them on the AIG bailout.<sup>[115]</sup>

According to the *New York Times*, Paulson spoke with the CEO of Goldman Sachs two dozen times during the week of the bailout, though he obtained an ethics waiver before doing so.<sup>[116]</sup> While it is common for regulators to be in contact with market participants to gather valuable industry intelligence, particularly in a crisis, the *Times* noted he spoke with Goldman's Blankfein more frequently than with other large banks. Federal officials say that although Paulson was involved in decisions to rescue A.I.G, it was the Federal Reserve that played the lead role in shaping and financing the A.I.G. bailout.<sup>[116]</sup>

### **Former New York Fed Chairman's ties to the firm**

Stephen Friedman, a former director of Goldman Sachs, was named Chairman of the Federal Reserve Bank of New York in January 2008. Although he had retired from Goldman in 1994, Friedman continued to own stock in the firm. Goldman's conversion from a securities firm to a bank holding company in September 2008 meant it was now regulated by the Fed and not the SEC. When it became apparent that Timothy Geithner, then president of the New York Fed, would leave his role there to become Treasury Secretary, Friedman was granted a temporary one-year waiver of a rule that forbids "class C" directors of the Fed from direct interest with those it regulates. Friedman agreed to remain on the board until the end of 2009 to provide continuity in the wake of the turmoil caused by Lehman Brothers' bankruptcy. Had the waiver not been granted, the New York Fed would have lost both its president and its chairman (or Friedman would have had to divest his Goldman shares).<sup>[117]</sup> This would have been highly disruptive for the New York Fed's role in the capital markets, and Friedman later said he agreed to stay on the NY

Fed board out of a sense of public duty, but that his decision was "being mischaracterised as improper".<sup>[118]</sup>

Media reports in May 2009 concerning Friedman's involvement with Goldman, and in particular, his purchase of the firm's stock when it traded at historical lows in the fourth quarter of 2008,<sup>[117]</sup> fueled controversy and criticism over what was seen as a conflict of interest in Friedman's new role as supervisor and regulator to Goldman Sachs. These events prompted his resignation on May 7, 2009. Although Friedman's purchases of Goldman stock did not violate any Fed rule, statute, or policy, he said that the Fed did not need this distraction. He also stated his purchases, made while approval of a waiver was pending, were motivated by a desire to demonstrate confidence in the company during a time of market distress.<sup>[119]</sup>

### **\$60 million settlement for Massachusetts subprime mortgages**

On May 10, 2009, the Goldman Sachs Group agreed to pay up to \$60 million to end an investigation by the Massachusetts attorney general's office into whether the firm helped promote unfair home loans in the state. The settlement will be used to reduce the mortgage payments of 714 Massachusetts residents who had secured subprime mortgages funded by Goldman Sachs. Michael DuVally, a spokesman for Goldman, said it was "pleased to have resolved this matter," and declined to comment further. This settlement may open the door to state government actions against Goldman throughout the United States aimed at securing compensation for predatory mortgage lending practices.<sup>[120]</sup>

### **Abacus mortgage-backed CDOs**

According to a 2009 *New York Times* story by Morgenson and Story, Goldman Sachs created collateralized debt obligations (CDOs), sold them to investors, and then bet short against them. **Jonathan M. Egol** was named as a 'prime mover' behind the products, called 'Abacus' deals, worth billions. A Goldman worker named Tetsuya Ishikawa was involved in these deals and later wrote a novel called *How I Caused the Credit Crunch*. Goldman did 25 Abacus deals from 2004–2008. The article claims Goldman tried to pressure Moody's to rate its products higher than they should have been.

The article also claimed that many mortgage backed CDOs (Abacus, and others) sold by Goldman performed very poorly. It uses the example of the Hudson Mezzanine CDO, which Goldman bet against, but also sold to investors. It also claims that various rules regarding CDO-default pay outs were modified to favor short sellers in 2005.

Goldman claimed that it was simply hedging, not expecting the CDOs to fail. It also said that its investors knew it was betting against the products it was selling to them.<sup>[121]</sup>

Goldman and one of its traders, Fabrice Tourre, were later sued by the SEC over circumstances surrounding one of these CDOs, Abacus 2007-AC1. (See below in this article) In late 2010 Tourre asked for dismissal of the suit against him based on the repercussions of the *Morrison v. National Australia Bank Ltd* Supreme Court case, claiming his deals were outside the US and thus not subject to certain US laws.<sup>[122][123][124]</sup>

See also: Merrill Lynch:CDO controversies, Magnetar Capital

### **Goldman Sachs Commodity Index and the 2005–2008 Food Bubble**

Goldman Sachs' creation of the Goldman Sachs Commodity Index has been implicated by some in the 2007–2008 world food price crisis. In a 2010 article in Harper's magazine, Frederick Kaufman magazine accused Goldman Sachs of profiting while many people went hungry or even starved. He argued that Goldman's creation of the commodity index helped passive investors (pension funds, mutual funds and others) enter the markets, which disturbed the normal relationship between Supply and Demand and price levels. He argues that the result was a 'contango' wheat market on the Chicago Mercantile Exchange, which caused prices of wheat to rise much higher than normal, defeating the purpose of the exchanges (price stabilization) in the first place.<sup>[125][126][127]</sup>

In a June 2010 article in *The Economist*, the argument is made that index-tracking funds (of which Goldman Sachs Commodity Index was one) did not cause the bubble. It describes a report by the Organisation for Economic Co-operation and Development that used data from the Commodity Futures Trading Commission to make the case. For example the report points out that even commodities without futures markets also saw price rises during the period.<sup>[128]</sup>

See also *2000s commodities boom* for a discussion on specific causes of the 2000s commodities boom.

## SEC civil fraud lawsuit, filed in April 2010

On April 16, 2010, the Securities and Exchange Commission (SEC) announced that it was suing Goldman Sachs and one of its employees, Fabrice Tourre.<sup>[129]</sup> The SEC alleged that Goldman materially misstated and omitted facts in disclosure documents for a synthetic CDO product it originated called Abacus 2007-AC1.<sup>[129]</sup> Goldman was paid a fee of approximately \$15 million for its work in the deal. The allegation is that Goldman misrepresented to investors that an independent selection agent, ACA, had reviewed the mortgage package underlying the credit default obligations, and that Goldman failed to disclose to ACA that a hedge fund, Paulson & Co., that sought to short the package, had helped select underlying mortgages for the package against which it planned to bet.<sup>[130]</sup> The SEC further alleged that "Tourre also misled ACA into believing that Paulson invested approximately \$200 million in the equity of ABACUS 2007-AC1 (a long position) and, accordingly, that Paulson's interests in the collateral section [sic] process were aligned with ACA's when in reality Paulson's interests were sharply conflicting."<sup>[130]</sup> Goldman Sachs stated that the firm never represented to ACA that Paulson was to be a long investor, and that as normal business practice, market makers do not disclose the identities of a buyer to a seller and vice versa.<sup>[131]</sup>

The complaint states that Paulson made a \$1 billion profit from the short investments, while purchasers of the materials lost the same amount. The two main investors who lost money were ABN Amro and IKB Deutsche Industriebank.<sup>[130]</sup> IKB lost \$150,000,000 within months on the purchase.<sup>[130]</sup> ABN Amro lost \$840,909,090.<sup>[130]</sup> Goldman stated the firm also lost \$90 million and did not structure a portfolio that was designed to lose money.<sup>[131]</sup> After the SEC announced the suit during the April 16, 2010 trading day, Goldman's Sachs's stock fell 13% to close at 160.70 from 184.27 on volume of over 102,000,000 shares (vs. a 52 week average of 13,000,000 shares). The firm's shares lost \$10 billion in market value during the trading session.<sup>[132]</sup> On April 30, 2010, shares tumbled further on news that the Manhattan office of the US Attorney General launched a criminal probe into Goldman Sachs, sending the stock down more than 15 points, or nearly ten percent to \$145.<sup>[133]</sup>

Goldman issued a statement on the same day the suit was filed, saying the SEC's charges were "unfounded in law and fact" and giving specific reasons as to why. The firm stated it had provided extensive disclosure to the long investors in the CDO, that the firm also lost money, that ACA selected the portfolio without the firm suggesting Paulson was to be a long investor, and that ACA was itself the largest purchaser of the Abacus pool, investing \$951 million. Goldman also stated that any investor losses resulted from the overall negative performance of the entire sector, rather than from a particular security in the CDO.<sup>[131][134][135]</sup> Goldman issued an additional public comment in response to the suit on April 19, 2010, raising additional points in their favor.<sup>[136]</sup> While some have called these statements misleading,<sup>[137]</sup> others believe Goldman has a strong defense.<sup>[137][138][139]</sup> or that the SEC has a weak case.<sup>[140]</sup>

Experts on securities law contacted by *The Wall Street Journal* believed the success or failure of the suit would depend on whether the facts not disclosed by Goldman were material. Some, such as James Cox, a Duke University law professor, believed the suit had merit. Cox opined that Goldman was aware of the relevance of Paulson's involvement and took steps to downplay it. Others, including Wayne State University law professor Peter Henning, noted that the major purchasers were sophisticated investors, capable of accurately assessing the risks involved, even without knowledge of the part played by Paulson.<sup>[141]</sup>










On July 15, 2010, Goldman agreed to pay \$550 million – \$300 million to the U.S. government and \$250 million to investors – in a settlement with the SEC. The company also agreed to change some of its business practices regarding mortgage investments, including the way it designs marketing materials. The SEC called the fine the largest commission penalty for a Wall Street firm. The company did not admit or deny wrongdoing. The settlement does not cover Tourre.<sup>[142]</sup>

On April 14, 2011, the United States Senate's Permanent Subcommittee on Investigations released a 635-page report entitled, *Wall Street and the Financial Crisis: Anatomy of a Financial Collapse* which described some of the causes of the financial crisis. The report alleged that Goldman Sachs may have misled investors and profited from the collapse of the mortgage market at the expense of its clients.<sup>[143]</sup> Senator Carl Levin (D-Michigan), Chairman of the Subcommittee, said he would refer the report to the Department of Justice for further investigation.<sup>[144]</sup>

On June 2, 2011, following an "exploratory" meeting with the Manhattan district attorney, Goldman was subpoenaed for relevant information.<sup>[145]</sup> Goldman is expected to accept a deferred-prosecution agreement if charges are filed.<sup>[146]</sup>

## List of officers and directors

As of April 23, 2011<sup>[147]</sup>

Name	Nationality	Current Position	Since	Total Annual Compensation	Long-Term Incentive Plans	All Other	Fiscal Year Total	Options	Value of Options
Lloyd C. Blankfein		Chairman of the Board & CEO	2006	\$600,000	–	\$235,943	\$1,113,771	837,127	<b>\$63,215,422</b>
David A. Viniar		CFO & Executive Vice President	1999	\$600,000	–	\$222,492	\$1,100,320	506,445	<b>\$34,942,903</b>
Gary D. Cohn		President, COO & Director	2006	\$600,000	–	\$163,841	\$3,661,729	828,259	<b>\$61,033,100</b>
John S. Weinberg		Vice Chairman	2006	\$600,000	–	\$ 79,736	\$26,002,896	430,905	<b>\$30,624,806</b>
Michael J. Evans		Vice Chairman & Chairman of Goldman Sachs, Asia	2008	\$600,000	–	\$2,250,850	\$5,308,735	–	–
Michael Sherwood		Vice Chairman, Co-CEO – International	2008	–	–	–	–	–	–
Alan Cohen		Executive Vice President, Global Head – Compliance	2004	–	–	–	–	–	–
Gregory Palm		Executive Vice President, General Counsel, Co-Head – Legal Department	1999	–	–	–	–	–	–
Esta Stecher		Executive Vice President, General Counsel, Co-Head – Legal	2000	–	–	–	–	–	–

		Department							
John F.W. Rogers		Executive Vice President, Chief of Staff and Secretary to the Board	2001	–	–	–	–	–	–
Edith W. Cooper		Executive Vice President and Global Head of Human Capital Management	2008	–	–	–	–	–	–
John H. Bryan		Director	1999	–	–	–	–	–	–
Claes Dahlbäck		Director	2003	–	–	–	–	–	–
Stephen Friedman		Director	2005	–	–	–	–	–	–
William W. George		Director	2002	–	–	–	–	–	–
James A. Johnson		Director	1999	–	–	–	–	–	–
Lois D. Juliber		Director	2004	–	–	–	–	–	–
Lakshmi N. Mittal		Director	2008	–	–	–	–	–	–
James J. Schiro		Director	2009	–	–	–	–	–	–
H. Lee Scott, Jr.		Director	2010	–	–	–	–	–	–

## Worldwide Headquarters

Goldman Sachs' global headquarters is located in New York, its European headquarters in London and its Asian headquarters (ex-Japan) are based in Hong Kong.<sup>[148][149]</sup> The largest other non-headquarters major offices worldwide are in Tokyo, Bangalore, and Salt Lake City.<sup>[150]</sup> Salt Lake City is currently Goldman Sachs' fastest growing office worldwide.<sup>[151]</sup>

## Alumni

Former employees of Goldman Sachs Group, Inc.:

Bradley Abelow – Former Chief of Staff and Treasurer of New Jersey under Jon Corzine

Guy Adami – CNBC's *Fast Money*

Olusegun Olutoyin Aganga – Former Nigerian Finance Minister, current Nigerian Minister for Trade and Investments

Sergey Aleynikov – Programmer. Convicted in stealing code and serves 8 years in prison.

Chetan Bhagat – Author

Fischer Black – Co-author of the Black–Scholes equation and the Black–Derman–Toy model

Joshua Bolten – Former White House Chief of Staff

Erin Burnett – CNBC host

Mark Carney – Governor of the Bank of Canada<sup>[152]</sup><sup>[153]</sup>

Michael Cohrs – Member of Court and the Financial Policy Committee at the Bank of England

Jon Corzine – CEO of MF Global, Inc., former Governor of New Jersey (2006–2010)

Jim Cramer – Founder of TheStreet.com, best selling author, and host of *Mad Money* on CNBC

Emanuel Derman – Co-developer of the Black–Derman–Toy model

Mario Draghi – Governor of the European Central Bank (2011–present)

William C. Dudley – President of the Federal Reserve Bank of New York

Michael D. Fascitelli – President & Trustee of Vornado Realty Trust

Henry H. Fowler – Former United States Secretary of the Treasury (1965–1969)

Charlie Haas – Wrestler, who is working for World Wrestling Entertainment

Guy Hands – CEO of Terra Firma Capital Partners

Reuben Jeffery III – Under Secretary of State for Economic, Business, and Agricultural Affairs (2007–)

Neel Kashkari – Former Assistant Secretary of the Treasury for Financial Stability

Edward Lampert – Hedge Fund Manager of ESL Investments. Brought K-Mart out of Bankruptcy in 2003

Scott Mead – Photographer and an Investment Banker

Mario Monti – Prime Minister of Italy and Minister of Economy and Finance since November 2011

R. Scott Morris – Former CEO of Boston Options Exchange

Dambisa Moyo – Zambian economist and author of *Dead Aid: Why Aid is Not Working and How There is a Better Way For Africa*

Ashwin Navin – President and co-founder of BitTorrent, Inc.

Henry Paulson – Former United States Secretary of the Treasury (2006–2009)

Romano Prodi – Prime Minister of Italy (1996–1998, 2006–2008) and President of the European Commission (1999–2004)<sup>[154]</sup>

Robert Rubin – Former United States Treasury Secretary, ex-Chairman of Citigroup

Robert Steel – Former Chairman and President, Wachovia

John Thain – Former Chairman and CEO, Merrill Lynch, and former chairman of the NYSE

Massimo Tononi – Italian deputy treasury chief (2006–2008)<sup>[154]</sup>

Malcolm Turnbull – Australian politician, former federal leader of the Liberal Party of Australia

George Herbert Walker IV – Managing director at Neuberger Berman and member of the Bush family

Robert Zoellick – United States Trade Representative (2001–2005), Deputy Secretary of State (2005–2006), World Bank President

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## External links

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Wikimedia Commons has media related to: **Goldman Sachs**

Official website

Profile at *Bloomberg*

Goldman Sachs collected news and commentary at *The Economist*

Goldman Sachs at *The Financial Times*

Goldman Sachs collected news and commentary at *The Guardian*

Business profile at *The New York Times*

Works by or about Goldman Sachs in libraries (WorldCat catalog)

Campaign contributions at OpenSecrets.org

## 50 largest banks/ bank holding companies in the United States as of September 30, 2011

### Investment banks

<b>Bulge bracket</b>	Bank of America Merrill Lynch · Barclays Capital · Citi Institutional Clients Group · Credit Suisse · Deutsche Bank Corporate and Investment Bank · J.P. Morgan & Co. (J.P. Morgan Cazenove) · UBS Investment Bank
<b>Other</b>	BMO Capital Markets · BOC International · BNP Paribas Corporate and Investment Banking · Brown Shipley · CIBC World Markets · CITIC Securities · Commerzbank Corporates & Markets · Crédit Agricole Corporate and Investment Bank (CLSA) · Daiwa Securities Capital Markets · Harris Williams & Co. · HSBC Global Banking and Markets · ING Commercial Banking · KBC Bank · Korea Development Bank (Daewoo Securities) · Lloyds Bank Corporate Markets · Mitsubishi UFJ Securities · Mizuho Corporate Bank · Morgan Keegan & Company · Natixis · Nomura Securities · RBC Capital Markets · RBS Global Banking & Markets · Société Générale Corporate & Investment Bank · Standard Chartered · TD Securities · UniCredit Corporate & Investment Banking · VTB Capital · Wells Fargo Securities
<b>Bulge bracket</b>	<b>Goldman Sachs</b> · Morgan Stanley
<b>Other</b>	Allen & Company · Blackstone Group · Brewin Dolphin · BTG Pactual · Centerview Partners · China International Capital Corporation · Close Brothers Group · Evercore Partners · FBR Capital Markets · Greenhill & Co. · Houlihan Lokey · Investec Bank · Jefferies & Company · Keefe, Bruyette & Woods · Lazard · Macquarie Group · Mediobanca · Moelis & Company · N M Rothschild & Sons · Oppenheimer & Co. · Perella Weinberg Partners · Piper Jaffray ·

Raymond James Financial · Renaissance Capital · ROTH Capital Partners · Sandler O'Neill and Partners · Stifel Nicolaus · Troika Dialog · William Blair & Company