GOLDMAN SACHS

Federal taxpayer bailout funds received:[*]	$63.6 billion
Profits for the years 1998-2008:	$46.8 billion
Profits for the first half of 2009:	$5.2 billion
2007 Goldman CEO Lloyd Blankfein pay:[†]	$70.3 million
2008 bonus pool:	$4.8 billion
First half 2009 bonus and compensation pool:	$11.4 billion
Bonuses (top 5 execs) last 10 years:	$543.4 million
Effective tax rate in 2008:	0.6%
Offshore subsidiaries in tax havens:	29
Lobbying fees in first 9 months after bailout:	$1.8 million.
Campaign contributions in 2008 federal elections:[‡]	$7.1 million

Role in subprime crisis:

- Goldman Sachs had a hand in the worst of the subprime lending excesses, providing financing to three of the five largest subprime lenders: #3 New Century Financial Corp., #4 First Franklin, and #5 Long Beach Mortgage Co. This financing provided the companies with the capital they needed to originate subprime mortgages. Together, these firms issued more than $200 billion in subprime loans from 2005-2007.
- Goldman Sachs played a major role in underwriting and selling the exotic financial instruments like credit default obligations or CDOs that fueled the subprime machine through mortgage backed securities. Just before the housing bust, Goldman was ranked third by Bloomberg in the underwriting and sale of CDOs, earning $239 million. The CDO market was further fueled by other exotic financial instruments called credit default swaps, a form of insurance against possible mortgage defaults. Here again Goldman was a major player, getting bailed out on its bad bets when the government saved AIG from tanking.
- When the housing bubble burst, Goldman was hit with a series of lawsuits, including one by New York state regulators; after being subject to another investigation in Massachusetts for misrepresenting the quality of their mortgage backed securities, Goldman eventually agreed to pay a $60 million settlement.

Profiteering off the bailout and gambling with taxpayers' money:

- Goldman Sachs put taxpayers on the hook for up to $63.6 billion in bailout funds and programs plus an unknown amount from the Federal Reserve's $8 trillion in emergency programs. While Goldman has since repaid its $10 billion in TARP money, allowing it to

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[*] Includes $10 billion in TARP money that Goldman has since repaid

[†] In 2008, in response to public outcry, Blankfein announced he would forego his 2008 bonus. However his full compensation for the year, including stock options and other benefits was valued at $42.9 million, http://www.bloomberg.com/apps/news?pid=20601085&sid=aIFXdUq2DvJA; http://seattletimes.nwsource.com/html/businesstechnology/2008937127_apgoldmansachsexecutivecompensation.html.

[‡] Includes contributions made by the bank's political action committee and its employees in the 2008 federal election cycle. Data obtained from Open Secrets.

avoid government oversight on executive compensation, it doesn't have to repay the $12.9 billion received through the AIG bailout, which is even larger than the $10 billion it repaid.

- In order to access these billions of taxpayer bailout money, in September 2008, Goldman Sachs sought and received approval to become a bank holding company. As a bank holding company, Goldman should be subject to much stricter regulations and oversight. However, Goldman sought and obtained a Federal Reserve waiver from Market Risk rules required of commercial banks.
- Instead of using the bailout funds to shore up its capital base or expand lending, Goldman has issued its highest dividends to shareholders since 2003, shopped for acquisitions internationally, lavished bonuses on the same financial personnel who contributed to the crisis, and increased the amount of capital it's put at risk. According to the company's CFO, Goldman's "model really never changed." In fact, 78% of the company's most recently reported revenues came from high-risk trading and investments, and potential trading losses on any given day were at an all time high of $245 million, up (75%) from the $139 million held at risk before becoming a holding company. In response, ten legislators sent a letter to the Federal Reserve accusing Goldman of "officially gambling with government money," and requesting justification for their exemption. Two and a half weeks later, the Fed authorized Goldman to morph into a Financial Holding Company, which basically allows it to continue these high risk practices at taxpayer expense.
- Goldman literally gambled with California taxpayer money, advising its investor clients to take advantage of the state government's financial crisis by betting against state bonds that Goldman itself had helped sell, pocketing millions in fees. The giant investment firm did not inform the office of California Treasurer Bill Lockyer that it was proposing a way for investment clients to profit from California's deepening financial misery. In Sacramento, officials said they were concerned that Goldman's strategy could raise the interest rate the state would have to pay to borrow money, thus harming taxpayers.
- Goldman's bailout money has gone little to help struggling homeowners. Goldman's loan servicing operation, Litton Loan Servicing LP, has started trial mortgage modifications for only 3% of its 103,871 borrowers who are eligible for the Obama Administration's Making Home Affordable Program (and are at least 60 days past due).
- Moreover, Goldman is back in the mortgage securitization business, repackaging the mortgages that have been stuck on their books since the housing bubble burst and now selling them as a new product. Known as "re-remics", they simply pull out the worst of the bonds to boost the credit rating to make the sale, kind of like what brought on the financial crisis in the first place.

Government Sachs

At critical moments in the financial meltdown and subsequent bailout, former Goldman Sachs executives and staff have served in key government posts.

- Henry Paulson had been the CEO of Goldman for seven years before becoming the Secretary of the Treasury in 2006. As Secretary, Paulson created TARP that has showered banks with billions of our taxpayer money, oversaw the bankruptcy of Lehman Brothers (one of Goldman's last remaining competitors) and authorized the bailout of AIG that used part of the money to repay Goldman $13 billion.

- Paulson put another Goldman banker, Neel Kashari, in charge of the TARP program. Kashari in turn hired Goldman alumni, Reuben Jeffrey as the interim investment chief. Paulson hired additional Goldman alumni to oversee other aspects of the financial clean up, including putting former Goldman chair Edward Liddy in charge of AIG.
- Stephen Friedman, former head of Goldman Sachs, was Chair of the New York Federal Reserve Board while also serving as a Goldman Sachs board member and shareholder. When Goldman Sachs received authorization to become a bank holding company, Friedman's dual role violated federal policy. In response, Timothy Geithner, then President of the New York Federal Reserve and now Secretary of the Treasury, sought a conflict-of interest waiver for Friedman, who went on to purchase an additional $3 million in Goldman shares. In May 2009, Friedman resigned the Fed amid controversy over potential conflict of interests between his Fed and Goldman roles.
- Robert Rubin, who was Treasury Secretary before Paulson, was a 26 year Goldman veteran culminating as a co-senior partner and co-chairman. As Secretary of the Treasury under Clinton, Rubin played a determinant role in repealing Glass-Steagall, a key financial safeguard enacted in the aftermath of the Great Depression, considered one of the principal deregulatory actions leading to the financial meltdown.

Back to bonuses as usual

- Goldman paid out $6.5 billion in bonuses for 2008. Goldman's average bonus of $218,193 per employee was among the highest of former Wall Street investment banks and nearly double the average Wall Street bonus. While Goldman's top seven executives announced they would forgo bonuses, they still paid out $3 to $4 million packages to 440 Goldman partners.
- In July 2009, after having returned only $10 billion in government support, Goldman Sachs announced that it had already set aside $11.36 billion for employee salaries and bonuses. That comes out to $386,429 per employee, or 77% higher than the year before and putting it on target for a record bonus year.

Profiting off state and local governments:

After promoting auction-rate securities to local and state government borrowers as a low-risk, low-cost source of financing, Goldman Sachs and other banks pulled their support for the market in early 2008, causing auctions to fail and leading to interest rates as high as 20% for government borrowers. Then the banks charged local and state governments at least $1 billion in fees to convert their auction-rate bonds to safer forms of debt, enriching…Goldman Sachs Group Inc. and the rest of Wall Street that let the market fall apart," according to Bloomberg.

Death bonds:

- Goldman's newest money-making risky products are securitized life insurance "death bonds." Goldman is poised to prey on and profit from the sick and elderly by buying their life insurance policies, (a potential $26 trillion market) then bundling them up and selling them to investors. Investors pay the premium and then cash in when people die; so the longer people live, the lower the return. It's up to Goldman to get the right mix of diseases in their bundled bonds to reduce risk for the investor. However, whatever the outcome (like those mortgage-backed securities) Goldman wins, since the company will already have pocketed substantial fees from creating, selling and trading these bonds, and Goldman has even developed a death bond tradable index so investors can bet on people's life expectancy.

Skyrocketing gas prices

- Goldman Sachs played a key role in inflating the commodities bubble that saw oil prices jump to $147 a barrel last summer and gas prices shoot past $4 a gallon. Goldman first lobbied regulators to grant exemptions that allowed rampant speculation in the oil futures market. Then the bank itself invested heavily in oil futures and a Goldman analyst helped drive up oil prices further by forecasting disruptions in global oil supply at a time when supply was actually increasing, adding to the value of Goldman's investment. At the height of the bubble, speculators owned oil futures representing more oil on paper than there was "real, physical oil stored in all of the country's commercial storage tanks and the Strategic Petroleum Reserve combined."

The coming green bubble:

- Now that the housing bubble burst, Goldman Sachs is working hard to inflate the next speculative bubble: carbon trading. Goldman spent $3.5 million lobbying on climate issues in 2008 in order to promote a cap and trade system instead of a direct carbon tax. Under the cap and trade system, Goldman's carbon trading desk stands to make a killing moving increasingly scarce carbon credits and derivatives, instead of having government directly collect the revenues. The firm has also bought minority stakes in the Chicago Climate Exchange, where carbon credits would be traded, and Blue Source LLC, a Utah-based firm which develops renewable energy and sells carbon credits.

Shifting worker healthcare and payroll costs to taxpayers

- Goldman Sachs is one of the largest shareholders of Burger King, and along with private equity firms TPG and Bain Capital, control the Burger King board through seats on its executive committee. Burger King provides limited or no health benefits to hourly workers, and Burger King employees are heavy users of publicly-funded health insurance programs such as Medicaid and SCHIP in several states including Alabama, Connecticut, Florida, Georgia, Massachusetts, Ohio, Oregon, and Utah. In Ohio alone, Burger King cost state and federal taxpayers $13.3 million in 2007 in the form of Medicaid, food stamps, and cash assistance for its employees.

Lobbying against workers and consumer interests

- Goldman Sachs is a member of the Business Roundtable, which spent nearly $16 million lobbying in 2008 on issues like the Employee Free Choice Act. The measure would make it easier for workers to bargain with employers for better wages, benefits, and working conditions by ensuring that they can exercise a free choice to join together in a union without management interference or intimidation.
- According to data obtained from Open Secrets, Goldman Sachs spent $3.3 million on lobbying in 2008, and of which $500,000 was during the fourth quarter, after receiving bailout funds. In the first half of 2009, Goldman spent $1.3 million on lobbying, bringing the total that Goldman has spent on lobbying for the three quarters since bailout to $1.8 million.
- Over the past year and a half, Goldman has focused its $7.4 million lobbying machine on key financial reform issues such as bailout funds and TARP accountability (H.R. 1424, H.R. 384)

foreclosure prevention, mortgage reform and anti-predatory lending (H.R. 3221, H.R. 3915), regulation of the securities market, and executive compensation (S.651 and 360).

- To carry out its agenda, Goldman Sachs has hired any number of unsavory lobbyists, including Ken Duberstein, founder of the Duberstein Group. Duberstein has served as chief of staff for two republican presidents and advised John McCain in his 2000 presidential campaign, but now helps Goldman lobbying around TARP and financial regulation. He also used to be a hired gun for insurance company Health Net and the insurance industry's front group AHIP, for whom he lobbied against the Patient's Bill of Rights, a piece of legislation that would have allowed patients to sue their insurance company for denying coverage and given doctors more flexibility in making treatment decisions.
- In another instance of banking and insurance coziness, Goldman Sachs has also hired lobbyist Steve Elmendorf, who lobbies on behalf of UnitedHealth Group, one of the largest health insurance companies in the US.