

Company Profile: Goldman Sachs

Name of Company: Goldman Sachs Group, Inc

Name of CEO: Lloyd Blankfein

Board:

- Lloyd Blankfein, Goldman Sachs
- M. Michele Burns, Stanford Center on Longevity
- Mark A. Flaherty, Wellington Management Company (former)
- William W. George, Harvard Business School
- James A. Johnson, Johnson Capital Partners
- Ellen J. Kullman, DuPont (former)
- Lakshmi N. Mittal, ArcelorMittal S.A.
- Adebayo O. Ogunesi, Global Infrastructure Partners
- Peter Oppenheimer, Apple (former)
- Debora L. Spar, Lincoln Center for the Performing Arts
- Mark E. Tucker, AIA Group
- David A. Viniar, Goldman Sachs (former)
- Mark O. Winkelman, private investor¹

Overall Tiplines

- At least five of Trump's current and former advisors and cabinet members, including Steve Bannon and Gary Cohn, were previously at or have close ties to Goldman Sachs.²
- Goldman Sachs was a leading packager of subprime loans, issuing over \$44 billion in mortgage backed securities in 2006.³ Subprime loans are high cost for the borrower and are high risk for foreclosure. They are notoriously predatory. Black and Hispanic homeowners (regardless of income levels) are far more likely than White homeowners to be offered subprime loans.⁴ In

¹ "Leadership", Goldman Sachs website. <http://www.goldmansachs.com/who-we-are/leadership/board-of-directors/index.html> (last accessed Apr. 24, 2017)

² Taylor Link, "The Wall Street White House: Trump Hires Fifth Goldman Sachs Staffer to the Administration," *Salon*, March 16, 2017, <http://www.salon.com/2017/03/16/the-wall-street-white-house-trump-hires-fifth-goldman-sachs-staffer-to-the-administration/>

³ Allan Sloan, "Goldman Sachs' House of Junk," *Fortune*, April 12, 2016, <http://fortune.com/2016/04/12/goldman-sachs-house-of-junk-mortgage-bonds/>; Louise Story, "Senior Executives at Goldman Had a Role in Mortgage Unit" *New York Times*, April 18, 2010, <https://mobile.nytimes.com/2010/04/19/business/19goldman.html>.

⁴ Algernon Austin, "Subprime mortgages are nearly double for Hispanics and African Americans" Economic Policy Institute, June 10, 2008, http://www.epi.org/publication/webfeatures_snapshots_20080611/; Allan Sloan, *Last updated 8/24/2017*

fact, in late 2016, Goldman Sachs agreed to a \$5 billion settlement with the US Department of Justice for their role in the subprime mortgage crisis.⁵ The subprime mortgage crisis, for which Wall Street banks like Goldman Sachs are responsible, led to a staggering loss of wealth in communities of color.⁶ Goldman Sachs is ranked among the top corporate users of offshore tax havens by the Citizens for Tax Justice (CTJ). In 2016, Goldman Sachs had more subsidiaries in tax havens than any other corporation, according to CTJ. The bank has 987 subsidiaries in tax havens and holds more than \$28 billion overseas.⁷

- Goldman Sachs profits off both the public and the private prison industry. The company's private equity holdings show significant shares in private prison stock, including GEO Group and CoreCivic.⁸ They are the ninth largest institutional shareholder in CoreCivic,⁹ and the 33rd largest shareholder in GEO Group.¹⁰ Goldman Sachs has also underwritten lease revenue bonds to build public prisons in California.¹¹

Connections to Trump

- Between Trump's election and February 2017, Goldman's stock climbed 37%.¹²
- At least five of Trump's closest advisors came from or have close ties to Goldman Sachs, including.¹³

"Goldman Sachs' House of Junk," *Fortune*, April 12, 2016, <http://fortune.com/2016/04/12/goldman-sachs-house-of-junk-mortgage-bonds/>;

Nathalie Baptiste, "Them That's Got Shall Get" *The American Prospect*,

<http://prospect.org/article/staggering-loss-black-wealth-due-subprime-scandal-continues-unabated/>;

⁵ Lucinda Shen, "Goldman Sachs Finally Admits it Defrauded Investors During the Financial Crisis" *Fortune*, April 11, 2016, <http://fortune.com/2016/04/11/goldman-sachs-doj-settlement/>; Department of Justice, "Goldman Sachs Agrees to Pay More than \$5 Billion in Connection with Its Sale of Residential Mortgage Backed Securities," Press Release, April 11, 2016, <https://www.justice.gov/opa/pr/goldman-sachs-agrees-pay-more-5-billion-connection-its-sale-residential-mortgage-backed>

⁶ Nathalie Baptiste, "Them That's Got Shall Get" *The American Prospect*,

<http://prospect.org/article/staggering-loss-black-wealth-due-subprime-scandal-continues-unabated/>.

⁷ "Offshore Shell Games 2016" Citizens for Tax Justice, October 4, 2016,

http://ctj.org/ctjreports/2016/10/offshore_shell_games_2016.php#.WPSfv1Pyuu4

⁸ "CoreCivic, Inc. Institutional Ownership" NASDAQ website, <http://www.nasdaq.com/symbol/cxw/institutional-holdings> (Last visited Apr. 14, 2017).

⁹ "CoreCivic, Inc. Institutional Ownership" NASDAQ website, <http://www.nasdaq.com/symbol/cxw/institutional-holdings> (Last visited Apr. 14, 2017).

¹⁰ "Geo Group Inc (The) Institutional Ownership" NASDAQ website,

<http://www.nasdaq.com/symbol/geo/institutional-holdings> (Last visited Apr. 14, 2017).

¹¹ "Public Finance Division Listing of Official Statements" California State Treasurer website,

<http://www.treasurer.ca.gov/bonds/os.asp> (Last visited Apr. 14, 2017).

¹² Matt Eagen, "Goldman Sachs up 37% since Trump's election" *CNN Money*, February 14, 2017,

<http://money.cnn.com/2017/02/14/investing/goldman-sachs-stock-record-high-dodd-frank/>.

¹³ Taylor Link, "The Wall Street White House: Trump Hires Fifth Goldman Sachs Staffer to the Administration,"

Salon, March 16, 2017, <http://www.salon.com/2017/03/16/the-wall-street-white-house-trump-hires-fifth->

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- Gary Cohn, National Economic Council
While at Goldman Sachs, Cohn ran the mortgage department where he played a key role in turning the department into a powerhouse, before making billions betting against it.¹⁴ Cohn's influence in Trump's White House is increasing as the administration begins to turn from healthcare to drafting tax and infrastructure plans. He is reportedly being considered for Chief of Staff.¹⁵
- Steve Bannon, (former) Chief Strategist
- Steven Mnuchin, Treasury Secretary
- Dina Powell, Deputy National Security Advisor¹⁶
- Jay Clayton, SEC Chair, whose spouse works for Goldman Sachs,¹⁷ and who formerly represented the firm as an attorney at Sullivan and Cromwell.¹⁸
- Goldman Sachs has ties to Trump's real estate empire. Goldman Sachs and three other large banks made a \$950 million loan on a building at 1290 Avenue of the Americas. Trump owns 30% of the building through his various companies.¹⁹

How Goldman Sachs stands to profit off Trump's policies

- **Taxes:** Trump aims to slash the corporate tax rate from nearly 35% to 15%.²⁰ Goldman Sachs,

[goldman-sachs-staffer-to-the-administration/](#)

¹⁴ Susanne Craig, "Bank Wages Battle to Save Reputation," *Wall Street Journal*, April 19, 2010, <https://www.wsj.com/articles/SB10001424052748703594404575192352257108006>. James B. Stewart, "Goldman Sachs Completes Return From Wilderness to the White House" *New York Times*, January 12, 2017, <https://www.nytimes.com/2017/01/12/business/goldman-sachs-completes-return-from-wilderness-to-the-white-house.html>

¹⁵ Damian Paletta, "Within Trump's inner circle, a moderate voice captures the president's ear" *The Washington Post*, April 13, 2017, https://www.washingtonpost.com/business/economy/within-trumps-inner-circle-a-moderate-voice-captures-the-presidents-ear/2017/04/13/7a7f87b0-1fa7-11e7-be2a-3a1fb24d4671_story.html?tid=ptv_rellink&utm_term=.67608d0841dc.

¹⁶ Michael R. Gordon, "Dina Powell, Donald Trump Aide, Named to National Security Post," *New York Times*, March 15, 2017, <https://www.nytimes.com/2017/03/15/us/politics/dina-powell-donald-trump-aide-named-to-national-security-post.html>.

¹⁷ Ben Protess and Matthew Goldstein, "Trump's S.E.C. Nominee Disclosure Offers Rare Glimpse of Clients and Conflicts," *New York Times*, March 8, 2017, <https://www.nytimes.com/2017/03/08/business/dealbook/sec-nominee-jay-clayton-client-list-conflicts-interest.html>.

¹⁸ Renae Merle, "Trump to Tap Wall Street Lawyer Jay Clayton to Head SEC," *The Washington Post*, January 4, 2017, https://www.washingtonpost.com/news/wonk/wp/2017/01/04/trump-to-tap-wall-street-lawyer-jay-clayton-to-head-sec/?utm_term=.c23b11279f28.

¹⁹ Suzanne Craig, "Trump's Empire: A Maze of Debt and Opaque Ties," *New York Times*, August 20, 2016. <https://www.nytimes.com/2016/08/21/us/politics/donald-trump-debt.html>.

²⁰ Americans for Tax Fairness. "The 6 Worst Features of Trump's Tax Plan," <https://americansfortaxfairness.org/wp-content/uploads/ATF-Six-Worst-Features-of-Donald-Trumps-Tax-Plan-FINAL-.pdf>

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which already pays an effective rate below 35%,²¹ would benefit. In 2015, Goldman Sachs reported \$8.7 billion in pre-tax earnings.²² Slashing the corporate tax rate would save Goldman Sachs hundreds of millions annually in taxes. Additionally, Goldman stands to gain at least \$4 billion from Trump's potential tax repatriation plan.²³

- **Private Prison Industry: In the months after Trump's election, shares in CoreCivic and Geo Group jumped more than 100% in value in anticipation of Trump's plans to reverse the Obama administration's policies on scaling back private prison contracting with private prison companies.**²⁴ As the Trump administration implements policies aimed at adding to the tens of thousands of immigrants already in detention centers, and reversing the twenty-year trend of reduced incarceration, Goldman Sachs's holdings will likely grow dramatically in value.²⁵

Relevant Goldman Sachs Controversies

- In 2014, Goldman Sachs agreed to a \$5 billion settlement for its role in the 2008 foreclosure crisis.²⁶

²¹ "Goldman Sachs Cumulative Twelve Months Effective Tax Rate by Quarter", *CSIMarket.com*, <http://csimarket.com/stocks/singleProfitabilityRatios.php?code=GS&itx> (last visited Apr. 24, 2017)

²² Securities and Exchange Commission, Form 10-K "Goldman Sachs Group, Inc" for the fiscal year ended December 31, 2015,

https://www.sec.gov/Archives/edgar/data/886982/000119312516470289/d107036d10k.htm#tx107036_52.

²³ Institute on Taxation and Economic Policy, "Multinational Corporations Would Receive Half a Trillion in Tax Breaks from Trump's Repatriation Tax Proposal," January 18, 2017,

http://itep.org/itep_reports/2017/01/multinational-corporations-would-receive-half-a-trillion-in-tax-breaks-from-trumps-repatriation-tax.php#.WP4uB2krLX5.

²⁴ Editorial Board, "Under Mr. Trump, Private Prisons Thrive Again," *New York Times*, February 24, 2017,

<https://www.nytimes.com/2017/02/24/opinion/under-mr-trump-private-prisons-thrive-again.html>.

²⁵ Seth Freed Wessler, "Donald Trump's Looming Mass Criminalization," *The Nation*, November 28, 2016,

<https://www.thenation.com/article/donald-trumps-looming-mass-criminalization/>;

Matt Zapotosky, "Justice Department will Again Use Private Prisons," *The Washington Post*, February 23, 2017,

https://www.washingtonpost.com/world/national-security/justice-department-will-again-use-private-prisons/2017/02/23/da395d02-fa0e-11e6-be05-1a3817ac21a5_story.html?utm_term=.997f20e32f33;

Sari Horwitz, "How Jeff Sessions Wants to Bring Back the War on Drugs," *The Washington Post*, April 8, 2017,

https://www.washingtonpost.com/world/national-security/how-jeff-sessions-wants-to-bring-back-the-war-on-drugs/2017/04/08/414ce6be-132b-11e7-ada0-1489b735b3a3_story.html?utm_term=.4b354044b230;

Jenny Jarvie, "This Industry Stands to Benefit from Trump's Crackdown on the Border," *Los Angeles Times*, February 14,

2017, <http://www.latimes.com/nation/la-na-immigrant-detention-20170214-story.html>.

²⁶ Department of Justice, "Goldman Sachs Agrees to Pay More than \$5 Billion in Connection with Its Sale of Residential Mortgage Backed Securities," Press Release, April 11, 2016, <https://www.justice.gov/opa/pr/goldman-sachs-agrees-pay-more-5-billion-connection-its-sale-residential-mortgage-backed>

<https://www.justice.gov/opa/pr/goldman-sachs-agrees-pay-more-5-billion-connection-its-sale-residential-mortgage-backed>

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