Goldman Resignation Causes a Stir

Normally, the resignation of a 33-year-old derivatives salesman from Goldman Sachs’ London office goes unnoticed. However, Greg Smith also explained “Why I Am Leaving Goldman Sachs,” in an Op-Ed with the NYT in which he detailed very publicly his criticisms of the firm’s culture. He described Goldman’s culture as being “as toxic and destructive as I have ever seen it,” and how he had seen “five different managing directors refer to their own clients as muppets.” (In one of the more interesting web responses, it was noted that Goldman had in fact once advised the family of Jim Henson, the Muppets’ creator). The letter reignited debate as to whether Wall Street is corrupted by greed and excess, even after the financial crisis. On the other side, some sought to qualify the letter by saying that Mr. Smith was merely 1/12,000 VPs at Goldman, that the firm had been trading against its clients for years, and that Mr. Smith had been part of the culture for a full twelve years. Read the NYT Op-Ed here.

Second Circuit Rebukes Judge Rakoff

In granting victory to the SEC this week, the United States Court of Appeals for the Second Circuit ruled that Judge Rakoff overstepped his authority when he rejected a settlement by an executive branch agency. Judge Rakoff had rejected an SEC $285 million fraud settlement with Citigroup because the deal did not require Citi to admit wrongdoing in its structuring and sale of mortgage-related financial instruments. The three-judge appeals panel, including our own Judge Walker, noted: “Requiring such admission would in most cases undermine any chance for compromise.” Read the full opinion here.

MARK YOUR CALENDARS

Events this week:

- “An Introduction to Leveraged Finance and Banking Practice,” Discussion and Drinks with Latham & Watkins LLP, 3/19, 6:10 pm, at Mory's. RSVP to ylbs.board@gmail.com.
- Weil Gotshal & Manges Business Law Roundtable, 3/23, program begins at 9:45am, breakfast at 9am. Check out the full-day schedule here.

Events next week:

- “The JD as an Entrepreneur,” A Conversation with David Lat of ABOVE THE LAW, 3/26, 12:10 pm, 129.
- Raben Lecture: H. Rodgin Cohen, Partner, Sullivan & Cromwell LLP, 3/26, 4:30 pm, Faculty Lounge.
- “From AUSA to Big Law: Experiencing Financial Crises from Opposite Angles,” A Dinner Talk with David B. Anders, Partner, Wachtell Lipton, 3/26, 6:00 pm, 120.

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With contributions from the YLBS Board and members