

## FOX BUSINESS

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### Goldman, Not Yet Officially Served by SEC on Fraud Charges, Ramps Up Settlement Talks

By Charlie Gasparino

Attorneys for Goldman Sachs have ramped up efforts to settle civil fraud charges over whether the firm misled investors who bought a package of toxic mortgage debt from the big Wall Street firm after the Securities and Exchange Commission decided not to officially “serve” Goldman the complaint, a move some legal experts say could show a willingness by the SEC to settle the case as well, FOX Business has learned.

By not officially serving Goldman, the SEC has given the firm an additional 60 days (instead of 30) to file either a motion to dismiss or answer the complaint with its defense of the charges. Those charges allege that the firm committed securities fraud by not alerting investors who purchased a pool of collateralized debt obligations during the early stages of the financial crisis that a prominent short seller had both helped create the CDO, and then bet against it.

That additional time, some legal experts say, will allow both sides to work out a settlement.

**“You can infer that there are more active settlement discussions than we have been led to believe from that action,” said attorney Jacob Zamansky. “I**

**wouldn’t be surprised that there is a settlement over the next 60 days, and given the high profile nature of the case, there should be an enormous fine, and that might ratchet up press for (Goldman CEO Lloyd) Blankfein to resign.”**

**Zamansky has filed a class action lawsuit against Goldman over the SEC case.**

Neither Goldman nor the SEC would comment on the matter.

But people familiar with the case say settlement talks have been heating up in recent days, with Goldman pressuring the SEC to move forward with a deal. The SEC, these people say, had been initially hesitant to settle the case, which has hurt Goldman’s

share price. But in recent days settlement talks have picked up on both sides, these people add.

Goldman's decision to settle the SEC fraud charges came after the firm initially vowed to fight the civil action in court, and people inside the firm, including Blankfein, continue to believe that the case is a weak one, FOX Business has learned. But Blankfein has also come to the conclusion that "you can't go to war with your regulators." The SEC is Wall Street's top cop, which in addition to filing civil fraud charges also polices the securities markets, and the firms that operate inside of them.

Blankfein is also fighting for his job, people close to the firm say, after Goldman has been hammered with a barrage of bad publicity, some of which he has created. During Congressional hearings examining Goldman's role in the 2007 and 2008 financial crisis, he has looked uncomfortable while providing testimony. He also told a newspaper reporter that Goldman does "God's work" when it [trades stocks](#) and bonds, comments he has said were misinterpreted.