

GOLDMAN SACHS REPUTATION UNDER ATTACK: YET ANOTHER EMPLOYEE SPILLS THE BEANS



Jacki Zehner joins Greg Smith in becoming the second former employee to go public with allegedly questionable practices and exposing a culture of widespread customer negligence with sole concentration being on raking in profits. She wrote that on the strength of the fact that she was with the company for 14 years and privy to whatever, was going on, coupled with being the first woman trader to be made partner in the firm, she wanted to 'weigh in' with her side of the story. "I am not defending Goldman nor am I attacking them. I just cannot as it is just way too personal for me. At times, in private conversation, I can be their most passionate supporter, and at other moments, their worst critic." "The Goldman Sachs I joined in 1988 was not the same one I left in 2002 from a culture perspective. That is one of the reasons I left too." Suggesting that her opinions should be construed and read as anti-Goldman Sachs, she said they stem from "wanting Goldman to be what it was, and what it could and should be." In her blog, she elucidate further on how the business has changed, "I believe there is, in general, a climate of greater suspicion. Firms like Goldman and others have large proprietary positions that can never, in my opinion, be divorced from providing liquidity for customers. This is not in and of itself a negative, as it can be argued that having large positions can help facilitate large customer trades. On the other hand, traders can use customer information to do things like 'front run', which is unethical." "Another major change over the past 10 to 15 years," she says, is that customers have become huge and do huge trades. In my day, a \$100 million trade was big; now trades can be in the billions. Many customers are much bigger than the firms they trade with." It is indeed a most damning charge that the Goldman leadership has lost grip over its culture and replaced it with one that was all about profits and nothing else. Like Jackie Zehner emphatically concludes, "bottom line: if people don't trust each other, none of this works. Our financial system is built on TRUST and if that trust breaks, really breaks, look out. Game over." Such demoralizing expose's, coupled with the fear that more disgruntled employees could crawl out of the woodwork, has seen the public relations department of Goldman Sachs pressing their efforts, to stem the rot, but it seems that the continued onslaught and the resultant media attention might actually make the 147 year old firm liable and accountable and change it for the better.

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