

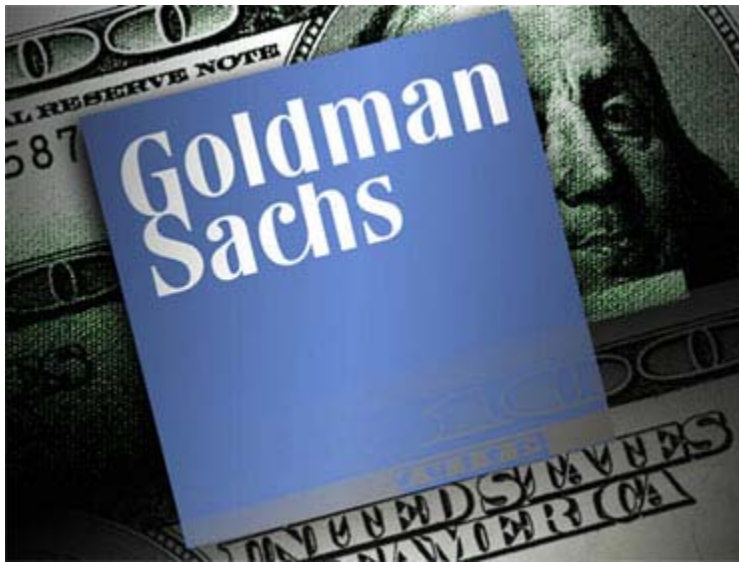


Coop's Corner

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In Goldman Sachs We Trust? You Bet

Posted by Charles Cooper



(AP)

When FDR looked for someone to run the newly-created U.S. Securities and Exchange Commission, he chose Joseph P. Kennedy, who had made a bundle on Wall Street by manipulating stocks. A case of putting the fox in charge of guarding the chicken coop.

So when the [news](#) came off the wire that Adam Storch was picked to be the first chief operating

officer of the Securities and Exchange Commission's enforcement division, it was a déjà vu moment. Not that Storch is in any way comparable to the ethically-challenged Kennedy. But it speaks volumes that the federal government decided (yet again) to turn to Goldman Sachs to help put its shop in order when it comes to project management and operations.

Nowadays you often hear the argument that Uncle Sam is turning to the same crowd that helped implode the financial system in the first place. And a lot of the critics also single out Goldman as the epitome of much that is wrong with out-of-control finance capitalism. (Not to mention the revolving door relationship between the government and private financial firms like Goldman.) For a sampler, check out these recent pieces in [Rolling Stone](#) and [New York Magazine](#) (not to mention Michael Moore's new movie)

Besides, they say (with justification), if Goldman was so smart, why did it need a government bailout - along with the rest of Wall Street - to survive last year's financial meltdown? So much for being Masters of the Universe.

A bit of an oversimplification, especially considering the extraordinary circumstances of this

(hopefully) once-in-a-lifetime financial tsunami. Still, point noted.

For the short answer, look to Joe Kennedy.

Back in the 1930s, he knew better than most on Wall Street how the connivers might try to finagle the rules. There's something to that. Whatever one may think about the wisdom of populating the ranks of the federal bureaucracy with too many Goldman alums, there's no doubt the SEC can use an injection of fresh talent. In an era when freshly-minted grads from the nation's finest universities all too often opt to pursue personal fortune in the private sector, there's something nicely nostalgic about the idea of the 29 year-old Storch leaving a well-paid perch for public service.

I'll resist the temptation to make any easy jokes about his family name and F-Troop (The baby boomers out there doubtless recall that Larry Storch played the memorable role of Corporal Agorn on the [ABC TV sitcom](#), which ran between 1965 and 1967 before moving to syndication.)

But the tragic-comic performance of the SEC in overlooking the Madoff scandal makes you scratch your head. When private fraud investigator Harry Markopolos brought a complaint about Madoff to the agency in 2001 and nothing got done, you have to wonder what occupied their attention? A long-running game of [Parcheesie](#) perhaps? Long story, short, nothing got done and Madoff wound up fleecing his clients of more than \$13 billion. (The numbers are still being tallied by the [U.S. Attorney's Office in Manhattan](#).)

It was purely coincidence but on the same day as Storch's appointment, the SEC filed civil charges against [an alleged ring](#) accused of participating in an insider trading conspiracy. If this signals the start of a more aggressive move against white collar crime, Storch won't be the last Goldman exec the SEC adds to its team.