

Arming Goldman Sachs With Pistols: Alice Schroeder (Correct)

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Commentary by Alice Schroeder

(Corrects second paragraph of story published Dec. 1 to say the New York Police Department believes some bankers may have received handgun permits.)

Dec. 1 (Bloomberg) -- "I just wrote my first reference for a gun permit," said a friend, who told me of swearing to the good character of a [Goldman Sachs Group Inc.](#) banker who applied to the local police for a permit to buy a pistol. The banker had told this friend of mine that senior Goldman people have loaded up on firearms and are now equipped to defend themselves if there is a populist uprising against the bank.

I called Goldman Sachs spokesman [Lucas van Praag](#) to ask whether it's true that Goldman partners feel they need handguns to protect themselves from the angry proletariat. He didn't call me back. The New York Police Department has told me that "as a preliminary matter, it appears that some of the records you requested may be in the possession of this department" after I asked for information on approved handgun permits for bankers. The NYPD also said it will be a while before it can name names.

While we wait, Goldman has wrapped itself in the flag of [Warren Buffett](#), with whom it will jointly donate \$500 million, part of an effort to burnish its image -- and gain new Goldman clients. Goldman Sachs Chief Executive Officer [Lloyd Blankfein](#) also reversed himself after having previously called Goldman's greed "God's work" and apologized earlier this month for having participated in things that were "clearly wrong."

Has it really come to this? Imagine what emotions must be billowing through the halls of Goldman Sachs to provoke the firm into an apology. Talk that Goldman bankers might have armed themselves in self-defense would sound ludicrous, were it not so apt a metaphor for the way that the most successful people on Wall Street have become a target for public rage.

Pistol Ready

Common sense tells you a handgun is probably not even all that useful. Suppose an intruder sneaks past the doorman or jumps the security fence at night. By the time you pull the pistol out of your wife's jewelry safe, find the ammunition, and load your weapon, Fifi the Pomeranian has already been taken hostage and the gun won't do you any good. As for carrying a loaded pistol when you venture outside, dream on. Concealed gun permits are **almost impossible** for ordinary citizens to obtain in New York or nearby states.

In other words, a little humility and contrition are probably the better route.

Until a couple of weeks ago, that was obvious to everyone but Goldman, a firm famous for both prescience and arrogance. In a display of both, Blankfein began to raise his personal- security threat level early in the financial crisis. He keeps a summer home near the Hamptons, where unrestricted public access would put him at risk if the angry mobs rose up and marched to the East End of Long Island.

To the Barricades

He tried to buy a house elsewhere without attracting attention as the financial crisis unfolded in 2007, a move that was foiled by the New York Post. Then, Blankfein got permission from the local authorities to install a [security gate](#) at his house two months before Bear Stearns Cos. collapsed.

This is the kind of foresight that Goldman Sachs is justly famous for. Blankfein somehow anticipated the persecution complex his fellow bankers would soon suffer. Surely, though, this man who can afford to surround himself with a private army of security guards isn't sleeping with the key to a gun safe under his pillow. The thought is just too bizarre to be true.

So maybe other senior people at Goldman Sachs have gone out and bought guns, and they know something. But what?

[Henry Paulson](#), U.S. Treasury secretary during the bailout and a former Goldman Sachs CEO, let it slip during testimony to Congress last summer when he explained why it was so critical to bail out Goldman Sachs, and -- oh yes -- the other banks. People "were unhappy with the big discrepancies in wealth, but they at least believed in the system and in some form of market-driven capitalism. But if we had a complete meltdown, it could lead to people questioning the basis of the system."

Torn Curtain

There you have it. The bailout was meant to keep the curtain drawn on the way the rich make money, not from the free market, but from the lack of one. Goldman Sachs blew its cover when the firm's revenue from trading reached a record \$27 billion in the first nine months of this year, and a public that was writhing in financial agony caught on that the profits earned on taxpayer capital

were going to pay employee bonuses.

This slip-up let the other bailed-out banks happily hand off public blame to Goldman, which is unpopular among its peers because it always seems to win at everyone's expense.

Plenty of Wall Streeters worry about the big discrepancies in wealth, and think the rise of a financial industry-led plutocracy is unjust. That doesn't mean any of them plan to move into a double-wide mobile home as a show of solidarity with the little people, though.

Cool Hand Lloyd

No, talk of Goldman and guns plays right into the way Wall- Streeters like to think of themselves. Even those who were bailed out believe they are tough, macho Clint Eastwoods of the financial frontier, protecting the fistful of dollars in one hand with the **Glock** in the other. The last thing they want is to be so reasonably paid that the peasants have no interest in lynching them.

And if the proles really do appear brandishing pitchforks at the doors of Park Avenue and the gates of Round Hill Road, you can be sure that the Goldman guys and their families will be holed up in their safe rooms with their firearms. If nothing else, that pistol permit might go part way toward explaining why they won't be standing outside with the rest of the crowd, broke and humiliated, saying, "Damn, I was on the wrong side of a trade with Goldman again."

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Last Updated: December 3, 2009 13:57 EST