

# United States Senate

WASHINGTON, DC 20510

February 9, 2017

Lloyd C. Blankfein  
Chairman and CEO  
Goldman, Sachs & Co.  
200 West Street, 29<sup>th</sup> Floor  
New York, NY 10282

Dear Mr. Blankfein,

We are writing today regarding the relationship between Goldman, Sachs & Co. (“Goldman Sachs”) and Mr. Gary Cohn, became the Director of President Trump’s National Economic Council (“NEC”) in January 2017.<sup>1</sup> We are concerned that Mr. Cohn—who received an the extraordinary \$284 million handout from Goldman Sachs as he left his 25-year career with the firm—will be unable to develop economic policies that will help middle-class families, and will instead favor Wall Street over Main Street. We hope you can provide us with information that will assuage our concerns.

The NEC is responsible for “coordinat[ing] the economic policy-making process with respect to domestic and international economic issues” and “coordinat[ing] economic policy advice to the President.”<sup>2</sup> The leader of the NEC must approach economic policy making in an objective manner, paying as much attention to the needs of the middle-class workers that drive our economy as the billionaires that sit at the top. In December 2016, President Trump appointed Mr. Cohn as his NEC Director, promising that he would “craft economic policies that...create many great new opportunities for Americans who have been struggling.”<sup>3</sup>

Mr. Cohn’s close financial ties to Goldman Sachs, however, suggest that he may not be able to fulfill the President’s promise. As you know, Mr. Cohn worked at Goldman Sachs for 25 years prior to joining the NEC in January.<sup>4</sup> And just four days after President Trump’s inauguration, we learned that Mr. Cohn’s move to the White House helped him “unlock more than \$284 million in pent up bonuses, stock holdings and other investments” in Goldman Sachs,

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<sup>1</sup> Damian Paletta and Nick Timiraos, “Trump Names Goldman President Gary Cohn Director of National Economic Council,” *Wall Street Journal* (December 12, 2016) (online at <https://www.wsj.com/articles/trump-names-goldman-president-gary-cohn-as-director-of-national-economic-council-1481573082>).

<sup>2</sup> Executive Order 12835, “Establishment of the National Economic Council” (January 25, 1993) (online at <http://www.presidency.ucsb.edu/ws/?pid=61531>).

<sup>3</sup> Damian Paletta and Nick Timiraos, “Trump Names Goldman President Gary Cohn Director of National Economic Council,” *Wall Street Journal* (December 12, 2016) (online at <https://www.wsj.com/articles/trump-names-goldman-president-gary-cohn-as-director-of-national-economic-council-1481573082>).

<sup>4</sup> Liz Hoffman, “Gary Cohn’s Goldman Exit Tops \$100 Million,” *Wall Street Journal* (January 24, 2017) (online at <https://www.wsj.com/articles/gary-cohns-goldman-exit-tops-100-million-1485300905>); Dakin Campbell and Anders Melin, “Goldman’s Cohn Unlocks More Than \$284 Million by Joining Trump,” *Bloomberg Markets* (January 24, 2017) (online at <https://www.bloomberg.com/news/articles/2017-01-24/goldman-sachs-paid-ex-president-gary-cohn-20-million-for-2016>).

including “\$65 million in cash to cover his potential future bonuses at the bank” and “\$220 billion of Goldman equity he already held or was awaiting, as well as stakes in company-run investment funds.”<sup>5</sup>

The executive orders released by President Trump on Friday last week raise our concerns about the degree to which Mr. Cohn's advice to President Trump is good for Wall Street, but bad for Americans. Mr. Trump released two executive orders with Mr. Cohn at his side, both from the Wall Street wish list: one promised to roll back Dodd-Frank rules put in place after the 2008 Financial Crisis, and another put in place a process that could eliminate new requirements that investment advisers act in their clients' best interests.<sup>6</sup> Mr. Cohn then appeared as “the face” of these efforts, stating that he planned to “attack all aspects of Dodd Frank.”<sup>7</sup>

Goldman Sachs would be a major beneficiary of these efforts to deregulate the financial industry; the company's stock rose by almost 5%, increasing your company's market capitalization by \$4.1 billion the day of President Trump's announcement.<sup>8</sup>

Last week, we sent a letter to Mr. Cohn requesting that he recuse himself from decisions related to Goldman Sachs during his term as NEC Director.<sup>9</sup> As we await his response, we would like to request additional information from you to better understand the relationship between Goldman Sachs and Mr. Cohn. Please provide responses to our requests no later than February 22, 2017:

1. Have individuals employed by Goldman Sachs had any communications with Mr. Cohn related to the Trump Administration executive orders or economic policies since he began his service as Director of the National Economic Council? If so, please provide us with information on who these individuals were, the date, times, and nature of these communications, and any documents related to these communications.
2. Mr. Trump named Mr. Cohn as his chief economic adviser on December 12, 2016. Did individuals employed by Goldman Sachs have any communications with Mr. Cohn related to the Trump Administration executive orders or economic policies

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<sup>5</sup> Liz Hoffman, “Gary Cohn’s Goldman Exit Tops \$100 Million,” *Wall Street Journal* (January 24, 2017) (online at <https://www.wsj.com/articles/gary-cohns-goldman-exit-tops-100-million-1485300905>); Dakin Campbell and Anders Melin, “Goldman’s Cohn Unlocks More Than \$284 Million by Joining Trump,” *Bloomberg Markets* (January 24, 2017) (online at <https://www.bloomberg.com/news/articles/2017-01-24/goldman-sachs-paid-ex-president-gary-cohn-20-million-for-2016>).

<sup>6</sup> Ben Protess and Julie Hirschfeld Davis, “Trump Moves to Roll Back Obama-Era Financial Regulations,” *New York Times* (February 3, 2017) (online at [https://www.nytimes.com/2017/02/03/business/dealbook/trump-congress-financial-regulations.html?\\_r=0](https://www.nytimes.com/2017/02/03/business/dealbook/trump-congress-financial-regulations.html?_r=0)).

<sup>7</sup> Matt Egan, “Elizabeth Warren to Trump’s \$285 million Goldman Sachs man: Recuse yourself,” *CNN Money* (February 3, 2017) (online at <http://money.cnn.com/2017/02/03/investing/elizabeth-warren-gary-cohn-goldman-sachs-trump/>).

<sup>8</sup> “The Goldman Sachs Group Inc. (GS) Rises 4.57% for February 03,” *Equities.com* (February 3, 2017) (online at <https://www.equities.com/news/the-goldman-sachs-group-inc-gs-rises-4-57-for-february-03>).

<sup>9</sup> Letter from Senator Warren and Senator Baldwin to Gary Cohn, Director, U.S. National Economic Council (February 3, 2017) (online at [http://www.warren.senate.gov/files/documents/2017-2-3\\_Letter\\_to\\_Director\\_of\\_NEC\\_re\\_Goldman\\_Sachs.pdf](http://www.warren.senate.gov/files/documents/2017-2-3_Letter_to_Director_of_NEC_re_Goldman_Sachs.pdf)).

during the presidential transition? If so, please provide us with information on who these individuals were, the date, times, and nature of these communications, and any documents related to these communications.

3. Mr. Cohn is not the only Goldman Sachs alumnus in the Trump Administration. Steven Mnuchin, a former Goldman partner, has been nominated to be Treasury Secretary.<sup>10</sup> Dina Powell, who ran Goldman's philanthropic activities, has been named as an Adviser to the President.<sup>11</sup> Goldman has been a client of Jay Clayton, the nominee for SEC Chair, in his practice at Sullivan and Cromwell.<sup>12</sup> And chief strategist Steve Bannon is a former Goldman Sachs investment banker.<sup>13</sup>

Have individuals employed by Goldman Sachs had any communications with these Goldman alumni related to the Trump Administration executive orders or economic policies since they began their service in the Trump Administration? If so, please provide us with information on who these individuals were, the date, times, and nature of these communications, and any documents related to these communications.

4. On February 3, 2017, President Trump signed an executive order directing the Secretary of the Treasury to “report to the President...on the extent to which existing laws, ...regulations, guidance, reporting and recordkeeping requirements, and other Government policies” inhibit the Administration’s “Core” financial principles.<sup>14</sup> The President characterized this order as an attempt to “cut[] a lot out of Dodd-Frank.”<sup>15</sup> Dismantling Dodd-Frank would be a financial boon for large banks, including Goldman Sachs.
  - a. Does Goldman Sachs support the policies in this executive order?
  - b. What financial benefits does Goldman Sachs expect to gain as the result of the changes in the executive order?
  - c. Has Goldman Sachs lobbied the Trump administration, or will they do so moving forward, on the policies related to this executive order?

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<sup>10</sup> Chris Isidore and Phil Mattingly, “Trump taps ex-Goldman banker Mnuchin for Treasury post,” *CNN Money* (November 29, 2016) (online at <http://money.cnn.com/2016/11/29/news/economy/donald-trump-steven-mnuchin-treasury/>).

<sup>11</sup> Valentina Zarya, “This Goldman Partner Will Advise Donald Trump on Women’s Issues,” *Fortune* (January 11, 2017) (online at <http://fortune.com/2017/01/11/goldman-sachs-dina-powell-trump-advisor/>).

<sup>12</sup> Dave Michaels and Michael C. Bender, “Wall Street Lawyer Jay Clayton Emerges as Top Candidate for SEC Chairman” *Wall Street Journal* (January 3, 2017) (online at <https://www.wsj.com/articles/wall-street-lawyer-jay-clayton-emerges-as-top-candidate-for-sec-chairman-1483494030>).

<sup>13</sup> Dan Primack, “Another Goldman Sachs Alumni Joins Donald Trump’s Campaign,” *Fortune* (August 17, 2016) (online at <http://fortune.com/2016/08/17/donald-trump-bannon-mnuchin-goldman/>).

<sup>14</sup> President Donald Trump, “Presidential Executive Order on Core Principles for Regulating the United States Financial System” (February 3, 2017) (online at <https://www.whitehouse.gov/the-press-office/2017/02/03/presidential-executive-order-core-principles-regulating-united-states>).

<sup>15</sup> Renae Merle, “Trump signs executive order to reconsider Wall Street regulations,” *Washington Post* (February 3, 2017) (online at [https://www.washingtonpost.com/news/business/wp/2017/02/03/trump-to-sign-executive-order-calling-for-rollback-of-wall-street-reform/?utm\\_term=.c4c22c68466e](https://www.washingtonpost.com/news/business/wp/2017/02/03/trump-to-sign-executive-order-calling-for-rollback-of-wall-street-reform/?utm_term=.c4c22c68466e)).

5. Mr. Trump signed a second executive order on February 3, 2017, delaying implementation of the Department of Labor’s fiduciary rule, which prohibits financial firms from compensating financial advisers in ways that reward them for making recommendations that are not in their clients’ best interest.<sup>16</sup> President Trump’s executive order directs the Department of Labor to conduct a redundant “economic and legal analysis” of the rule’s impact—potentially halting the consumer-friendly policy that was set to go into effect in April 2017.<sup>17</sup>
  - a. Does Goldman Sachs support the policies in this executive order?
  - b. What financial benefits does Goldman Sachs expect to gain as the result of the changes in the executive order?
  - c. Has Goldman Sachs lobbied the Trump administration, or will they do so moving forward, on the policies related to this executive order?

Thank you for your prompt response to our inquiries. If you have any questions or concerns, please do not hesitate to reach out to Brian Cohen of Senator Warren’s staff at 202-224-4543 or Brian Conlan of Senator Baldwin’s staff at 202-224-5653.

Sincerely,



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Elizabeth Warren  
United States Senator



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Tammy Baldwin  
United States Senator

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<sup>16</sup> Office of Senator Elizabeth Warren, *Villas, Castles, and Vacations: 2017 Edition* (February 3, 2017) (online at [http://www.warren.senate.gov/files/documents/2017-2-3\\_Warren\\_DOL\\_Rule\\_Report.pdf](http://www.warren.senate.gov/files/documents/2017-2-3_Warren_DOL_Rule_Report.pdf)).

<sup>17</sup> President Donald J. Trump, “Presidential Memorandum on Fiduciary Duty Rule” (February 3, 2017) (online at <https://www.whitehouse.gov/the-press-office/2017/02/03/presidential-memorandum-fiduciary-duty-rule>).