

Goldman thinks fraud charge 'political' - and they're r...

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[FT.com / Comment - Goldman versus the regulators.](#)

These paragraphs are very telling:

Goldman's executives could barely hide their [anger](#) at the way the regulators had handled the situation. They said the probe into the CDO the bank arranged for Paulson had begun nearly two years ago and the last time Goldman had heard from regulators was in July.

Goldman executives hint that the SEC's apparent unwillingness to enter into settlement talks before making the charges public, which is customary especially in high-profile cases, and the timing of the announcement, had more to do with politics than regulation.

So the bank wanted a nice cosy settlement, out of the public eye to let them hide their fraud.

No way.

And the bank thought that they deserved special case treatment for committing an alleged massive fraud.

No way.

But that's not all. Goldman Sachs are guilty of [unknown known](#) thinking. They seem to think that regulation, created by government on the basis of its democratic mandate is for the benefit of the bank - not for society at large, and that therefore it is not political. It is very obvious that this thinking is wrong - but they have thought to the contrary for so long, and have been allowed to do so for so long, that they now think this is the case.

No way.

It's time for all banks in all jurisdictions to realise they are regulated for the public good, not their good. And those two things are not the same.

Regulation is essential for the public good.

Transparency is essential for the public good.

Accountability is essential for the public good.

Reliable accounts are essential for the public good.

Auditors who audit are essential for the public good.

The enforcement of the rules of limited liability - and the unlimiting of liability for those who abuse it, is essential for the public good.

Paying tax in the right place at the right time (and the use of a tax haven in this case was no doubt in part designed to avoid some taxes) is essential in the public interest.

Honesty is essential in the public interest.

All have to be tackled by competent politicians.

There's much more to be said on this. This is **the** debate for the next few years.

And the banks have to lose it and society has to win it. Or there will be no more society. It's as blunt as that.