

# Senate report suggests Goldmans and Deutsche have a case

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### [The FT reports:](#)

*US Senate investigators probing the financial crisis will refer evidence about Wall Street institutions including Goldman Sachs and Deutsche Bank to the justice department for possible criminal investigations, officials said on Wednesday.*

*Carl Levin, Democratic chairman of the powerful Senate permanent subcommittee on investigations, said a two-year probe found that banks mis-sold mortgage-backed securities and misled investors and lawmakers.*

*"We will be referring this matter to the justice department and to the SEC [Securities and Exchange Commission]," he said. "In my judgment, Goldman clearly misled their clients and they misled Congress."*

*Last year, Goldman paid \$550m to settle SEC allegations that it defrauded investors in Abacus, a complex security linked to subprime mortgages.*

*The report, released late on Wednesday, says that the subcommittee found "a variety of troubling and sometimes abusive practices" by banks, such as Goldman and Deutsche, involved in the creation and sale of collateralised debt obligations.*

I suspect Carl Levin is right: I know his team are thorough.

There are serious issues in here:

- 1) honesty
- 2) accountability
- 3) breach of trust.

They do, admittedly, relate to specific issues, and not the sector in general, but that does not undermine their validity. If banks can't be trusted then bailing them out and

supporting their retention (the issue at the core of the Vickers report) is not worthwhile.

Is Carl levin right? I think he may well be. It suggests Vickers needs to take a much tougher line. And that these people cannot be trusted with any involvement with ordinary people's one or the payment system that underlines our economy.