

Goldman executives benefit from fund investments

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By Helen Thomas

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Goldman Sachs' executives took home millions of dollars last year from investments in funds run by the bank, after the furore over pay forced Wall Street banks to rein in awards to their top staff.

Lloyd Blankfein, Goldman chief executive, last year received \$18.7m in distributions from investment funds set up to allow staff to put money into the bank's private equity and venture capital vehicles.

In February, in the face of public anger at the rewards at banks perceived to have benefited from taxpayer support, Goldman [limited Mr Blankfein's bonus](#) to \$9m, paid in restricted stock – even though Goldman delivered record profits last year and Mr Blankfein received no bonus in 2008.

The 10 individuals named in Goldman's [filing](#) on Friday night received pay-outs totalling more than \$100m from the funds, some of which are available only to the top 400 employees.

The bank said: "These payments are not compensation. They are the return on long-term private investments made alongside our clients."

The money received by Goldman's executives consists of the return of their original investment plus profits and other income earned by the funds, which are generally structured to invest over a 10-year period.

Goldman generally allows staff access to its funds on a privileged basis, without paying management fees and "overrides" that other investors would pay.

Some experts say that amounts to a monetary benefit. Lucian Bebchuk, a professor at Harvard, said: "Given the size of the distributions to the top executives, it seems that they likely have rather large amounts invested in those funds and that saving the costs of management fees and overrides can be substantial."

Goldman disclosed that some of its executives benefited from a share in the overrides paid by other investors. In Mr Blankfein's case, this totalled \$318,000.

Other executives who received distributions from their investments in the funds included David Viniar, chief financial officer, who received \$11.5m; and Gary Cohn, president and chief operating officer, \$15.1m. They also received a share of the overrides.

Goldman last year paid out 36 per cent of revenues in pay to staff for 2009, the lowest figure since it went public a decade before.