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[New York Fed used Goldman lawyers in push to limit AIG disclosures](#)

By Kevin Connor • Jan 08, 2010 at 13:23 EST

[Bloomberg](#) reported yesterday that the [New York Fed](#) pushed [AIG](#) to withhold key information about bonuses and swap counterparties in late 2008. Today, the story is [blowing up](#), with the [New York Times](#), [Wall Street Journal](#), and a range of other outlets picking up on the story.

There is an incredible conflict of interest at the heart of the AIG-New York Fed dealings: the very same New York Fed lawyers who pushed AIG to withhold the names of counterparties also advised Goldman Sachs on large deals in 2008.

[Goldman Sachs](#) was one of AIG's largest counterparties, and received a controversial 100% payout on its swap contracts with the firm.

The attorneys worked for the firm [Davis, Polk, & Wardwell](#), which represents the New York Fed. Davis Polk attorney [Peter Bazos](#) pushed AIG to withhold agreements that contained the names of key counterparties (including Goldman Sachs). From the [Wall Street Journal](#):

In a Nov. 25 email, Peter Bazos, an attorney at law firm Davis Polk & Wardwell, which represents the New York Fed, wrote that certain agreements "do not need to be filed." One agreement contained the names of banks that received payouts from AIG. A Davis Polk spokesman declined to comment.

Bazos had [advised on a Goldman Sachs deal the previous month](#), in October 2008 – a \$12 billion stock offering from GE.

Davis Polk lawyer [Ethan T James](#), who had advised on [another Goldman deal](#) that closed in May 2008, asked AIG to delete information on routine disclosure statements about the \$10 billion in swaps. From the [New York Times](#):

The Fed's lawyer, Ethan T. James, of Davis Polk & Wardwell, deleted all references to the \$10 billion in swaps that could not be torn up. He wrote in the margin: "There should be no discussion or suggestion that A.I.G. and the N.Y. Fed are working to structure anything else at this point."

Davis Polk isn't exactly Goldman's favorite law firm — many more deals show up on the firm's site for Citigroup, JP Morgan, Morgan Stanley, and other banks (using [unscientific google searches](#)) — so it's somewhat surprising that two Davis Polk attorneys so recently and closely linked to Goldman deals would show up in these email exchanges.

The financial sector is one gigantic tangle of conflicts of interest, and lawyers are often key nodes in that web, so this isn't surprising. But still: Goldman Sachs/New York Fed lawyers worked to

obfuscate information about massive, controversial payouts to Goldman Sachs. The chair of the New York Fed, at the time, was Goldman board member [Stephen Friedman](#).

Does it get much more conflicted than that?

Tags: [AIG](#), [federal reserve](#), [geithner](#), [goldman sachs](#), [new york fed](#)
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One Response to “New York Fed used Goldman lawyers in push to limit AIG disclosures”

1. [Fed Used Lawyer that Advised Goldman on AIG \(Non\) Disclosures « naked capitalism](#) Says:



[January 8th, 2010 at 4:27 pm](#)

[...] to the underlying issue. From Little Sis:here is an incredible conflict of interest at the heart of the AIG-New York Fed dealings: [...]

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