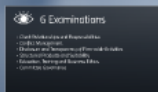
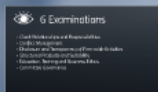


Goldman Sachs: Anchoring Standards after the Financial Crises Harvard Case Solution & Analysis



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Anchoring Standards after the
Financial Crisis

Young Mee Lim
Martin Rakin
Chelsea Feder
John Victor
Jorge Alpuente



Goldman Sachs & Financial Crisis

- Private Investment Banking Firm, Founded by Marcus Goldman in 1869
 - Clients: Large Corporations, Financial Institutions, Sovereign Entity
- Begin as Private Institution
- In 1999, Goldman Sachs went public
 - Employees from 3,600 (1984) to 15,400 (1999)
- 2008, Financial Crisis hit the firm



Aftermath of the Financial Crisis

- To stabilize Market
 - Warren Buffet Invested \$5 Billion
 - U.S. Government Invested \$10 Billion
- Image of Goldman Sachs... "Irresponsible", "not trustworthy", & "The Wall Street Greed"



Business Standard Committee (BSC)

- Ensure Highest Quality of Business Standards & Practices
- Meet Expectation
- Contribute to Economic Stability

"Generational Milestone"



Financial Crisis...

Due to the extended period of low interest rates and narrowing credit spreads in markets globally

Subprime Morg. Crisis ?

Financial Crisis

- FRB lowered the Interest Rate to 1%
- Com Bust
- Banks started to lend \$\$\$ with low interest



• Default & Bankruptcy

- Credit Bubble BURST
- Total of \$40 Billion Losses



- Lehman Brothers
- Bear Stearns
- Merrill Lynch
- Morgan Stanley
- Goldman Sachs



Investment Bank & Leverage

- New Investment
- Inexpensive Financing Costs
- Leverage : lever
- Buying Mortgage



- Increasing Price of Property
- Buying More Mortgages
- RISKY
 - No Down Payment
 - No Proof of Income
 - No Documents
- = Sub-Prime Mortgage



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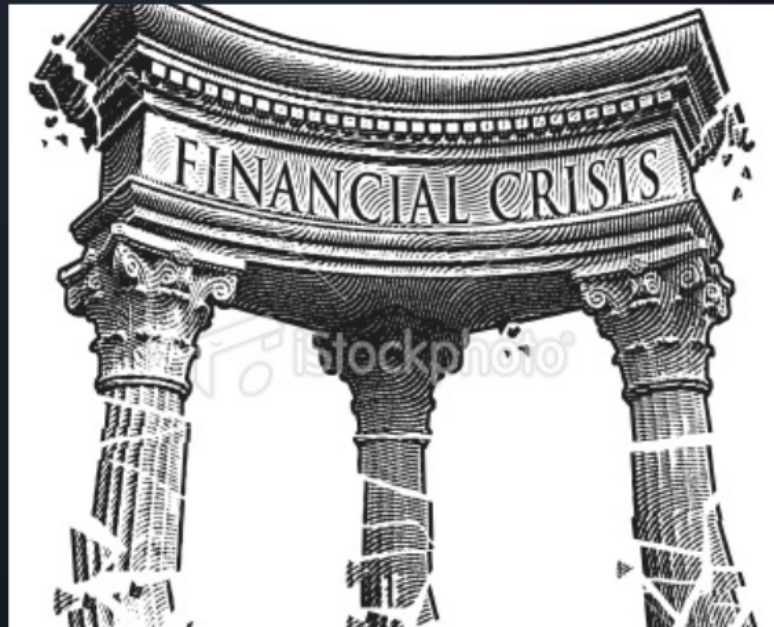


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