

# Goldman Sachs Set to Plan Sell-Off of Ontario Assets

Huge and controversial banking firm has a history of playing both sides in privatization deals

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TORONTO, Straight Goods News: Ontario's Liberal government has put Goldman Sachs, the huge banking and investment firm being investigated by the US Congress for fraud, in charge of selling off Ontario's public assets. For some reason, the involvement of this ethically challenged firm has, to date, failed to ignite controversy in Canada.

In its March budget, the government announced a plan to raise money by placing Crown assets, including public power, liquor stores, and the lottery commission into a combined fund and sell 49 percent of it privately. Goldman Sachs, which has specialized for decades in organizing privatizations around the world – often representing both buyers and sellers – is being paid \$200,000 to organize the scheme. In the USA, for instance, the company has supervised highway privatization deals in which it acted as a financial advisor to the state at the same time as it invested in companies vying for the highways.

Ontario NDP environment critic Peter Tabuns is dumbfounded by the company's involvement. "They have proven themselves reckless and unethical," he told Straight Goods News. "Why would you trust a firm like this to give you an assessment of the future of key Ontario assets after their role in destabilizing Greece and the world economy?" Goldman Sachs secretly lent Greece \$3.4 billion CAD "off-book" in 2001 to make it seem that Greece's debt was not as bad as it really was, so that the European Union would agree to let Greece adopt the Euro as its currency – leading, in turn, to the country's current misery.

While Greece and Greeks suffer turmoil and sacrifice, Goldman Sachs will earn \$200 – \$300 million in "risk fees" for the deal, which landed the new Papandreou government with twice the level of debt to GDP than was publicly admitted to by the government it defeated. The European Union and the US Federal Reserve Bank are investigating.

Asked whether it's fair to be critical of Ontario employing one division of the company when another is being investigated, Tabuns steamed, "Fair! In the recent Senate testimony their own people wrote that they were peddling 'shitty deals.' Their privatization unit has been the subject of controversy in other jurisdictions.

"We are talking about the sale of the most lucrative and amongst the most strategic of Ontario's assets. The advisors for this sale are a company that has been charged with a billion dollar fraud and reportedly is under criminal investigation. The Toronto Star reports that 62 American lawmakers have asked the Department of Justice to conduct a criminal probe of Goldman. "

Tabuns worries that the company's advice could cost Ontario billions of dollars per year in lost revenue and result in a "fire sale of assets to tide the Liberals through the next election," recalling the sale by the Conservative government of Highway 407. "It was sold by the Harris government in the same situation, a deficit, a looming election and the need for cash. Ontario is still paying for that mistake. Remember, these assets generate over \$4 billion a year in revenue. A loss of our Hydro assets undermines our ability to shape the economic base and future of the province."

Goldman Sachs was one of the underwriters of last year's IPO constructed to hive off part of EPCOR, Edmonton's municipal utility, to Capital Power, a new private power-generation company. In that deal, the "underwriting syndicate led by TD Securities and Goldman Sachs" made \$32 million in commissions and transaction costs on a \$500 million deal, or 6.4 percent. The decision to sell off part of EPCOR was made entirely behind closed doors, without public knowledge. The EPCOR CEO cited corporate sensitivity as the basis for confidentiality. No local brokers had any chance to be part of the deal.

Goldman Sachs is hugely powerful. Billionaire Warren Buffet is a major owner of the company. Its CEO, Lloyd Blankfein, is getting a \$9 million USD stock bonus for 2009.

As [Matt Taibbi reported in Rolling Stone](#), "From tech stocks to high gas prices, Goldman Sachs has engineered every major market manipulation since the Great Depression."

"The bank's unprecedented reach and power have enabled it to turn all of America into a giant pump-and-dump scam, manipulating whole economic sectors for years at a time, moving the dice game as this or that market collapses, and all the time gorging itself on the unseen costs that are breaking families everywhere - high gas prices, rising consumer credit rates, half-eaten pension funds, mass layoffs, future taxes to pay off bailouts," he writes. "All that money that you're losing, it's going somewhere, and in both a literal and a figurative sense, Goldman Sachs is where it's going: The bank is a huge, highly sophisticated engine for converting the useful, deployed wealth of society into the least useful, most wasteful and insoluble substance on Earth - pure profit for rich individuals.

"They achieve this using the same playbook over and over again. The formula is relatively simple: Goldman positions itself in the middle of a speculative bubble, selling investments they know are crap. Then they Hoover up vast sums from the middle and lower floors of society with the aid of a crippled and corrupt state that allows it to rewrite the rules in exchange for the relative pennies the bank throws at political patronage. Finally, when it all goes bust, leaving millions of ordinary citizens broke and starving, they begin the entire process over again, riding in to rescue us all by lending us back our own money at interest, selling themselves as men above greed, just a bunch of really smart guys keeping the wheels greased. They've been pulling this same stunt over and over since the 1920s - and now they're preparing to do it again, creating what may be the biggest and most audacious bubble yet."

In 2009 Goldman Sachs was the 7th largest Mergers and Acquisitions financial advisor (rated by the value of the M&As) in Canada with \$23,640.9 million USD in deals. GS ranked #5 in 2008. CIBC World Markets was #2 (down from #1 in 2008) with \$51,503.0 million US in deals. Mark Carney, Governor of the Bank of Canada, is a former international investor with Goldman Sachs.

In 2009, while other businesses were suffering, “Goldman hauled in \$100-million (U.S.) in net trading revenue on 131 days,” according to [Eric Reguly in the Globe and Mail](#). “In last year’s 263 trading days, it lost money only 19 times. In 2009 it made a record \$13.4-billion. The average slob could live like a rock star on one minute of Goldman’s profit.”

“The culture of the company is reflected in their record,” says Peter Tabuns. “Why would McGuinty hire such a company and why won’t he sever his relationship with them?”

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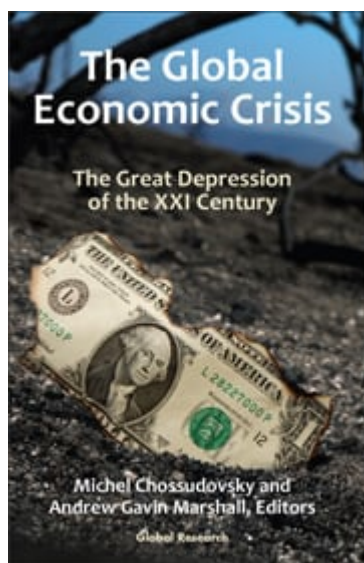
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