

Excerpt from  
*Other People's Money – The Corporate  
Mugging of America*  
by Nomi Prins

## **OTHER PEOPLE'S MONEY - THE CORPORATE MUGGING OF AMERICA BY NOMI PRINS**

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It isn't every evening that *A Midsummer Night's Dream* coincides with the *Nutcracker Suite*. But, one Saturday night in early December 2000, it happened. Reality was overshadowed by fantasy – temporarily.

It was the Goldman Sachs Managing Directors' Christmas Party of 2000. An exclusive gala in Manhattan for the upper echelons of the firm.

The grand finale of the opulent 1990s.

Outside, temperatures were just above freezing and it was raining. With such uncooperative weather, there was nothing left to do but go inside, inside the mammoth glass-and-steel construction that was New York's answer to a King Kong jungle gym: the Jacob K. Javits Convention Center. And so we kept filing in. On the right of the entrance lobby, just beyond the revolving doors, was the coat check. It was staffed by women dressed in black-and-white staff tuxedos. Another man in a tux welcomed us, ushering us over to a table to check in. Even during holiday parties, Santa Claus was keeping his list.

We were directed up any one of the three adjacent escalators leading toward the main reception area for cocktails. At the top of the escalators, the carpet was as green as AstroTurf. Endless lines of mud-brown plastic tree trunks covered with thousands of autumn-colored leaves sprung from the synthetic ground. Beyond the artificial forest were wicker-white gazebos, plucked directly from the set of some English countryside drama, guarded by sparkly swans.

Groups of exceedingly well-dressed but decidedly untrendy managing directors were gathering in cliques under the trees. Hundreds of them.

The normally austere, imagination-less space of the convention center had been transformed for the evening. It was like a fairy godmother had stopped by earlier, changing the appearance of everything with the touch of a wand – and the help of expensive caterers. Of course, when the clock struck twelve, everyone would return to his or her regular life: the senior partners back to their penthouses on the Upper East Side, the rest of us scattered to other places in Manhattan, its vicinities, and the suburbs.

We made our way in streams through the main cocktail area, past the gazebos furnished with white wicker chairs and dainty round tables for chatting, past more opulent tables with huge floral centerpieces. I was looking for the bar. Only there wasn't one. Instead, armies of waiters hovered about, extending tidings of pink champagne.

It occurred to me this would be a great place for a dog run. In fact, emptied of all the pretension of festivity – and the people – my dogs would have had a terrific time. Space, trees, and food: what more could any dog ask for? For humans, on the other hand, the place was cold and imposing, merely dressed up to seem otherwise. Upon second glance, the fake tree leaves sparkled as cheaply as fake diamonds. The swan creatures looked like they were made of expensive pipe cleaners. The snow was made of cotton balls shredded into cheap fluff. Everything was as fleeting and insubstantial as the bloated bank balances of since-bankrupt dot-com millionaires.

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Later, I found out that, despite what seemed like stellar attendance (which I thought was mandatory), many managing directors avoided this event, or showed up only every other year. One of my colleagues said that once every two years was all she could handle. The prior year's theme had apparently been "Fire and Ice." All the themes were rather reminiscent of prom night. So were the outfits.

There was a noticeable contrast in styles of dress that night. I had bought the only evening gown of my life for the occasion, black velvet and gold trim to fit in with the crowd. The female managing directors (that tiny minority) were dressed fairly conservatively: no backless gowns, and we kept our cleavages in check. But this was less the case for some of the wives and girlfriends, whose clingy or low-cut gowns were designed for maximum trophy display.

Everyone in the crowd was in perma-smile mode. This worked well when the photographer swooped in to immortalize the moment. It wasn't the only such event where Goldman hired photographers. For a company that so prided itself on its secrecy and lack of publicity, Goldman saw to it that many of the large gatherings it compelled employees to attend had photographers on hand. Afterward, the pictures were sent in thick white envelopes via interoffice mail to the featured employees or were used in internal marketing material.

The preceding month, I had been forced to attend a global conference welcoming all new managing directors (MDs). For two straight days, the culture of Goldman Sachs was beaten into the Class of 2000 MDs, complete with skits in which we had to role-play situations such as how to act when your subordinates don't listen to you or when you're privy to some piece of insider information. This event too had had a photographer on hand to snap our glee at having made the MD team – that sacred club – that year. I was seated in the front row of our MD class, just as in elementary school, when the shortest kids were put in front for the class picture.

About an hour into the Christmas party festivities, the CEO of the firm, Henry, aka Hank, Paulson, appeared in the middle of the crowd like Moses parting the Red Sea, looking tall and commanding. A hush fell over the immense space as Goldman MDs and their spouses, significant others, and dates all moved closer to Hank, the better to receive his word.

Hank had risen to the top ranks of Goldman through the investment banking division. He had ousted Jon Corzine from the chairman's seat in 1999 because investment banking ruled over the trading division, where Jon had come from. After losing the battle for Goldman's top spot, Corzine rebounded by securing a U.S. Senate seat from New Jersey after launching the most expensive senate campaign in U.S. history.

Then Hank spoke. He wanted to make sure everybody realized that bonuses would not be what they had been the previous year. Even in its infancy, the market downturn was already being felt, and Hank hadn't gotten as far as he had without reading the signs.

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He told the spouses to realize that their other halves would not be bringing home as much (in both bonus money and quality time), that we were embarking on tough times and would all be working much harder and longer to get through it all. "Don't even think about extensions for those summer Hampton homes, people."

A waiter came up behind us to offer paper-thin slices of French bread and caviar.

Hank continued to say he expected us all to work a lot harder as the market downturn continued, but that he had great faith in the "people of Goldman Sachs" to persevere. He was right about the market meltdown. The stock market was declining weekly, and this was well before corporation after corporation would collapse under fraud allegations, class-action suits, defaults, and bankruptcies. The corporate decay that would follow the Wall Street-manufactured stock and debt bubble would affect investment banking and stock businesses, areas that counted the most on cheery markets and starry-eyed investor morale.

I looked around me. Everyone's eyes were glued to Hank. I detected nods of understanding, almost a sense of weathering a big storm together, that great team spirit at work.

And then it was over. Moments after the speech, the room transformed itself. Reinforcement armies of waiters joined their comrades, and whitegloved maître d's ushered the crowd toward waiting white-clothed tables. Walls vanished to reveal a ballroom with rows of round tables, a stage, and tons of food. Any kind of food, every kind of food. There were specialty pasta tables, with chefs doling out generous helpings of ravioli, creamy ziti, and wild-mushroom lasagna. There were chefs carving up large sides of strip steak heaped with thick gravy. There were salads galore. Every few tables, all these choices would reappear to allow multiple lines.

Wine was plentiful, though, strangely, it really wasn't a drinking crowd: having fun in front of the senior partners of the firm didn't really make sense. Most of the drinking was being taken care of by the non-Goldman attendees.

Bette Midler had been booked as the evening's performer. For some reason, this had been a colossal secret, as if we wouldn't have showed up unless someone good was entertaining us and they didn't want to take a chance on us not being impressed with the Divine Miss M.

Bette had been given a list of the bad habits of Goldman senior executives from an insider, probably someone from PR, but had spun it her own way – into a caustic, sarcastic swipe at the elite. (I don't believe she was ever asked to perform at another Goldman event.) The rest of her shtick was her own. When she took the stage, her first words were, "I never saw so much money in one place at the same time." That was met with nervous laughter. She continued, wasting no time getting straight to the heart of the irony of the evening. "I never thought I'd be performing at that famous, the magnificent . . . Javits Center. You know, it's just a hop away from the Lincoln Tunnel. Why, in no time I could be doing another gig over the river in beautiful Newark, New Jersey." She sang a biting rendition of "Money" – with its fitting first line, "Money makes the world go round" – and other overly appropriate songs. She stopped short of "You've Got to Pick a Pocket or Two" from the musical *Oliver!*

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The night came to a screeching halt soon after Bette left the stage. Corporate gatherings never quite inspire the right atmosphere for sticking around and casually hanging out. Everyone beelined for the coat check, leaving in their wake a trampled and spent fairyland, thoroughly grazed food tables, and capsized swans. We covered up our formal evening wear and headed back into the cold, wet night – to the line of black Lincolns booked to whisk us away. Two weeks later, I received the photos; the person with the plastic smile and fancy gold shawl posing against a background of glitter resembled me but in fact was merely a photo memory of an identity I wanted to shelve.

With the economic downturn intensifying, and all the cost-cutting measures beginning to make their way around the Street, this MD Christmas party was the last of its kind. Afterward, management would be too embarrassed to partake in such open excess. They would focus on the declining market and the business that investment banks were losing steadily to the new supermarket-style commercial-investment bank conglomerates like Citigroup and JP Morgan Chase.

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