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Goldman Sachs Names Katz as Counsel, Solidifying Ties to Sullivan & Cromwell

By Laurie P. Cohen. **Wall Street Journal, Eastern edition** [New York, N.Y.] 25 May 1988: 1.

▣ Abstract (summary)

The selection of Mr. Katz, who will play a key role in choosing the outside law firms that represent Goldman Sachs, is also likely to solidify long-standing ties between Sullivan & Cromwell and Goldman Sachs, which is the law firm's largest client. His choice is viewed among lawyers as a setback for Wachtell, Lipton, Rosen & Katz, the New York law firm that is representing Goldman Sachs in the federal government's continuing insider-trading investigation. Wachtell Lipton has been eager to increase its work for Goldman Sachs, and individuals familiar with the securities firm's search process say that Wachtell Lipton promoted one of its own partners for the post of general counsel.

Mr. Katz, who will start his new post at Goldman Sachs next month and become a general partner there later this year, succeeds Joe McLaughlin, who is leaving Goldman Sachs after 12 years to "pursue writing and teaching interests," according to a memo Goldman Sachs sent to its employees on Monday.

▣ Full Text

NEW YORK -- Goldman, Sachs & Co. named Robert J. Katz, a partner at Sullivan & Cromwell, as its general counsel, capping a year-long search that generated strong competition for the job and intense interest on Wall Street.

The choice of Mr. Katz, 40 years old, who is believed to be the only partner in the history of Sullivan & Cromwell to leave for an in-house position, indicates the growing stature of general counsel at Wall Street firms in the post-Boesky era of intense government scrutiny. And, for the first time in its history, Goldman Sachs is making its general counsel a partner in the firm.

The selection of Mr. Katz, who will play a key role in choosing the outside law firms that represent Goldman Sachs, is also likely to solidify long-standing ties between Sullivan & Cromwell and Goldman Sachs, which is the law firm's largest client. His choice is viewed among lawyers as a setback for Wachtell, Lipton, Rosen & Katz, the New York law firm that is representing Goldman Sachs in the federal government's continuing insider-trading investigation. Wachtell Lipton has been eager to increase its work for Goldman Sachs, and individuals familiar with the securities firm's search process say that Wachtell Lipton promoted one of its own partners for the post of general counsel.

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to a memo Goldman Sachs sent to its employees on Monday.

Mr. McLaughlin, 46, will remain a consultant to the firm and will become an adjunct professor at the New York University School of Law in the fall. He said yesterday that he told Goldman Sachs officials last June that he wanted to leave the firm. Goldman Sachs insiders say that Mr. McLaughlin wished to leave, in part, because his bid for partnership at the firm had been rejected.

Mr. McLaughlin denied yesterday that the Goldman Sachs partnership rejection had anything to do with his desire to depart. "I wanted to try my hand at serious legal writing," he said.

During Mr. McLaughlin's tenure as general counsel, Goldman Sachs became enmeshed in the worst crisis of its history. Robert Freeman, head of arbitrage trading at Goldman Sachs, has faced the threat of a federal indictment on insider-trading charges since early last year. Both Goldman Sachs and Mr. Freeman have denied any wrongdoing.

"The insider-trading debacle they found themselves in made them go look for a heavyweight general counsel," said one Wall Street attorney familiar with Goldman Sachs's search. Goldman Sachs said in its employee memo that Mr. Katz's goals will include "ensuring that we continue to uphold the highest legal, ethical and professional standards." A Goldman Sachs official declined further comment.

Mr. Katz had stiff competition for the job from several large law firms, including Wachtell Lipton, which is said to have promoted one of its partners. Wachtell partners were unavailable for comment.

Mr. Katz has substantial experience in securities law. He has represented Goldman Sachs and others in a number of merger transactions. And earlier this year, he assisted in representing Marcus Schloss & Co. in the Wall Street firm's agreement to settle SEC civil charges of insider trading.

"It's my pleasure and privilege to advise Goldman Sachs," Mr. Katz said yesterday. "It's literally the only job and the only place I would leave Sullivan & Cromwell for."

Credit: Staff Reporter of The Wall Street Journal
