

Pitt Met With Goldman Sachs Chairman

By a Washington Post Staff Writer

Securities and Exchange Commission Chairman Harvey L. Pitt met with the chairman of Goldman Sachs Group Inc. last Friday to discuss how the firm and its competitors could restructure their research and investment-banking businesses to avoid conflicts of interest, sources familiar with the meeting said yesterday.

Pitt requested the meeting with Henry M. Paulson Jr., who heads Goldman Sachs, even though the Wall Street firm, sources said, is under SEC investigation for how it allocated shares in initial public offerings shares to com-

panies that were also banking clients. The SEC is also said to be investigating whether Goldman's research department influenced those relationships by issuing misleading stock reports.

Sources familiar with the matter said that Pitt did not inform the SEC enforcement staff, which is conducting the probe, about the meeting before it occurred. The omission frustrated some agency enforcement lawyers, who worry that excluding enforcement staff from meetings—and this meeting itself—could signal that a company under investigation can go over their heads, said SEC sources who agreed to be interviewed on the condition that they not be named.

SEC spokeswoman Christi Harlan said Pitt had no comment. Goldman Sachs spokesman Lucas van Praag had no comment.

Also at the meeting was SEC General Counsel Giovanni P. Prezioso, who would not comment on it yesterday.

Pitt was criticized by some members of Congress and consumer groups earlier this year for meeting with the heads of Xerox Corp. and auditing firm KPMG LLP while both were under investigation by the commission for securities fraud. Pitt promised at the time to take care that the meetings he held could not be misconstrued as giving special access to corporations under investigation.

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SEC Chairman Harvey L. Pitt has previously met with leaders of firms under investigation.