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 By [JOE BEL BRUNO](#) And [BRETT PHILBIN](#)

Lloyd C. Blankfein took the stage at Goldman Sachs Group Inc.'s annual meeting, pledging to rebuild the investment bank's reputation after it was tarnished by government civil charges of securities fraud.

The chairman and chief executive said the Wall Street firm will set up a business standards committee that will look into ways the company can confront the current scrutiny over its business practices. He said it was "clear that our firm must renew the core principles that have sustained us for 141 years."

"The last few weeks have been...difficult and disappointing," Mr. Blankfein told shareholders on Friday. "Questions have been raised that have gone to the heart of our most fundamental value: How we treat our clients."


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Associated Press

A group representing the Maryknoll Sisters of Ossining arrive at the Goldman Sachs shareholders meeting. A resolution proposed by the nuns that called for greater disclosures in derivatives trading was backed by 33% of shareholders voting, not enough to win approval.

Goldman's top lawyers met this week with representatives of the U.S. Securities and Exchange Commission in a first step toward a potential settlement of the agency's civil-fraud lawsuit, according to a person familiar with the situation. Wall Street's biggest investment bank and one of its executives were accused last month with defrauding investors in the sale of securities tied to subprime mortgages, and also face potential federal criminal charges. It denies wrongdoing.

Gary D. Cohn, Goldman's chief operating officer, said that "something has to happen in the case." He told reporters on the sidelines of the meeting that "there are a myriad of ways we can handle the case. We can't rule anything out."

For Mr. Blankfein the showdown with shareholders was a contentious one, attended by nearly 300 people and in which several speakers criticized his leadership. Protestors stood outside during the three-hour meeting. Among them was Bill de Blasio, New York's elected public advocate, who held a news conference at the entrance to the annual meeting backing a resolution that would require Goldman to disclose political spending.

"We have deep concerns," Mr. de Blasio said. "Goldman Sachs has an opportunity to be a leader of reform and a leader in transparency."

Shareholders, however, sided with Mr. Blankfein when they voted. They overwhelmingly defeated a proposal to split the chairman and chief executive jobs, and rejected all other shareholder proposals, including a resolution to demand more collateral for derivatives trading. All Goldman board directors were re-elected.

When asked if the swirling public and political scrutiny has affected Goldman Sachs' business, Mr. Blankfein said the company's public relations beating has "been a strain on clients," but added that customers have "persevered with us."



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“

While the general public may not be totally knowledgeable on the intricacies of high finance, the financiers themselves were in over their heads as well.

”

—Anthony Lux

A Brief History of Goldman Sachs


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Investors have watched as nearly \$20 billion has been wiped off the company's stock value since the SEC civil charges were announced.

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Mr. Blankfein acknowledged Goldman Sachs has no way of quantifying any business that may have flowed to its rivals: "You don't hear about a call that you don't get."

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