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Paulson files to sell \$500 mln of Goldman stock

By [Steve Gelsi](#), MarketWatch

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NEW YORK (MarketWatch) - Former Goldman Sachs CEO Henry Paulson filed to sell about \$500 million worth of Goldman Sachs stock late Thursday shortly after the U.S. Senate voted to confirm his appointment as U.S. Treasury Secretary.

Paulson filed to sell 3.23 million shares in a shelf offering of Goldman Sachs ([GS](#)) stock according to a prospectus filed with regulators. Based on the bank's closing price of \$152.50 on Thursday, the stock is worth about \$492 million.

The banking chieftain is unloading the shares to adhere to conflict-of-interest rules.

In addition to the 3.2 million shares, Paulson also owns restricted stock units representing 494,054 shares of common stock, all of which are vested and deliverable. Based on Goldman Sachs' closing price of \$152.50 on Thursday, the restricted units are worth about \$75 million.

He also owns options to purchase 680,474 shares of common stock, all of which are exercisable.

Paulson's common stock, together with the shares of common stock underlying the restricted stock units and options represent approximately 1.02% of the outstanding shares of common stock of Goldman Sachs.

Paulson became chairman and chief executive officer of Goldman Sachs in May 1999, \$35 million in salary including cash and stock options in 2005.

Interestingly, under U.S. government ethics rules, while Paulson is required to sell the shares, he is also exempt from paying taxes on any capital gains on the sale if he obtains a certificate of divestiture. The rule granting the exemption is designed to make sure prospective government employees who own a lot of stock are not dissuaded from joining the government.

Earlier this week, the Economist magazine estimated the rule eliminate a tax liability of up to about \$200 million for Paulson.

As a result, Paulson, and others in the same position, are able to sell shares have the funds reinvested in more diverse holding, and will only be subject to taxes on the capital gain when and if they are later realized.

Tapped by President Bush in May to succeed Treasury Secretary John Snow, the 60-year-old Paulson joins a long line of Goldman executives who have left the firm in recent years for public service. [Read profile of Paulson](#)

Paulson, who joined Goldman in 1974, is following the path of former Goldman CEO Robert Rubin, who was Treasury Secretary under President Bill Clinton.

Other recent Goldman Sachs executives now in high-profile jobs include New Jersey Gov. Jon Corzine and John Thain, a former Goldman Sachs operations chief who now heads up the New York Stock Exchange.

Current White House Chief of Staff Josh Bolton was working at Goldman before being tapped as policy director for President Bush's 2000 campaign.

Shares of Goldman Sachs fell \$1.09 to \$151.11 on Friday. ■

Steve Gelsi is a reporter for MarketWatch in New York.

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