Goldman trader's email slur

Iain Dey and Kate Walsh

FABRICE TOURRE, the 31-year-old trader at the centre of the Goldman Sachs fraud allegations, dismissed the complex debt products he created for the bank as "pure intellectual masturbation".

In a series of damaging emails released yesterday, Tourre also compared the products to a "Frankenstein" monster that had "turned against his own inventor".

Other emails that emerged yesterday showed Lloyd Blankfein, Goldman's chief executive, boasting about the money the bank made from the housing market collapse. "Of course we didn't dodge the mortgage mess," Blankfein wrote in November 2007. "We lost money, then made more than we lost because of shorts (bets against housing)."

The Blankfein emails were released by a Senate committee that will take evidence from him and Tourre this week. The committee is investigation the firm's role in selling sub-prime mortgage products. The probe has been triggered by a lawsuit from the Securities and Exchange Commission (SEC) that alleges Goldman defrauded investors of $1 billion (£650m).

Senator Carl Levin, the committee's chairman, described the bank and its Wall Street peers yesterday as "self-interested promoters of risky and complex financial schemes that helped trigger the crisis".

Levin also accused the bank of making "enormous" profits by betting that house prices would fall — a claim rejected by Goldman.

"The subcommittee has cherry-picked just four emails from the almost 20m pages of documents provided to it by Goldman Sachs. It is concerning that it seems to have reached its conclusion even before holding a hearing," a spokesman for the bank said yesterday.

Meanwhile, it has emerged that five senior directors of Goldman Sachs, including Michael Sherwood, the co-head of its London office, sold shares in the bank after the SEC first warned that it may take action over the fraud claims. The watchdog issued a "Wells" notice, an official warning, in July last year.

The executives sold shares worth $65.4m between October 2009 and last February. Goldman's shares dropped almost 13% after the SEC claim was filed in court 10 days ago.

The fraud allegations centre on claims that Goldman and Tourre created securities that would deliberately lose value.

Tourre's emails described the products he created as "a 'thing', which has no purpose, which is absolutely conceptual and highly theoretical and which nobody knows how to price".

He also predicted the collapse of the market, writing that "the poor little sub-prime borrowers will not last so long!!!".

The SEC's investigations into Goldman are part of a

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Wall Street fears a Goldman backlash

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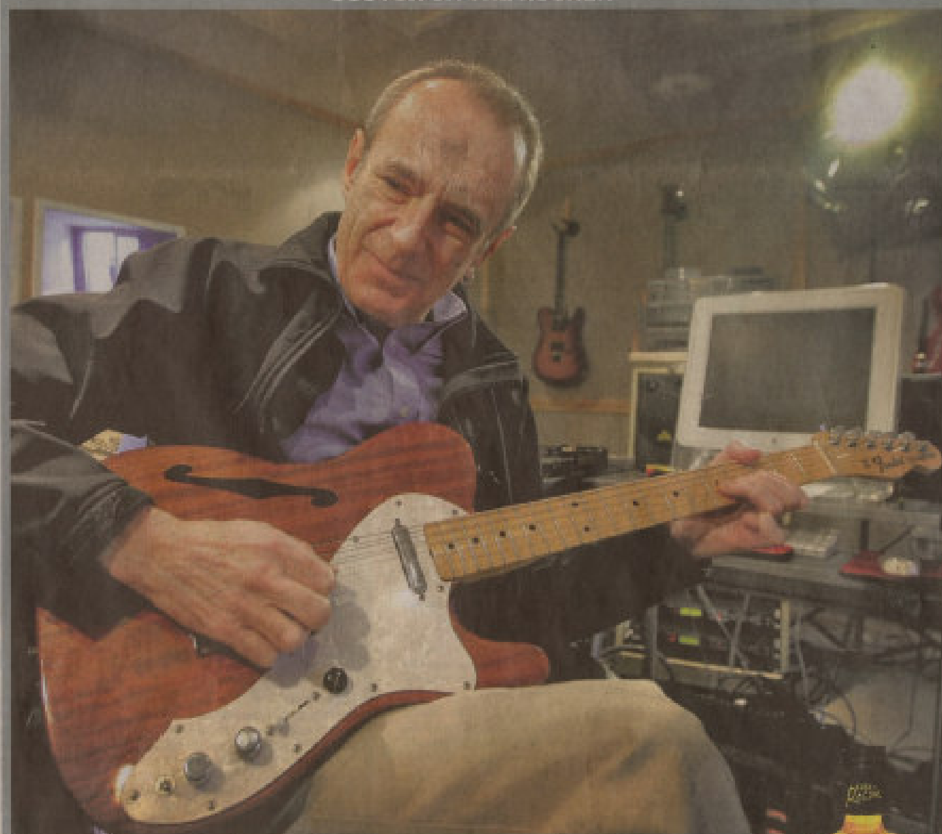
SCOTCH ON THE ROCKER



Drinkin' all over the world

FRANCIS ROSSI, lead singer and guitarist in the rock band Status Quo, is branching out into the drinks industry, buying a stake in a whisky with a similar name to his own, writes Matthew Goodman.

The veteran rocker has teamed up with The Brand Cellar, a company specialising in acquiring older brands, to buy Glen Rossie from administrators to First Quench, the failed drinks retailer.

Rossi will own a significant minority stake in the 186-year-old brand and become its chairman. It is the first non-music business deal for the star, famous for hits such as Rockin' All Over The World.

He first discovered the drink when someone bought a bottle for Status Quo's tour bus, and was approached last month by The Brand Cellar about the opportunity to buy it.

The scotch will be relaunched in a new-look bottle carrying a label in the shape of a plectrum (pictured right), a nod to Rossi's music career.

INSIDE STORY

The show must go on for Endemol

James Ashton

GEMMA, a 23-year-old high street store planner from Bristol, is soaking wet but laughing like a drain.

"It was not funny," she giggled, having just navigated her way over a giant, water-filled assault course in an attempt to win £10,000.

Sitting in his office in west London 7,000 miles away, Ynon Kreiz gave a chuckle. This, he firmly believes, is the future of television.

No, these were not scenes beamed in from America. The Israeli boss of Endemol, maker of hit television shows Big Brother and Deal Or No Deal, is instead talking up the attractions of Buenos Aires, the capital of Argentina, as the place to make top programmes.

It is there that 5,000 contestants have so far been flown to film Total Wipeout, a Saturday teatime staple in Britain that also airs in 23 other countries.

Although it tips its hat at older programmes such as It's A Knockout and Gladiators, Total Wipeout's model epitomises the two principles that are driving modern programme-making.

With advertising income uncertain and the internet transforming our leisure time, broadcasters want bigger and better "event" television to grab elusive mass audiences. The only catch is that they do not want to pay bigger and better prices.

After years of feast — brought about by quotas in many countries that forced broadcasters to buy programming from the independent sector — the knock-on effect is that producers are going through a spell of famine.

That has left Endemol, loaded with £1.9 billion of debt after a 2007 buyout, hungrier than most for new ideas to stimulate a moribund market.

The global trade in format TV soared 40% to £7.9 billion between 2004 and 2008. Since then, belts have been tightened.

"It is better than last year but people are still relatively cautious," said Kreiz. "Broadcasters are not taking risks. It is a while since new ideas have broken in."

So instead of taking a format like Total Wipeout to each country, Endemol flies

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ITV mulls takeover of Five

James Ashton

ITV is weighing up a shock takeover of Five, a rival broadcaster, as it draws up a strategy to return to growth under new leadership.

The company behind Britain's Got Talent and Coronation Street, whose new chief executive, Adam Crozier, starts work tomorrow, believes consolidation is inevitable as television advertising faces long-term decline.

The two broadcasters have held discussions about a link-up in the past and these could be revived as ITV's new broom sweeps in. But the proposal may not be welcomed by advertisers, who would be uncomfortable with ITV looking to reclaim its former domination of commercial television.

If it acquired Five, ITV would gain another 8% of the television advertising market, taking its share close to 50%. The great attraction of the deal, however, would be that the merger would cut the companies' costs by about £100m, a saving that analysts said would drop straight to the bottom line.

RTL, the Luxembourg broadcaster that owns loss-making Five, has made no secret of the fact that the station is up for grabs because it is too small to survive independently. Last year, the door was closed on its plans to combine with Channel 4. If Five went to ITV, RTL could take a minority stake in the enlarged group.

Advertisers are protected by a system called contract rights renewal (CRR), which caps the price of ITV's airtime. It was introduced when the company was created by the merger of Granada and Carlton in 2003. ITV has campaigned for the abolition of CRR, but the Competition Commission is expected to rule in the next two weeks that it must stay.

Sources this weekend played down the chances of an imminent move by ITV on Five. With limited resources, ITV may achieve more by shaking up its production arm and developing hit shows.

Swann's £8m nest egg

Jenny Davey

KATE SWANN, chief executive of WH Smith, could bag a payday of more than £5m under a bumper management incentive plan being drawn up by the newsagent and stationery chain. It would keep her at the helm of the retailer for at least another three years.

The company will begin consultations about the pay deal with shareholders in the next few weeks amid speculation linking Swann with the vacant chief executive's post at Royal Mail. The details of the package have still to be decided, but City sources said they expected it to offer a substantial increase on the most recent management incentive scheme, which could have earned Swann up to £4m if she hits all her targets. She has already received £2.5m from a previous incentive plan.

Swann, 44, is regarded as one of the hottest properties in the retail sector after growing profits fourfold since taking the helm at WH Smith in 2003.

The new management incentive plan combined with pay, perks and annual bonuses could earn Swann more than £8m during the next three years, making her one of the best paid women bosses in the country.

Last week she insisted she was "fully committed" to her role at WH Smith: "People keep expecting me to leave and it's not happened yet. I've been linked to lots of jobs, Asda, Marks & Spencer, Morrisons. I must have a badge on my back I can't see," she said.