

# THE HINDU

Online edition of India's National Newspaper

Wednesday, Nov 26, 2008

## Now, they get a taste of their own medicine

By Louise Story

*Just before bonus time, analysts fall victim to layoffs.*

The analysts who make buy and sell recommendations about Wall Street banks have had a front row seat to the financial turmoil. But now, some of the analysts who covered the carnage are starting to fall victim to it.

Goldman Sachs, Citigroup and Bank of America have recently dismissed analysts who covered some of their competitors. The analysts were particularly prominent within the industry because they were often quoted in news stories and invited to meetings with bank executives. They were the voices who questioned executives on earnings calls, and they were often the ones who cast most doubt on their field.

Now they join a growing pool of bankers and traders losing their jobs just before bonus time.

**“A lot of these analysts did not believe that they could get sacked,” said Gustavo Dolfino, president of the WhiteRock Group, a recruiting firm. “But just writing about the market doesn’t mean you’re making any money for the firm, that’s why these analysts are losing their jobs.”**

Goldman was one of the first major banks to dismiss its banking analyst, William Tanona. Tanona, laid off on November 7, had worked there since 2005, when Goldman recruited him from JPMorgan Chase. He was one of the first analysts last fall to turn negative on Citi and to warn about problems at Merrill Lynch. A spokesman for Goldman declined to comment. In a note to clients, the bank, which is cutting 10 per cent of its work force, said it was suspending coverage of his companies, which included Merrill Lynch, Morgan Stanley and Citigroup.

Other analysts who still have their jobs said the cuts made sense because of the consolidation in the industry. At many banks, separate analysts covered commercial banks and investment banks. Now the lone surviving investment banks — Goldman and Morgan Stanley — have become commercial banks.

Last week, Citigroup laid off Prashant Bhatia, who covered a variety of brokerage firms and asset managers like the Fortress Investment Group, Merrill Lynch and BlackRock. Earlier this fall, Bank of America dismissed Michael Hecht, who covered investment banks. A Bank of America spokesman declined to say whether it had begun eliminating overlapping workers since it agreed to acquire Merrill Lynch in September.

Banking analysts were not singled out. Goldman, for instance, dismissed a dozen other analysts who covered other industries, including newspapers and industrial companies.

“Analysts can be extremely high-priced, so when you’re looking to cut costs, that’s a place to look,” said William Fitzpatrick, an analyst at Optique Capital, an investment advisory firm in Milwaukee. “But at the end of the day, given the amount of headlines that these companies attract, it’s not clear to me why you wouldn’t want the coverage there.” — *New York Times News Service*