A Scolding for Wall Street Honchos

NEW YORK—Wall Street executives typically react with irritation to Washington tongue-lashings. But Thursday, after President Barack Obama urged them to stop opposing his sweeping regulatory revamp, they appeared mostly resigned that the rules are going to change.

Bank of America Corp. Chief Risk Officer Bruce Thompson, who attended the gathering at Manhattan's Cooper Union, said the Charlotte, N.C., bank didn't take offense when Mr. Obama made a reference to "companies working against the bill," saying: "I did not consider us to be in that category because we've tried to be part of the solution."

Tim Ryan, chief executive of the Securities Industry and Financial Markets Association, a Wall Street trade group, said he wanted to work with Congress, urging lawmakers to "move past partisan politics and focus on the substantive issues that are critical to get right."

Goldman Sachs Group Inc. Chief Executive Lloyd Blankfein and his second in command, Goldman President Gary Cohn, sat in the third row. New York Mayor Michael Bloomberg was nearby. Other executives, politicians and labor leaders filled out the audience.

When Mr. Obama blamed "a failure of responsibility" for the financial crisis and attacked banking lobbyists for fighting his proposals, the audience broke into applause. Mr. Blankfein had his head cocked to the right and held a pen to the corner of his mouth. Mr. Cohn rubbed his eyes.

At one point, Mr. Obama turned to Goldman Sachs President Gary Cohn and asked if he had been in his eyes. Mr. Cohn briefly spoke with Mr. Blankfein before the speech, a spokesperson for the media mogul confirms. It was the first time the two had met.

Both Goldman executives quietly commented among the audience members was Jann Wenner, founder and publisher of Rolling Stone magazine, which published the 2009 scathing critique of the investment bank, which its author called a "great vampire squid wrapped around the face of humanity." Mr. Wenner briefly spoke with Mr. Blankfein before the speech, a spokesperson for the media mogul confirms. It was the first time the two had met.

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to one another when Mr. Obama used the phrase “financial weapons of mass destruction,” first coined by billionaire investor Warren Buffett.

Mr. Blankfein’s firm is fighting a civil-fraud suit filed by the Securities and Exchange Commission, accusing the bank of improper actions in connection with a mortgage-securities deal. The Goldman duo made a quick getaway after the speech. Mr. Cohn declined to comment when asked for his thoughts.

Everyone in the room, and many financial-industry workers who watched the speech on televisions or computer screens in their offices, knew the leaders of Wall Street’s big banks had serious reservations about the financial-regulation package, which would bring new scrutiny, costs and limitations to their businesses.

But after the speech, many expressed their opposition only privately.

“These certainly look like scare tactics to me, a warning that either Wall Street is with the Obama administration or against it,” muttered one senior banker. “No CEO in their right mind is going to come out against whatever the president says, and I think this will play out all behind the scenes in Washington.”

Because Mr. Obama was a guest in Wall Street’s backyard, and because the legislation appears set to pass, his hosts opted to be polite, or not show up. Bank of America Corp. CEO Brian Moynihan was away from New York with “some long-planned other activities” and so could not make it to the speech, a spokesman said. J.P. Morgan Chase & Co. CEO James Dimon, a Democrat who has grown frustrated with Washington, also didn’t attend due to a previous commitment in Chicago.

“I think it was a very forceful speech that laid out the president’s thoughts quite clearly,” said Nasdaq OMX Group Inc. Chief Executive Officer Robert Greifeld. “Hopefully, Congress can work in a meaningful way to push a bill forward.”

White House press secretary Robert Gibbs said the speech was not aimed at Wall Street chief executives, but at a broader audience.

Outside the auditorium long after Mr. Obama left, hundreds of students and onlookers milled around in front of television crews. One man, holding a Chinese flag and a painting of Argentine revolutionary Ernesto “Che” Guevara, screamed at the crowd about the “evil, evil Goldman Sachs.”


Traders filing in and out of the New York Stock Exchange floor said that all the TV screens there were tuned to Mr. Obama’s address.

“We have no choice but to watch it,” one trader said. “Obama wants more regulation, but it’s already hard enough in this market. People don’t understand Wall Street...We’re all being punished for mistakes made down the street,” he said, gesturing toward the headquarters of Goldman Sachs Group Inc.

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