

Did Goldman Sachs Profit from 9/11?

Contributed by Tom McGregor
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Rumors are swirling that Goldman Sachs option traders earned enormous profits by investing in put options on domestic airlines stocks shortly before the 9/11 terrorist attacks. They may have received lucrative tips from a Deutsche Bank executive, who ran Alex Brown operations in Baltimore.

Asia Times reports that, "under consideration here is the fact that Alex Brown, a subsidiary of Deutsche Bank (where many of the alleged 9/11 hijackers handled their banking transactions – for example Mohammad Atta) traded massive put options purchases on United Airlines Company UAL through the Chicago Board Option Exchange (CBOE) – to the embarrassment of investigators," as the British newspaper, The Independent, reported.

Then on September 12, the chairman of the board of Deutsche bank Alex Brown, Mayo A. Schattuck III., resigned from his post, even though he enjoyed an annual salary of several millions of dollars.

What is the significance of a put option? Former options trader Max Keiser explains, "put options, are, if they are employed in a speculative trade, basically bets that stock prices will drop abruptly. The purchaser, who enters a time-specific contract with the seller does not have to own the stock when the contract is purchased."

To read the entire article from the Asia Times, link here:Mcgregor@chinadaily.com.cn