



A Senate investigation into the financial crisis has found that Goldman Sachs, the storied Wall Street investment bank, sought to profit from the historic decline in housing prices by betting against the U.S. mortgage market. The documents show that Goldman, at times, made big, profitable bets against the housing market -- sometimes betting against mortgage investments that it had sold to investors.

Sen. Carl Levin (D-Mich.), chairman of the Permanent Subcommittee on Investigations, said four internal e-mails released Saturday contradict Goldman's assertion that it didn't seek to profit from the housing downturn. "Goldman made a lot of money by betting against the mortgage market," Levin said.

In a November 2007 e-mail, Goldman chief executive Lloyd Blankfein wrote that the firm "lost money" on the housing market, "then made more than we lost because of shorts."

The release of the documents comes as Goldman Sachs is preparing its most detailed defense yet to allegations that it misled clients in its mortgage securities business, arguing that the firm was unsure whether housing prices would rise or fall and did not take any action at odds with the interests of its clients.

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