



Written by [Bob Adelman](#) on January 4, 2017

Trump Names Jay Clayton, Quintessential Wall Street Lawyer and Goldman Sachs Advisor, to Head SEC

In announcing Jay Clayton as his pick to run  the Securities and Exchange Commission (SEC), President-elect Donald Trump issued a statement that was both laudatory and a thinly veiled warning to Clayton: “Jay Clayton is a highly talented expert on many aspects of financial and regulatory law, and he will ensure our financial institutions can thrive and create jobs while playing by the rules at the same time.”

And then, as if quoting from the job description Trump no doubt created as he was sorting through prospective picks for the position: “We need to undo many regulations which have stifled investment in American businesses, and restore oversight of the financial industry in a way that does not harm American workers.”

What Trump appears to be saying is that he expects his pick to spend more time pushing back against regulatory burdens such as those in Dodd-Frank, and much less time trying to enforce them as his predecessor in the Obama administration did.

Clayton is intimately familiar with those regulatory burdens. In 2014, he advised on the \$25 billion initial public offering (IPO) for the Alibaba Group, along with similar but smaller offerings by Capital Management and Ambac. He also provided legal advice when Castleton Commodities acquired Morgan Stanley’s oil trading and storage business following a failure of a similar deal the year before.

Those hoping to find Clayton free of connections with Goldman Sachs, long considered the prime mover on Wall Street and often referred to as Government Sachs, with so many of the firm’s top people winding up in previous administrations, will be disappointed. During the Great Recession Clayton represented Goldman Sachs when it negotiated a special deal with billionaire Warren Buffett, and then again when Goldman Sachs received a bailout from TARP.

Clayton is also adept at working with the Federal Reserve as a result of assisting in the sale of failing investment firm Bear Stearns to JPMorgan Chase, using the Fed’s “assistance.” Clayton also advised Barclays Capital when it acquired what was left of Lehman Brothers following its bankruptcy.

These professional experiences will likely make the transition from private Wall Street lawyer to head of the SEC seamless: He is well known among the top people there and, under Trump’s job description, will be likely well-received among those his new job will be to oversee.

That experience may come in handy in the event of another Wall Street meltdown, said Ernie Patrikis, a partner at another high-profile law firm: “It would help him gain confidence when dealing with a crisis, but let’s hope he doesn’t need to use that experience.”

Clayton will join other friendly faces from Goldman Sachs in the Trump administration, including his pick for secretary of the treasury, Steve Mnuchin, and Trump’s pick as director of his National Economic Council, Gary Cohn, Goldman’s president and chief operating officer,



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