

Goldman Sachs on the Silver Screen in Financial Film

Movie about Wall Street Corruption Screens in Hollywood and Leaves Audience in Shock

May 4, 2010 (FPRC) -- (Hollywood, CA) Yesterday regulators fined Goldman Sachs \$450,000 for violating rules governing short sales in the wake of Lehman Brothers' collapse in 2008. Not surprisingly, Hollywood was telling the story to audiences months before the SEC took action.

"Stock Shock-The Short Selling of the American Dream," directed by Sandra Mohr, exposes the technique known as naked short selling, and explains the complicated concept to average investors using cartoons and quirky characters. In a short sale, a customer borrows a security from the brokerage, sells it in a bet the price will go down, and then buys it back later. Naked shorting involves selling short without arranging to borrow shares within the three-day settlement period. "I had no idea you could sell something you don't own," says Judy Robb after seeing the movie.

"Stock Shock" suggests market manipulation resulted in the collapse of the stock value of some of America's largest public companies--including Lehman Brothers and Sirius XM. Sirius XM, often listed as one of the most shorted stocks in the market, is dissected in the movie. "Stock Shock" interviews individual investors who saw their stock price hit a high of \$9.00/share and then plummet to a horrifying low of 5 cents in 2009. It is often implied that hedge funds and financial giants like Goldman Sachs played a role in the downturn of the stock and the market as a whole.

Enraged investors and fans of the movie reportedly sent their DVDs to the SEC demanding protection. Some claim "Stock Shock" has spurred a grassroots movement helping convince the agency to address the issue of abusive naked short-selling.

The film was featured at the "Los Angeles Women's International Film Festival" at the Laemmles Sunset 5 Theaters in Hollywood in March. It looks like someone in the audience may have worked for the Securities and Exchange Commission.

The SEC and the regulatory arm of the New York Stock Exchange found that from December 2008 to January 2009, the firm accepted and cleared 385 naked short orders.

A Goldman spokesman said the violations resulted from a processing error, and had no financial effect on clients. They must not have seen "Stock Shock."

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