
What the ABACUS 2007-AC1 Offering Circular Says

By Editor Test Wed, Apr 21, 2010

In the Offering Circular for the CDO at the heart of the SEC lawsuit against Goldman Sachs, the investment bank disclaims any fiduciary responsibility toward other parties in the transaction.

In the offering circular for the synthetic collateralized debt obligation at the heart of the [SEC's fraud case against Goldman Sachs](#), the investment bank disclaims any fiduciary responsibility.

The unregistered [prospectus for the ABACUS 2007-AC1](#) CDO that the SEC claims that Goldman Sachs sold fraudulently includes lengthy disclaimers from the investment bank and the CDO's manager, ACA Capital.

For instance, on page 8 of the Circular, a disclosure of transaction risk factors says (our emphasis):

Goldman Sachs does not provide investment, accounting, tax or legal advice and shall not have a fiduciary relationship with any investor. In particular, *Goldman Sachs does not make any representations as to (a) the suitability of purchasing Notes, (b) the appropriate accounting treatment or possible tax consequences of the Transaction or (c) the future performance of the Transaction either in absolute terms or relative to competing investments.*

Potential investors should obtain their own independent accounting, tax and legal advice and should consult their own professional investment advisor to ascertain the suitability of the Transaction, including such independent investigation and analysis regarding the risks, security arrangements and cash-flows associated with the Transaction as they deem appropriate to evaluate the merits and risks of the Transaction.

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