



**Once the Sheriff of Wall Street**  
**Alex Gibney's *Client 9: The Rise***  
***and Fall of Eliot Spitzer***

BY ANDREW FISH PHOTOGRAPHY RAINER HOSCH

**D**etermining that Congress and the Securities and Exchange Commission were doing little to stifle the rampant inequities in investment banking, mutual funds, insurance, and mortgage lending, Eliot Spitzer took it upon himself to crack the whip on Wall Street. With the hub of American finance under his jurisdiction, he redefined the role of New York State Attorney General and faced off with corporate giants like Bank of America, Merrill Lynch, and AIG. Through his 1998-2006 tenure, Spitzer was hailed as New York's white knight and vilified as an overreaching bully. "Honk if You've Been Threatened by Eliot Spitzer" was spotted on bumper stickers as the Bronx-raised Harvard Law graduate tore into the problems that now take center stage in the wake of the financial meltdown. Spitzer was assailing excessive executive compensation, inflated earnings, and overvalued securities long before the crisis, a fact that has faded into the fringes in favor of the more titillating details of his scandalous downfall.

Spitzer made powerful enemies of former New York Stock Exchange chairman and CEO Dick Grasso and former NYSE director Ken Langone when he sued Grasso and the exchange in 2004 over Grasso's \$187 million pay package. He also sued insurance conglomerate AIG the following year, alleging that top executives, including then-chairman and CEO Hank Greenberg, had engaged in fraudulent transactions to prop up the company's stock price. The NYSE charges were ultimately dismissed and Greenberg's criminal charges were dropped as well, but Grasso and Greenberg had lost their jobs and Langone was out for blood. Elected Governor of New York in 2006, Spitzer served an abbreviated term marked by conflict with rivals like New York State Assembly Minority Leader James Tedisco, and he quickly wound up in the center of "Troopergate," accused of using police surveillance to track State Senate Majority Leader Joe Bruno's use of public aircraft. With a wealth of passionate adversaries and a gaping vulnerability, Spitzer was ripe for attack.

The Governor resigned in March of 2008 after the FBI uncovered his payment of over \$100,000 to Emperors Club VIP for prostitution services. Champagne flowed on the trading floor as the insatiably combative official, who himself had prosecuted prostitution rings, stepped down. Director Alex Gibney's *Client 9: The Rise and Fall of Eliot Spitzer* is both an exploration of the might, temper, and hubris that propelled Spitzer into power and ultimately over the edge, and a revelatory investigation into the facts surrounding the scandal. The film is also a piercing look at the recklessness of Manhattan finance in the years leading up to the collapse and a tribute to Spitzer's mission to expose it.

With a keen interest in the depths to which humanity can fall, Gibney has directed over a dozen documentaries, including the Oscar-winning *Taxi to the Dark Side* (2007), a damning portrait of American torture practices in Afghanistan, Iraq, and Guantanamo Bay. The prolific filmmaker also helmed the Oscar-nominated *Enron: The Smartest Guys in the Room* (2005), *Gonzo: The Life and Work of Dr. Hunter S. Thompson* (2008), and the Jack Abramoff exposé *Casino Jack and the United States of Money* (2010). *Freakonomics*, released earlier this year, features a segment by Gibney on corruption within Japan's sumo wrestling industry. Delving into the heart of the issue, Gibney took on the failings of human nature in the television doc "The Human Behavior Experiments" (2006), which includes a revisiting of Stanley Milgram's 1963 "obedience to authority" experiment in which test subjects were instructed to inflict pain on others.

Gibney's acclaimed body of work and eye for the undiscovered were likely deciding factors in Spitzer's agreement to sit down for several interviews in which the erstwhile Sheriff of Wall Street — who now co-hosts "Parker Spitzer" on CNN — alternates between effusive vigor when discussing the economy and his political confrontations, and elusive discomfort when asked to address his personal failings. Gibney — working closely with Peter Elkind, author of the book *Rough Justice: The Rise and Fall of Eliot Spitzer* (2010) — gathered the entire cast of characters when assembling *Client 9*, which includes candid interviews with Langone, Greenberg, and Stone, as well as with Emperors Club madam, Cecil Sewal. The director also tracked down Spitzer's most frequently requested escort, "Angelina," who agreed to be interviewed under condition of anonymity. With full disclosure to the audience, Gibney hired actress Wrenn Schmidt to read Angelina's words. The unconventional technique offers a clear and human look at the behavior that led to the fall of a leader whom many had once thought bound for the White House. Venice sits down with Gibney to discuss the controversial figure who, for better and worse, stood against the prevailing wind.

**Venice: People who don't live in New York or closely follow politics will learn from *Client 9* that there is a lot more to Eliot Spitzer than they knew.**

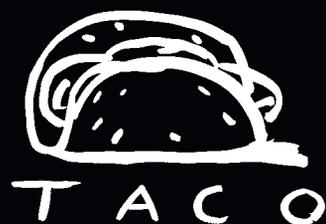
**Alex Gibney:** I think a lot of people who followed it didn't know this stuff, and there was a lot of stuff that I didn't know. One of the fun things about making the movie was that it was completely different from what I thought it was.

**Most people know far more about Eliot Spitzer's scandal and downfall than they do about his accomplishments as a public**

# Border Grill Truck



**Gourmet tacos, quesadillas, and more from "Too Hot Tamales" Mary Sue Milliken and Susan Feniger**



**Lunch • Dinner • Late Night  
Weddings • Birthdays  
Bar/Bat Mitzvahs  
Office Parties • Film Shoots  
Event Concessions**



**213.542.1102  
catering@bordergrill.com  
bordergrill.com**



**Become a fan on Facebook  
Follow us on Twitter**

**official. As Attorney General of New York, he realized that Wall Street was under his jurisdiction and he went after them.**

I tried to push him on this and he doesn't really go there, but I think in some fundamental way he developed a very powerful sense of economic injustice. He has some fundamental notion that the economy should be fair for everyone, and when it wasn't, that's what he went after. The other gift he had was being able to explain white-collar crime in a way that most people could understand — and it hit them in the gut. Like the metaphor of betting on a horse race after the race is over. He was

people who play in the financial markets, rather than the protectors of the average Joe.

**And it was unusual for an Attorney General to be doing this?**

They had never really done it before. One of his deputies, a guy who is running for Attorney General now, found a law called the Martin Act, which they could use to prosecute all of these white-collar crimes. And it was a tremendously valuable statute, very broad, and a lot of people complained that it was [italics] broad. But it allowed them to say that fraud is going on here and we have the ability and the right to prosecute.

he had a lot of power to be able to continue to go after them, and it might have been worse for them if they hadn't settled. In fact, some people criticized Spitzer for letting them off too lightly because in monetary terms, the fines weren't so staggering. But Spitzer would say in his defense that he was out for systemic change. It's a different thing than, say, the Enron case, where the Department of Justice went after Arthur Anderson. Ultimately it was a decision that was reversed on appeal, but they got a conviction and as a result Arthur Anderson, the firm, cratered and a lot of innocent people lost their jobs. Spitzer took a look at that and was interested in the idea that

## **You can argue about it and say that maybe he overstepped the bounds of what an Attorney General is supposed to do, and it's possible he did, but he was operating in a vacuum of any kind of regulatory authority. He was a one-man wrecking crew.**

like, "Why do they get to do that and I don't?" He's an interesting character that way.

**Can you elaborate on the "late trading" that Bank of America participated in, which the horse race metaphor refers to?**

Mutual funds are traded only once a day at four o'clock [at] the price that's set. The idea being that if something happens at five o'clock in one of the stocks that's in the mutual fund, that could send the mutual fund way up. But you can't really get the benefit of that price until the next day. But if, miraculously, at five-thirty you are able to hear that news and then be able to have access to the computer and to register a [transaction] at the previous day's price, then it's like shooting fish in a barrel. You're making money! So it was a completely crooked scheme, and Spitzer found out about it and even *he* didn't really know. They got the benefit of this woman, Noreen Harrington — who is in the film — who came to him and said, "There's a crime going on here." And it took them a long time to understand exactly what was going on, but once Spitzer got it, he was like, "We're going after this." He understood how to present how fundamentally unfair it was. Some prosecutors don't like him because he tried to go too fast, and in many ways, in terms of prosecuting a criminal case, that's probably true, but he was out for systemic change. So what he would do is find out something like this, issue a charge, make a big deal out of it, and embarrass the whole industry. Because it wasn't just Bank of America; other people were doing it. It was in a kind of grey zone as to what was legal or illegal, but it was clearly unfair and nobody else was policing it. In fact, when the SEC found out about it, they went after Noreen Harrington as if *she* was the problem. [They tried to] find out what her identity was, as if she was somehow a squealer or a rat. Because they had so intuited their role to be that of protectors of the financial markets, meaning the

**So Spitzer was not necessarily out to throw people in jail, but to expose corporate corruption?**

He wanted systemic change. It's like the analysts [who misrepresented bad stocks during the Internet boom]. Instead of finding one guy and going after that one guy and prosecuting and trying to see if he could send that person to jail, he was interested in forcing all the investment banks to come clean. Because one of the things he discovered in his investigation is that Merrill Lynch would come to him and say, "What we've done is bad, but it's not as bad as what *they're* doing." The other great thing that Spitzer did was that normally you get a company to effectively make a plea bargain. They pay a fine, but usually the key component in getting them to make a plea bargain is confidentiality. Everybody signs a statement [that's] not an admission of guilt and they don't need to elaborate on what they may or may not have done wrong. Spitzer, to his great credit, said, "No! Part of what I'm doing here is to make it clear to everybody that this is wrong, so you're going to not only pay a fine and admit that you did something wrong, you're going to have to say exactly why. And we're going to trumpet it publicly so that it doesn't happen again." That, to me, was one of the great things. Law suits, in many ways, are an ineffective instrument for social change because they very often get settled with that confidentiality, and as a result, people don't understand what really happened. There is such a thing as shame, and Spitzer would shame these guys.

**How did he force that confession and prevent it from entering into confidentiality?**

He said, "Look, I'm going to go after *all* of you. I want you all to pay a fine and to admit what you've done, to release materials, and then we'll all be able to go forward." For a long time they resisted, and then it was clear that

maybe he could do it a different way, where he could use the power of his office to force a change so that people don't behave in this kind of predatory manner. You can argue about it and say that maybe he overstepped the bounds of what an attorney general is supposed to do, and it's possible he did, but he was operating in a vacuum of any kind of regulatory authority. The SEC was absent, and the Department of Justice in the southern district really wasn't doing its job. He was a one-man wrecking crew.

**How many other people were out there doing this?**

Nobody. He was unique in the sense that he assumed the authority to go after Wall Street. This goes back to the Clinton era, or it really goes back to Reagan, but over time there had [emerged] this belief that markets are self-regulating. That there is an invisible hand and businessmen will pursue selfishly their profit, but over time supply and demand will result in something that's beneficial to all. Well, what you find instead are concentrations of power where people use that power — and inside information that's not disclosed to everybody — to extort enormous profits out of the system. And it's not fair to the rest of us, but a few people get off like bandits. Spitzer said, "Enough is enough," so he was really ruddering against the prevailing wind. And the prevailing wind was, "Enough regulation. Deregulation. Business is good; we'll find a way."

**So he saw the problem coming years before and acted on it.**

He did. He was born to play that role. And like I said, I think he had some essential belief in the fairness of the economic system, how it's supposed to work, and he used the power of his office to try to enforce that fairness. If you think about it, that's the American goal, because he's not anti-capitalist. He just

believes that for a capitalist economy to work properly we need to have rules and regulations. Just like driving. Have you ever driven in Beijing? There's no road. Beijing may have gotten a little bit better now, but back in the day when I spent some time in China, you drive in some of these cities and there are no lanes! People go everywhere and it's chaos. We need rules of the road. There are stop lights and people stop and they go. It's okay. There are rules but it works out better for everybody. That was his view, that you can't run an economy without rules.

**I remember reading about the roads in an under-developed country, where the idea was, "If you're the bigger car you have the right of way."**

*[laughs]* Right. That's a very good metaphor because that's effectively what Spitzer was railing against. He's saying that there are some big and very powerful economic interests who have basically said, "We have the right of way." It's an extension of the sequence of what I did in *Enron [the Smartest Guys in the Room]*, where you have the predatory energy trading companies who come into California. When they were attacked at the time, they said, "You're accusing us of trying to gouge our customers? Nothing can be further from the truth!" When in fact that's exactly what they were doing! They had market power and they used that power to make themselves rich at the expense of everybody else. Left unchecked that's what happens with capitalism, and that's what Spitzer is wise about.

**Spitzer has a certain power himself, a force of personality. It was a greatest-strength-greatest-weakness scenario, but he had the ability to get in their faces and put that brute force to work.**

In the end, as you say, his greatest strength also became a weakness, because he became possessed of an arrogance and a hubris that ultimately became destructive. Not only did it enrage his enemies — because I think Spitzer saw it, to some extent, as a game. He didn't really understand the human psychology of doing that. When you walk up and punch somebody in the nose, and then you say afterwards, "That's just the way the game is played," people don't take it so well. They don't think, "Oh, well. Let's let bygones be bygones." No, they think, "I'm gonna find a way to get that motherfucker." And sometimes a more persuasive manner might have accomplished a lot. Many think to some extent he did abuse his power, but in that environment, operating or swimming with those sharks, you've got to be a shark. You can't be a guppy or sun yourself like a seal on the rocks and expect to survive.

**The Nation apparently called Spitzer "the single most effective battler against corporate abuses in either political party."**

**DAR MAGHREB**  
RESTAURANT

Celebrating our  
**35th Year**

Traditional Moroccan Feasting  
and Entertainment Nightly.

What's New?  
We now accept  
American Express® Cards

**323-876-7651**  
7651 Sunset Blvd. • Hollywood, CA

**Primitivo Wine Bistro**

FEATURING  
"THE BARREL ROOM"  
FOR PRIVATE DINING  
AND EVENTS

Indoor and Patio Dining  
WINE TASTINGS  
HAPPY HOUR - Monday-Thursday 5:30-6:30  
Open for BRUNCH - Saturday and Sunday 11:00 - 3:00  
SANGRIA SUNDAYS - Every Sunday 4:00-6:30  
www.primitivowinebistro.com

1025 Abbot Kinney Boulevard, Venice, CA 90291 - 310-396-5353

I think the Republicans were really terrified of him when he became Governor because they could see his ascent right on up to the Presidency, because he was one of the very few Democrats who polled better with men than women because he was tough. A tough Democrat; you don't see those very often. He was not afraid to punch back and that's what made him effective.

**It appears in the film that when Spitzer became Governor, a shark like him was not necessarily cut out for the ins and outs of politics.**

## **One of the ironies of the story was thinking about who was the biggest prostitute. Was it the escort who works for the Emperors Club or the powerful and unethical businessmen who will do anything for a buck?**

It's like the shark suddenly isn't allowed to run around and just eat fish. *[laughs]* Suddenly the Shark has to raise his hand.

**In your opinion, could somebody like Spitzer make it to the White House?**

That's a good question and I think the jury's out — because he didn't get there, did he? The last person to operate that way in the White House, and sometimes the comparisons are overdrawn, was FDR. In some ways he courted the anger of wealthy industrialists and they hated him for years to come. Clinton was a very different kind of a figure. He was tough in his own way but also much more of a seducer and a kind of bob-and-weaver. But Roosevelt was a kind of punch-you-in-the-face sort of guy.

**Would you say that the corporations are more powerful today than they were in FDR's time?**

It's hard to imagine that they could ever have been more powerful *[than they are now.]* It's true that there was a time before unions when Ford and GM were literally breaking heads. Or Standard Oil. That was a pretty powerful time for capital — but right now, what's interesting to me about capital is that it has never so effectively owned the political process, at least in my memory.

**So for anybody in the White House to paddle against that current when all of this corporate money is sitting in Washington D.C. and paying the politicians' rent...**

In order to get elected you need that money, so it's a huge problem. What it would take is a populist to be able to mobilize that kind of anger.

**How do you define "populist"?**

I think basically what it means is looking to give the average citizen a fair shake in terms of equality of opportunity. That, to me, would be populism. Rather than saying, "Let's let the rich take as much as they possibly can

so that people at the bottom will be deeply fearful, but also ambitious, because they'll hope to be a rich person like that one day — and won't society be better off!" Those are the two visions.

**It sounds like the latter of the two doesn't tend to work out that way.**

What's interesting is, look at the Tea Party, look at Glenn Beck, look at Rush Limbaugh. They've convinced an awful lot of people that remedies like health insurance and social security are taking away their freedom. Isn't it interesting that they have managed to

do a better job of capturing that popular anger than people one routinely thinks of as being on the left? That's why Spitzer was different. Spitzer managed to capture that popular anger. He had a lot of people saying, "You're right! This is not fair!" Fairness is something big in this society, and I think the Glenn Becks of the world are basically saying, "Taxation is theft. People are stealing from you. So, no taxes and everybody should be free to do what they want to do." There's part of that I believe and part of that I think is a big con, so that the very wealthy and the very powerful can get whatever they want, and they don't have to pay a price to the rest of society. In the old days, before capital was so mobile, the industrialist in a coal town had a certain tether to the community. The workers work in his coal plant. There was a sense of paternalism, a sense of needing to give back. Now there's no tether at all. The idea is that everybody's on their own. It's what I would call *[laughs]* the "fuck you" society. "I've got mine, fuck you." To that extent, it's probably a good phrase for the Eliot Spitzer story because there were a lot of different kinds of fucking going on. But on the economic level, it was something that Spitzer found repellent.

**He made a lot of enemies who then went after a major vulnerability.**

Right. As Spitzer said, he brought himself down. But once the secret was discovered — and it may have been discovered by private eyes, we don't know for sure — he was then brought down by a lot of very powerful interests, all of whom had a very big stake in seeing him out of the way. Particularly on the eve of our greatest economic cataclysm.

**Had he remained in power, do you think Spitzer's work could have lessened the blow?**

Even when he was finally coming back after being on the sidelines for a while, he raised some questions about AIG and

Goldman Sachs and executive bonuses that nobody else was talking about. So to be able to see that stuff and to articulate it that clearly, I think he would have been a very powerful voice. What he would have been able to do, I don't know. But certain people with a microphone can make a pretty big impact, and he was one of those guys.

**Do you think he'll have that kind of impact as he comes back into the spotlight?**

He's a talk-show host now because he feels he can influence the public debate. I'm

not sure it's a forum that allows him to be as forceful as he might like to be, but we'll see. It will be interesting to know whether people will trust him enough to allow him back into public office.

**You've said that Angelina, Spitzer's favored escort, was open and honest with you, in contrast to all the lies you were told by other people you interviewed. What kind of lies did you hear?**

You can probably guess. I think that most people, particularly people in power, seem to have a pretty vested interest in telling the story their way. I think what the film does is show that a lot of what they're doing is myth-making. They may be committing crimes and imagining them as good deeds. So Angelina was very straightforward in that way; she didn't seem to have a lot of rationalization. She believed in what she did, she did what she did, she told me very straightforwardly what happened, and everything she said to us checked out. Whereas a lot of these other folks, let's just say their recollection of what they did was rather dramatically contradicted by the record. Joe Bruno would be a good example. He was convicted of corruption. You can *[also]* wonder if *[former CEO of AIG] Hank Greenberg's* version of events is the correct one.

**Putting a politician, an executive, and a sex worker side by side, it's interesting to hear who was the honest one.**

One of the ironies of the story was thinking about who's the biggest prostitute. Was it the escort who works for the Emperors Club or the powerful and unethical businessman who will do anything for a buck? ▼

*Client 9: The Rise and Fall of Eliot Spitzer opens November 12th in Los Angeles at Laemmle's Sunset 5 in West Hollywood, Laemmle's Playhouse 7 in Pasadena, and Laemmle's Town Center 5 in Encino.*