

# The New York Times

620 EIGHTH AVENUE  
NEW YORK, N.Y. 10018

BILL KELLER  
Executive Editor

January 6, 2009

Mr. Herbert Sandler

Dear Mr. Sandler:

Thank you for your letter, which reached my office while I was on vacation; hence the delay in responding.

The letter pointed out an error in the headline over our Dec. 25 article about Golden West/World Savings Bank Option ARM mortgages. We are running a correction on the headline, as you asked. The article did not say that you and Mrs. Sandler had become "pariahs," and the headline should not have said that, either. We sincerely regret the mistake.

You mention 40 statements in the article that you thought were inaccurate or misleading, but in looking at the few you singled out in your letter, I believe that the article fairly took account of the points you make.

For example, you say that Golden West Financial had "a record of the fewest delinquencies, foreclosures, and losses of any major financial company in the country" because you carefully screened borrowers and retained the loans in Golden West's own portfolio, not packaging mortgages for sale. The article said, "[The Sandler] avoided financial problems by doing things like scrutinizing borrowers' incomes to make sure loans were manageable and performing astute appraisals so the size of a mortgage was in line with the value of a home....The Sandler also held onto World Savings' loans rather than selling them off to Wall Street to be repackaged as securities."

The article goes on to say that after Wachovia bought the bank from you, it took "a step that some regulators were starting to frown upon, and which the company had been resisting for years: it allowed borrowers to make monthly payments based on an annual interest rate of just 1 percent." As you point out in your letter, this did not become a big problem until house prices

fell by historically huge percentages, but the article quotes you as saying, “If home prices hadn't declined by 50 percent, nobody would be raising these questions”

The article cites the Saturday Night Live sketch parodying you as “greedy bankers who handily sold their bank — and pocketed \$2.3 billion in shares and cash — in 2006 before many of their loans began to sour.” The article itself does not adopt that characterization; it quotes you as saying that you sold the firm because you and Mrs. Sandler were growing older and wanted to devote yourselves to philanthropy, and we took pains to acknowledge that: “As the Sandlers' wealth increased, so did their philanthropy. Over the years, they financed scientific research and groups like Human Rights Watch and the American Civil Liberties Union. More recently they founded and financed ProPublica, a nonprofit investigative journalism enterprise that has collaborated with The New York Times on coverage and a news archive. Its 14-member advisory board includes two top New York Times Company editors.”

That makes the misleading headline all the more regrettable, and I trust that the correction will demonstrate that we share your wish to set the record straight

Sincerely yours,

A handwritten signature in black ink that reads "Bill Keller". The signature is written in a cursive, flowing style with a long horizontal line extending to the right.