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Cheers on NYSE Floor, Shock in Albany: Spitzer's Fall (Update1)

By Chris Dolmetsch



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March 13 (Bloomberg) -- Traders on the floor of the New York Stock Exchange huddled around a television to watch New York Governor Eliot Spitzer announce his resignation. When he did, they broke out in applause.

[Timothy O'Connell](#), a trader for DRU Stock Inc. in New York, was among the cheering throng. Spitzer, as New York attorney general, had sued [Richard Grasso](#) to recover most of \$190 million he had earned as head of the exchange because he allegedly failed to fully inform the board about his compensation.

"People are very bitter down here," O'Connell said. "Grasso was a voice for this community."

To the delight of some and the shock of many, the 48-year-old Spitzer, who gained national prominence for his prosecution of securities firms, yesterday quit in disgrace. The man once lionized as the "[Eliot Ness](#)" of Wall Street took on a new identity in the nation's newspapers: He was "Client 9" in an FBI affidavit detailing the activities of patrons of a high-priced prostitution ring.

"He'll be a memory in New York State and mostly for the rest of his life will be known as No. 9," political consultant [Hank Sheinkopf](#), who engineered Spitzer's successful campaign for attorney general in 1998, said in an interview on Bloomberg Radio.

"I don't know of anybody who has become aware of the [Eliot Spitzer](#) situation that hasn't been totally stupefied by it," said billionaire [Mortimer Zuckerman](#), chairman of Boston Properties Inc. and owner of the New York Daily News, in an interview on Bloomberg Television. "You could not have found somebody who more perfectly symbolizes the moral push into the way business is conducted, into the way politics is conducted."

'Difficult 48 Hours'

State Insurance Superintendent [Eric Dinallo](#) said he was "very, very surprised."

"It has been a very difficult 48 hours as the story has unfolded," Dinallo said. "But the work of government does go on. We are going to continue the work that Governor Spitzer committed us to do."

The Democratic governor, a married father of three teenage daughters, apologized earlier in the week for violating obligations to his family and the public, without confirming or denying the allegations.

The prostitute described in a federal affidavit as having a rendezvous with Spitzer in a Washington hotel was identified by the New York Times as an aspiring 22-year-old singer from New Jersey who may not have known of her client's prominence.

Spitzer's 'Remorse'

Yesterday, with his wife again by his side, Spitzer apologized to his constituents in a room in his midtown Manhattan office packed with more than 40 television and still cameras and about 60 reporters.

"The remorse I feel will always be with me," he said. "I look at my time as governor with a sense of what might have been." He said nothing about the allegations that brought him down.

"I think Mr. Spitzer's fate from here on in is going to be working with the officials in law enforcement to make sure he doesn't have to spend any time in a penitentiary," [Mitchell Moss](#), a professor of urban policy at New York University, said in an interview on [Bloomberg Television](#).

Some of Spitzer's harshest critics, including state Senate Republican leader [Joseph Bruno](#), declined to bash the governor, instead choosing to express sympathy for his wife and children and focus on the future of New York.

'No Pleasure'

Bruno had feuded with Spitzer after the governor's aides enlisted the New York State Police to compile records on the majority leader's use of state aircraft.

"There is no pleasure in what is going on in this state in any way, and there shouldn't be," Bruno said in a televised press conference from Albany. "This is serious; we have a fiscal crisis before us and our collective responsibility is to govern, and that's what we're going to focus on today and going forward."

He pledged to work with Lieutenant Governor [David Paterson](#), who will replace Spitzer effective March 17 and serve out the remaining three years of his term.

White House Press Secretary [Dana Perino](#) said at a press briefing that President [George W. Bush](#) thinks Spitzer's resignation is a ``sad situation" and has the governor and his family ``in his thoughts and prayers."

``It was essential that Governor Spitzer resign," former New York Governor [George Pataki](#), a Republican, told [News10Now](#), a Syracuse-based channel. ``When you don't have the trust of the people, you just cannot lead."

Former State Comptroller [Carl McCall](#) said in an interview on Bloomberg Television that the news was ``very sad."

``I considered Eliot a good friend and a tremendously gifted public servant," McCall said. ``We all had high hopes for some significant changes in this state under his leadership. So that's the sad part. I'm still shocked. I can't believe how all of this happened. Now Eliot has exited the stage and it's time to move on."

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