

USA TODAY Reports on the mix of reporting and financial client accounts.

Bloomberg failed to immediately block its news reporters from access to information about clients who use the company's well-known financial data terminals when the issue arose as the result of a 2011 Bloomberg TV broadcast, an independent review has concluded.

Instead, Bloomberg reporters continued to have access to the client data until April 2013, when an embarrassing similar incident prompted a financial client's complaint and sparked an overhaul of the company's policies and practices regarding the access.

"The issue attracted the attention of certain senior management, including Bloomberg's CEO, and various of these managers recall the CEO's directing that journalists' access ... should be turned off," the review concluded. "Despite this, no such action was taken due to misunderstandings about who was responsible for doing so."

The episode involved a September 2011 broadcast in which a Bloomberg TV anchor disclosed the most recent terminal log-in by Kweku Adoboli, a rogue UBS trader who was subsequently sentenced to a seven-year prison term for fraud.

Promontory Financial Group and Hogan Lovells law — retained by Bloomberg to examine the company's efforts to segregate its news reporting from its financial data division — concluded in the review issued Wednesday that the broadcast disclosure violated Bloomberg policy.

Yet the review, which included consultation of former IBM chairman Samuel Palmisano, concluded the anchor's use of the data "was an extension of accepted newsroom practices with which he was familiar."

The review found that a number of Bloomberg reporters had checked terminal subscriber information and other related data. No widespread abuse was identified, but the review found instances that

raised concerns:

- Reporters published information about a planned mortgage-backed securities offering. The journalists involved said they hadn't known the information was not available to all Bloomberg terminal users.
- Bloomberg reporters were given access to an anonymous chat room set up for commodities traders. Some participants "may not have assumed that Bloomberg reporters were viewing the chats," the review found.
- Separately, the review found that a former Bloomberg employee posted Internet files in 2009 and 2010 that contained clients' terminal messages. The files consisted of messages that had been forwarded to Bloomberg's inbox by several traders. The ex-employee said the files had been posted in an effort to convince senior Bloomberg managers about the viability of further developing the company's message-scraping project, which enables company clients to extract pricing information from messages received via the terminals.

Clark Hoyt, a Bloomberg editor and former public editor for *The New York Times*, conducted an in-house review of interaction between the company's news and commercial operations, as well as editorial practices, journalistic integrity and related issues.

Hoyt's review found no evidence of improper bias in Bloomberg reporting. But he made several recommendations for improvements, including creation of a standards and practice task force charged with updating ethical guidelines and best journalism practices.

He noted that some headlines raised cause for concern. For instance, a Bloomberg News headline about the compensation of Goldman Sachs CEO Lloyd Blankfein stated "Blankfein Leads Bank CEO Pay With \$26 Million Deemed Overpaid." Hoyt wrote that "'Overpaid' is an editorial judgment not appropriate for a headline on a news article."

Hoyt concluded that Bloomberg reporters "should not be separated from the terminal. News, data, and analytics are thoroughly intertwined, to the benefit of clients and Bloomberg."

Acting on recommendations in the reviews, Bloomberg has agreed to hire a chief risk and compliance officer, establish new policies for handling of client data, name a newsroom standards editor and ensure there's greater separation between its news and business employees. The outside review said appropriate client-data policies and controls were in place and had been updated.

"I'm gratified that the Hogan Lovells-Promontory report confirms that we have in place an appropriate control structure to protect client data," said Bloomberg CEO Dan Doctoroff. "But it is also clear that we need to do even more, given how expectations of us have evolved, or because of the changing concerns of our clients, and because of our own growth."

Global bank JPMorgan Chase, a Bloomberg LP client, said Wednesday it believed the review had been handled properly. Federal Reserve spokesman David Skidmore said the Fed had been in touch with Bloomberg over the access issue but had no new comment on the review. Goldman Sachs said "we appreciate their commitment to safeguarding client data and their willingness to review their practices."

With more than 315,000 subscribers internationally, the Bloomberg terminals are a desktop electronic financial-news information system founded by New York City Mayor Michael Bloomberg. The terminals cost approximately \$20,000 in annual subscription fees and are heavily used by Wall Street traders and other finance industry employees for access to financial market data, corporate information and Bloomberg-produced news stories.

Bloomberg LP commissioned the reviews in April, after an incident in which one of its reporters called the Hong Kong office of Goldman Sachs and mentioned that terminal data showed that an employee working there hadn't recently logged in to a Bloomberg terminal. The bank subsequently complained to Bloomberg executives.

The outside review was based on an examination of Bloomberg reporters' access to online help desk chat sessions involving clients who access the company's financial data through computer terminals. It also focused on reporter access to Bloomberg user profiles of the

terminal clients.

Prior to April 19, the firm's reporters were able to review terminal users' help desk requests in online chat sessions with Bloomberg personnel. They could also see the date terminal accounts began, company and job role details about terminal users, as well as the clients' most commonly accessed terminal functions.

Reporters weren't able to get information about terminal users' financial holdings or trading positions unless the clients included that information during help desk chat sessions.

The review examined 24 non-contiguous weeks of data from June 2012 to April 2013, and found no Bloomberg news stories based on information the firm's news reporters could have obtained from reviewing the help desk chats.

However, the review found that a number of Bloomberg reporters had looked up a terminal user's contact or biographical information, checked the date of the user's most recent log-in and determined whether the user was currently logged in.