

# **ALL THE NEWS THAT'S FIT TO BE SOLD**

## **JANUARY 2006**

Richard Scrushy the ex-CEO of HealthSouth, (aka the man who got away with a \$2.7 billion dollar fraud) is being accused of reneging on a deal where he promised a Birmingham, Alabama reporter and a local minister \$150,000 to help push jurors to find him innocent. This past June we reported how Scrushy manipulated the legal process and was cleared of all allegations despite overwhelming evidence. Scrushy packed the courtroom everyday with black ministers to show support for him to help in swaying the mostly black jury. Obviously a man with no shame, Scrushy would also appear daily on local faith-based television programs often leading the viewers in prayer.

As we predicted all the wonderful publicity that Scrushy was getting in the local press was bought. A Birmingham Times reporter, Audry Lewis, who penned glorious articles about Scrushy, is now suing him. She and a popular local minister by the name of Rev. Herman Henderson state that they packed the courtroom and wrote articles that helped him beat the rap. Lewis said that Scrushy has already paid her \$11,000 but failed to come up with the rest. Rev. Henderson said he received \$25,000. Scrushy denies the allegations, however the Associated Press has obtained copies of the checks involving the payoffs.

In a statement made to *The New York Post*, U.S. Attorney Alice Martin, who prosecuted the HealthSouth case, said no crime was committed by paying off a reporter.

***“If you want to pay someone to write favorable stories and can get a paper to print them, I don’t know of any law it violates.”***

Documents show that Scrushy hired a local public relations firm, The Lewis group, for help in his legal battle. Conveniently, the head of the firm, Jesse Lewis Sr. happens to be founder of The Birmingham Times; his son, Jessie Jr. just so happens to be the editor. Now isn't that special!

We are the only media outlet in the country that currently reports on what is really happening in the financial world. When I try to explain why this is the case, my response is often greeted by looks of disbelief. I am not one of those black helicopter guys, it is not a conspiracy; it's simply dollars and cents. Information is bought and sold like stocks and bonds, news outlets like newspapers, magazines, and television are out to make a profit. If one of their best customers warns them about reporting on any of their misdeeds they will comply. What happens on Wall Street stays on Wall Street.

Money spent on advertising by Wall Street was \$1.17 billion in 2004 according to Competitrack, an advertising tracking service based in New York. Numbers are not yet available for 2005 but are expected to be anywhere from 6-10% higher. In our May 2005 article “Rawhide” we told you about a memo we discovered that proves our point. In that memo Morgan Stanley sends out a stern warning to media outlets. They state that they want all of their advertising pulled if any outlet plans to publish “*objectionable*” stories about the company. Morgan Stanley actually put new guidelines in their advertising contract which was reported on May 18, 2005 in *Advertising Age*, a trade publication.

***“In the event that objectionable editorial coverage is planned, Morgan Stanley’s ad agency must be notified as a last-minute change may be necessary. If an issue arises after-hours or a call cannot be made, immediately cancel all Morgan Stanley ads for a minimum of 48 hours.”***

We found it quite humorous when Morgan Stanley spokeswoman Andrea Slattery stated that the clause isn't meant to control the news or otherwise influence editorial decisions. "*We obviously have no say over that,*" she stated. Sure you don't.

When reading a newspaper or watching a network newscast it is important to recognize and understand the various inherent biases at work. Much has been made about the liberal bias in the media which I have witnessed first hand and believe is accurate. The other is a more benign capitalistic bias, whereas media outlets will favor their true masters, money. For example: Does anyone actually think that tobacco products would have gotten so much bad press if they were still legally able to advertise on television? I believe that 60 minutes may have balked on their groundbreaking story if Phillip Morris happened to be a huge sponsor. Back in 2000 when the whole Enron debacle was coming to a head, I was invited to appear on CBS network news to discuss my insights on the collapse. At the last minute I was spiked after their pre-interviewer found out I was going to point the finger of blame at some of their major advertisers, Merrill Lynch, Citigroup Smith Barney and the other usual suspects for being the true Dr. Frankenstein behind the monster.

Despite the impartiality in the media, I prefer our biased press over the alternative, which would be a state-sponsored disaster. It is important however, for individuals to understand that biases exist and factor it into their understanding of the news. There will always be crooked reporters, just like there will always be dishonest police officers, just because of that fact, I don't think we should do away with all reporters nor all police officers. The ability to think for oneself is the key to seeing through the haze that is often wrought by the media. Allowing the media to be one's individual thought process can be both dangerous and costly, especially when it comes to financial news. Not only will you end up thinking that our economy is in the toilet, America is an evil imperialistic country, Harry Belafonte is a genius, Hugo Chavez and Fidel Castro are just misunderstood, *Brokeback Mountain* (gay cowboy movie) is the greatest film ever made, Paris Hilton isn't really a brainless whore, and Hillary Clinton is the smartest person to ever walk the planet, but you will lose money as well! The media wants you to eat, drink and think as they say; the question is whether or not you allow them.