Bloomberg bars reporters from client activity

RYAN NAKASHIMA - AP Business Writer - Associated Press

Financial data and news company Bloomberg LP says it has corrected a "mistake" in its newsgathering policies and cut off its journalists' special access to client log-in activity on the company's ubiquitous trading information terminals after Goldman Sachs complained about the matter last month.

A person familiar with the matter said Friday that Goldman Sachs became concerned about outside access after a Bloomberg reporter, investigating what she thought was the departure of a Goldman employee, told the securities firm that the employee had not logged into a Bloomberg terminal for a number of weeks.

The person was not authorized to speak publicly and gave the information on condition of anonymity.

In a memo sent to staff Friday, Bloomberg CEO Daniel Doctoroff said the company had "long made limited customer relationship data available to our journalists," but added, "we realize this was a mistake."

After the complaint last month, Bloomberg "immediately" turned off its journalists' special access and limited it to what clients can see themselves, he said.

The dispute was earlier reported by The Wall Street Journal.

Bloomberg News reporters had been able to see when any of the company's 315,000 paying subscribers, mostly stock and bond traders, had last logged into the service. They could also view the types of "functions" individual subscribers had accessed.

For instance, reporters could see if subscribers had been looking at top news stories, or if they had been gathering data on stocks or bonds, but not which stories or bonds and stocks they had looked up, said Ty Trippet, a Bloomberg LP spokesman. He said reporters could also see if subscribers were using "message" or "chat" functions to send messages to each other over the terminals, but not the recipient of the messages or their content.

Reporters were mostly getting contact information for subscribers, like telephone numbers and email addresses, Trippet said.

In his staff memo, Doctoroff said that access did not extend to "trading, portfolio, monitor, blotter or other related systems or our clients' messages."

He said senior executive Steve Ross had been appointed to the new position of client data compliance officer to review Bloomberg's policies.

No reporters have been fired over the matter, Trippet said. He declined to comment on whether any other disciplinary measures have been taken or if the company had plans to do so.

Although Goldman's concerns caused the change, JPMorgan Chase & Co. had also expressed concerns about Bloomberg journalists' access to sensitive data.

A person familiar with the matter at JPMorgan said multiple Bloomberg reporters had used the data to try to break news in the last several years. The person said Bloomberg journalists used their access attempting to find out whether disciplinary action had been taken against Bruno Iksil, a JPMorgan trader nicknamed the "London whale" who was blamed for a $6 billion trading loss last year.

One reporter knew details about the log-in times of multiple traders on a single desk and called daily to ask about potential layoffs, the person said. JPMorgan complained to the reporters about the technique but Bloomberg managers weren't made aware of a formal complaint.

The person was not authorized to speak publicly about the matter and requested anonymity.

Bloomberg's Trippet said he was unaware of complaints from JP Morgan to reporters or editors.

It's not clear exactly how long Bloomberg reporters have been accessing subscriber information.

"Limited customer relationship data has long been available to our journalists," Trippet wrote in an email. The access dates back to the 1990s, when Bloomberg's news operation began. Journalists would join sales representatives on calls to clients, he said, to explain how Bloomberg's news functions work.

Bloomberg journalists are renowned for aggressive techniques in a competitive field. Bloomberg LP, whose main business is selling terminals to clients in the financial industry, employs more than 2,400 journalists.

In November 2010, the news service reported on the earnings of The Walt Disney Co. and NetApp Inc. well before the companies' scheduled releases by guessing the unprotected website addresses of the press releases before they were made public.

The public relations gaffes, which resulted in immediate but fleeting dips in the stock prices of both companies, resulted in the companies taking action to prevent a recurrence.

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Associated Press Business Writer Bernard Condon contributed to this report from New York.