

Stakeholders: Media

MEDIA STAKEHOLDERS SERVE INTERVENING PUBLICS

Media relations is a busy highway with traffic traveling in both directions between journalists and public relations practitioners, and the rules of the road are observed as courtesies rather than enforceable regulations. In one direction, journalists ask practitioners for help in gathering information for news stories or verifying details. In the other, practitioners distribute news announcements to the media or ask journalists to consider story ideas for publication.

The traffic generally moves smoothly at high speed, though collisions occur when drivers don't know the rules or don't care to follow them. For practitioners, the rules include conventions like the use of Associated Press style in news releases, courtesies like returning phone calls promptly, and an absolute rejection of falsehoods and deception.

Reporters and editors are seldom the ultimate target of public relations programming. Instead, gatekeepers who work in broadcasting and publishing represent an intervening public, controlling the flow and presentation of information to readers, listeners, and viewers. Ultimately, public relations programs aim to reach consumers, regulators, government officials, activists, and others whose opinions and actions will affect the practitioner's organization.

PURPOSES OF MEDIA RELATIONS

Reaching target publics through news media exposure is a common practice in public relations for at least six reasons:

- **Efficiency:** Mass media, such as Web sites, daily newspapers, and television, reach individuals by the hundreds of thousands or even millions with unsurpassed speed.
- **Credibility:** Individuals often believe that information in reputable media, such as the *New York Times* or CBS-TV's "60 Minutes," is more trustworthy than the same information presented by an organization.
- **Targeting:** Individuals who read or watch certain kinds of media or programming may have predictable interests or habits, enabling the practitioner to tailor messages with greater precision and mutual benefit.
- **Agenda setting:** Media attention often determines which topics come up in general conversation, and a practitioner may want to get people talking about a specific subject.
- **Economy:** Messages that appear in the news media involve comparatively low costs for the practitioner's organization.
- **Time shifting:** Print media, in particular, allow individuals to pick their own best time and place to digest information. The same is true, to a lesser extent, for Web sites, CDs, and DVDs.

THE SELF-INTERESTS OF THE MEDIA

Reporters and editors care little about the reasons that lead practitioners to favor news media for distributing information. Instead, journalists focus on satisfying their audiences' need for news and preferences in entertainment. If public relations materials help a news organization do its job well, journalists are happy to use them. Materials that contain no news or useful information are tossed.

In developing strategies and key messages to reach the ultimate target public, practitioners usually give painstaking thought to the target's self-interest and to circumstances that will make it easy for a target public to follow through with whatever action is desired. Yet, practitioners often neglect the self-interests of the intervening public—the editors and reporters—as well as the mission of a news organization.

At a personal level, journalists want many of the same things practitioners want—good income, increasing responsibility, stability with a respected employer. In journalism, these rewards depend on gaining the respect of peers, career advancement, challenging assignments, and recognition.

Reporters rate themselves and others according to the importance of assignments they handle, number and quality of the stories they get published or broadcast, and prominence given their stories in the news product (front page, above the fold, top of the newscast, and so on).

TIME PRESSURES IN MEDIA RELATIONS

To do their jobs well on a daily basis, most reporters must focus on choosing a story idea or chasing one down, gathering information efficiently, finding a

strong news peg, and writing a vivid and compelling account. They must do it quickly, never falling behind the competition and beating it if possible, and they must meet the deadline of their publication or newscast. Before handing in a news story, a reporter needs time to check it to make sure that it's fair, accurate, and reasonably complete.

Considering these time pressures, no one should be surprised that journalists prefer to deal with a practitioner who has earned their trust by providing information that's never misleading, earned their appreciation by providing it quickly, and earned their respect by packaging it in formats that are easy to digest and use. Accommodating the self-interests of intervening publics serves the self-interest of the practitioner's organization.

ELECTRONIC MEDIA RELATIONS

The Internet gives a media relations practitioner a number of tools to use in helping reporters do their jobs faster and better. Almost all organizations—big and small—maintain Web sites, and on the home page of these Web sites is a hypertext link to what is often called the press center or news bureau. A prominent and easy-to-find link will get more use.

Journalists often visit an organization's Web site, looking for information they need, before placing a phone call to a media relations manager. Because it's available around the clock and throughout the week, reporters can get details they need whenever they want them.

A Web site's news bureau usually contains recent news releases and archives of old ones. An elementary news bureau also should list the names, phone numbers, and e-mail addresses of the media relations staff.

Better Web sites contain much more. The news bureau page should offer links to:

- Fact sheets.
- Organizational history.
- Executive biographies.
- High-resolution photos of leaders, products, and operations.
- Reproducible charts and graphs.
- Annual and quarterly reports.
- Electronic news kits.
- Executive speeches.
- Significant dates in the organization's past.
- A calendar of major upcoming events.

Some Web sites include audio files for radio actualities, video clips of products in use, PowerPoint presentations, and spreadsheets for financial information.

UP TO DATE AND EASY TO USE

To protect reporters from using out-of-date information, media relations sites need regular attention from practitioners to keep facts, figures, and faces current. Items like biographies and fact sheets should indicate when their most recent update occurred, reassuring journalists that the information is fresh.

Because these pages for the news media should load quickly into an Internet browser, they should look spare, clean, and uncomplicated, placing a premium on ease of navigation. A search function can make a Web site easier to use, but it's not a substitute for careful planning in creating and positioning hypertext navigation links.

The news bureau pages should avoid files that load slowly or that are difficult or slow to print through office printers. Some portable-document-format (PDF) files, though preserving the appearance of the original paper document, often are slower in loading, reading, and printing.

The Internet also gives media relations practitioners the opportunity to maintain relationships with reporters through e-mail, but it's a mixed blessing. E-mail has been abused by marketing spammers and lazy public relations practitioners so that reporters may not bother to read your e-mail unless they know you, trust you, and sense news potential in the subject line of your message. The subject line's purpose is similar to that of a headline—to get attention and convey the essence of a message.

Reporters say that they're unlikely to open an e-mail with attachments because it carries the risk of a computer virus infection.

Research sponsored by the Institute for Public Relations (IPR) found that practitioners and reporters alike said in 2001 that the Internet has led to improvements in news reporting and the practice of media relations.

"Journalists believe the Internet has made their jobs easier and improved the quality of their work," according to IPR's *Magic Communication Machine* report. "Journalists now rate e-mail equal to the telephone as the preferred medium for interviewing news sources. And, journalists report they regularly use the Internet when gathering information for news stories."

NO SUBSTITUTE FOR HUMAN CONTACT

Despite the efficiency offered by the Internet, reporters and practitioners point out that it's no substitute for a trusting relationship. Web sites make facts and figures easily accessible, but tracking down nonroutine details still requires human contact. To make stories come alive, journalists need to quote what people—not documents—say, and media relations managers set up the interviews that add depth and humanity to news. Reporters and practitioners need each other.

Bobbie Battista, formerly host of CNN's *Talk Back* cable program and now a media relations consultant, offered this advice: "Establish a relationship with one reporter at each station or publication. Over time, if you always are honest and straight, rapport will become trust."

ADDITIONAL READINGS

- Jones, Clarence. (2001). *Winning with the news media*. Tampa, FL: Video Consultants Inc.
- Kent, Michael L., & Maureen Taylor. (Spring 2003). *Maximizing media relations: A Web site checklist*. Rhinebeck, NY: Public Relations Quarterly.
- Wade, John. (1992). *Dealing effectively with the media*. Menlo Park, CA: Crisp Publications.
- Wright, Donald K. (2001). *The magic communication machine: Examining the Internet's impact on public relations, journalism, and the public*. Gainesville, FL: Institute for Public Relations.

EBSCOhost®

**CASE 16. MEDIA INTEREST IN TRANSPLANT DRAMA
STOKES ANXIETY IN HEALTH CARE PROFESSIONALS**

Jesica Santillan spent most of her childhood in Arroyo Hondo, a sun-baked Mexican village of 400 people surrounded by fields of sugarcane. Located halfway between the Jalisco state capital of Guadalajara and Puerto Vallarta on the Pacific Coast, the village has one paved road and little else in community resources. Arroyo Hondo families have a hard life. Many depend on work in cane fields or the local sugar mill, and individuals often earn less than \$10 for a 12-hour day.

Jesica's parents, Melecio and Magdalena, learned early that their daughter suffered from restrictive cardiomyopathy, a condition involving heart muscle stiffness that also affects breathing. No cure for the disease exists, and about 70% of those who develop it die within 5 years of the onset of symptoms. In most cases, the only satisfactory solution is a heart transplant.

The Santillans could not arrange transplant surgery for Jesica in Mexico. Desperate and determined, the parents took their 13-year-old daughter to the United States illegally in 1999 and made their way to North Carolina, where relatives were living.

The family moved into a mobile home in a rural county northeast of Raleigh and began investigating what they would have to do to get Jesica's life-threatening condition corrected. Knowing medical care for Jesica would be far beyond their means (some estimates put the figure at a half-million dollars), the family solicited donations from friends and neighbors, while churches and civic groups put containers in local shops to collect contributions.



During the 2002 holidays, Jesica Santillan posed with her mother, younger sister and brother for a family photo. (Photo by Mack Mahoney.)

Now Near Duke

The Santillans' new Carolina home was only an hour's drive from the Durham campus of Duke University Medical Center, one of the preeminent health care organizations in the United States.

Year after year, *U.S. News & World Report* ranked Duke among the nation's top hospitals. Separately, Duke specialties such as heart, pulmonary, and pediatrics also earned high rankings on the *U.S. News* lists. The Discovery Channel ran a documentary series, called "Hospital," on the lives of patients and caregivers at Duke Hospital, and *TIME* magazine published a cover story on a day in the life of Duke. CBS-TV's "60 Minutes" program profiled a Duke oncologist in 2002. By most accounts, the institution's public relations efforts were highly successful.



In 1998, *TIME* magazine focused on Duke University Hospital in a special edition on healthcare in America.

The medical center is proud of its reputation—justifiably so. Describing its approach to medicine, Duke says that “patients can count on receiving high-quality healthcare that is delivered with empathy and compassion. The medical leadership that has earned Duke such renown is the result of an innovative approach that stresses multidisciplinary collaboration and a close ‘bench-to-bedside’ relationship between clinical care and research that gives our patients access to the very latest treatments.”

For Jesica, her parents, and friends in North Carolina and Arroyo Hondo, Duke Hospital represented her best chance at life. They were full of hope.

Mack Mahoney Aids Santillan Family

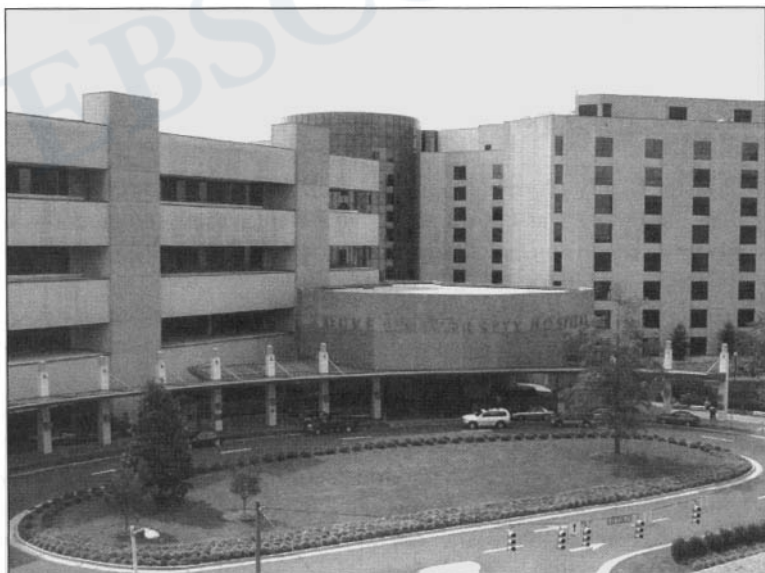
One of Jesica's new friends was Mack Mahoney, a Carolina homebuilder who'd seen her story in a local newspaper. Inspired by her struggle for survival, he orga-

nized efforts to raise funds for a transplant operation. Fluent in Spanish, Mr. Mahoney also assisted Jessica's parents, whose conversational English was limited, in their discussions with the health care professionals at Duke. Subsequently, he received medical power of attorney to participate in the Santillans' health care decisions.

As Jessica's case attracted the attention of major news outlets in Raleigh and Durham, Mr. Mahoney persuaded one of North Carolina's U.S. senators to help shield the family from deportation while they waited for organs that would be suitable for transplant. The operation, surgeons had decided, would require a set of lungs as well as a heart.

Finding compatible organs for a heart-lung transplant is a long shot. To match an organ donor and recipient, health agencies consider their physical size, blood type, the expected time in transit for the organs, and the recipient's position on the national waiting list. At any time, the national list of individuals awaiting this combination may include 200 names, but the number of heart-lung transplant operations performed in the United States in a single year might not exceed 30.

The United Network for Organ Sharing administers the nation's organ procurement and transplantation network, collecting and sharing information on organ need and availability. The network includes regional organizations that enlist donors and monitor availability.



The Discovery Channel ran a 13-part documentary series on the lives of the patients and caregivers at Duke University Hospital.

Transplant Surgery Scheduled

On Friday, February 7, 2003, a Duke surgeon learned from the network that a heart and lungs were available from the New England Organ Bank. He reserved them for Jessica, now 17, who was expected to live only 6 more months with her own heart. A Duke surgical team flew to Boston to remove the organs and hurry them back to Durham. (Heart and lungs ordinarily must be implanted no more than 8 hours after removal.)

Meanwhile, Jessica's surgeon timed his procedures so that he would complete the removal of her organs at about the same time that the donor's heart and lungs arrived at Duke. The coordination itself was successful, but routine tests performed near the end of the surgery disclosed a tragic error. Although the transplant network and Duke both had procedures to ensure blood group compatibility between donor and recipient even before surgery could be scheduled, the safeguards had failed somehow.

The donor's blood group was A, and Jessica's was O. People with blood group O, the most common group in the U.S. population, are universal donors; they can give blood to other groups. However, people in blood group O can safely receive blood or organs only from people in group O.

The operating team finished its work, and the surgeon went immediately to Jessica's parents to tell them of the mistake and its implications. Her body's immune response would attack the incompatible organs as it would an infection, and her only hope of survival would be a second heart-lung transplant using organs from a group O donor. Duke notified the United Network for Organ Sharing that Jessica urgently needed another set of organs.

Media Kept in the Dark

Meanwhile, the family, physicians, and hospital's public relations staff agreed privately that, until more was known about what went wrong, the media would be given only basic reports on her condition. The organ mismatch would remain confidential as the search for a new donor was pressed.

In the days immediately after the operation, the director of the medical center's news office told reporters: "She is rejecting the organs that were transplanted into her." Nothing was said about the error.

Hour by hour, the Santillans and Mr. Mahoney grew more fearful that the girl would die before the transplant network could find a donor in blood group O, and they apparently came to believe that a directed donation—where the family of a dying patient would choose Jessica to receive the organs—was the quickest and best solution. To reach as many potential donor families as possible, a broad public appeal in the media would be needed.

While impatience was agitating those closest to Jessica, Duke's reticence stirred suspicion in news reporters from Raleigh and Durham. Five days after the surgery,

some reporters heard privately from Mack Mahoney that the transplanted organs came from a donor with a different blood type, but the media held back those details, apparently unable to verify them.

The director of the medical center's news office told the media: "It's far too early to have definitive answers regarding this case. Any comments now would be speculative. Nevertheless, this patient's sequence of care is under careful review."

News of Error Breaks

Then, Mr. Mahoney openly discussed the organ mismatch on Friday, February 14, after waiting a week for Duke to get results using the transplant network. The first media report of the error appeared the same day. A day later, Duke doggedly dodged the dark truth when reporters asked if the family's version of events was true.

The associate director of the medical center's news office told reporters: "Duke Hospital is continuing a careful review of the sequence of care that she received. That's the only information I have for you. This is all I can say. At this point, our priority is to help Jessica and her family through this difficult situation. We hope a suitable donor can be found."

While Duke remained tight-lipped, the family's account of the surgery gained the attention of national news organizations and received heavy coverage in North Carolina.

Late on Monday, February 17—10 days after the surgery—Duke acknowledged the mismatch in a public statement given to the media and posted on the medical center's Web site under the headline "Duke University Hospital Implements Additional Transplantation Safeguards." Quoting the hospital chief executive officer, the statement said, "This was a tragic error, and we accept responsibility for our part."

The New England Organ Bank said its records showed Duke was told the donor's blood group at several points in the procurement process, and the information also accompanied the organs on the trip to Durham. Duke did not dispute the statement.

On Tuesday, the organ mismatch story got coverage throughout the day on CNN Headline News and Fox News Channel, as well as on cable's news/talk programs. The *New York Times* was preparing a front-page article for the following day. The Associated Press, Reuters, BBC, and other worldwide news organizations carried reports.

A Second Donor Is Found

Despite the long odds against finding a compatible set of organs for a second operation, the transplant network told Duke near midnight Wednesday that a donor had been identified. Surgery began at 6 a.m. Thursday and finished at 10:15 a.m. At first, Jessica appeared to tolerate the second operation well, but the initial outlook dimmed quickly. She was pronounced dead on Saturday, February 22.

Seventeen days after Jessica's death, the chief executive officer of the Duke University Health System sent a memo to the health care staff offering his perspective on the tragic error and suggesting what the institution might learn from subsequent events and the attention they received in the media. The CEO, a physician named Ralph Snyderman who also served as Duke's chancellor for health affairs, said the case involved three central issues:

- Medical questions about mistakes and how to prevent them.
- Ethical questions about transplants and end-of-life decisions.
- Communications questions about a patient's privacy rights, needs of the patient's family, and the public's right to know.

"Some have asked, why didn't Duke announce the blood-typing mistake immediately after the first transplant and launch a public appeal for compatible organs?" he wrote on March 11. "One reason is that Jessica's family initially asked us not to. Another reason is that it would not have been appropriate for us to initiate publicity. The organ procurement system used by all hospitals was designed to allocate organs on a fair and equitable basis while considering the degree of need."

A "60 Minutes" Interview

As Duke employees were digesting the memo, Dr. Snyderman and Jessica's surgeon, Dr. James Jagers, were sitting for videotaped interviews with CBS-TV's "60 Minutes." In a segment that aired March 16, the two physicians and others at Duke recounted the fateful steps that led to the failed transplant.

When journalists in Durham and Raleigh learned that "60 Minutes" was interviewing Duke's top medical officer, some suggested that the medical center was continuing to stiff-arm them. Durham's *Herald-Sun* noted that Dr. Snyderman "still hasn't responded to repeated requests by *The Herald-Sun* for an on-the-record interview about the tragedy," but the CEO and Jessica's surgeon "have granted interviews to CBS '60 Minutes' reporter Ed Bradley."

On the day after the "60 Minutes" broadcast, the medical center's Web site offered this explanation for Duke's decision to welcome the CBS crew: "Because of the widespread publicity regarding this patient, Duke University Hospital felt it important to address some of the complex issues in a nationwide forum. We agreed to participate in a '60 Minutes' story because they offered to address this event in a fair and comprehensive manner."

Acknowledging Mistakes

Dr. Snyderman wrote a reflective op-ed column, published under the headline "Owning Up to Mistakes in Medicine," that appeared April 26, 2003, in the *News & Observer* of Raleigh.

"In order to prevent mistakes, one needs a culture of safety and an openness to identify risks freely," he wrote. "If mistakes or near misses occur, healthcare workers must own up to them promptly and honestly so they can be addressed and corrected. But doing this is extremely difficult because the current environment for litigation encourages professionals to do otherwise."

He mentioned, approvingly, proposed federal legislation that would create a system for voluntary, confidential, nonpunitive error reporting to encourage analysis of mistakes and improvement of patient safety.

"We believe that disclosure of errors in an atmosphere that focuses on solutions, not blame, will make healthcare safer for everyone," he wrote.



QUESTIONS FOR REFLECTION

1. What's meant by a "bench-to-bedside" relationship?
2. What reasons might explain Duke University Hospital's initial decision to provide the news media with reports only on Jessica's condition?
3. The Santillan family and friends decided to pursue a broad public appeal for a second set of organs for transplant. What strategy and tactics would you have recommended?
4. Duke's chancellor for health affairs said the case involved questions concerning a patient's privacy rights, needs of the patient's family, and the public's right to know. How would you balance these three?

Information for this case was drawn from the following: the Duke University Medical Center Web sites at <http://news.mc.duke.edu/mediakits/detail.php?id=6498> and <http://www.dukehealth.org/news/default.asp>; Avery, S., & Martinez, A. (25 February 2003), "Duke caught in PR quagmire," *The News & Observer*, p. A1; Cheng, V. (19 February 2003), "Duke's image takes a blow," *The News & Observer*, p. A9; Draper, M. (13 February 2003), "Girl's miracle fleeting," *The News & Observer*, p. A1; (30 May 2003), "Duke's amazing PR coup continues," *The Herald-Sun*, p. B1; Easley, M. (16 February 2003), "Mistake alleged in blood match," *The News & Observer*, p. B1; Fass, A. (9 June 2003), "Duking it out," *Forbes*, p. 134; Grady, D. (19 February 2003), "Donor mix-up leaves girl, 17, fighting for life," *The New York Times*, p. A1; Kirkpatrick, C. (18 June 2003), "Duke Hospital admits to botching transplant," *The Herald-Sun*, p. A1; Snyderman, R. (26 April 2003), "Owning up to mistakes in medicine," *The News & Observer*, p. A19; and Weissert, W. (7 March 2003), "Mexican village was ready, but Jessica's funeral not to be," *The Herald-Sun*, p. A10.

CASE 17. PHONY NEWS RELEASE LEADS TO LOSSES FOR INVESTORS AND A PRISON TERM FOR FORMER COLLEGE STUDENT

The evening shift at Internet Wire in Los Angeles gave routine handling to a request from Porter and Smith PR for distribution of an Emulex Corporation news release. The e-mail message from Ross Porter, with release attached, asked for distribution the following day, Friday, August 25, 2000, at 9:30 a.m. EDT.

Porter's e-mail message used jargon, such as "please bill me as the first release out of the 10 pack," that was familiar to Internet Wire staffers and led them to accept its authenticity. Accordingly, they prepared the release for transmission to the thousands of news organizations and financial analysts reached by Internet Wire.

Teed Up for Trouble

Although the distribution request itself appeared routine, the content of the news release was anything but. It announced that:

- Emulex was revising downward the earnings figures issued earlier in the month.
- The SEC was investigating the company's accounting practices.
- Paul Folino, the Emulex chief executive officer, was leaving.

As predetermined, Internet Wire dispatched the release as stock markets in New York City were opening Friday, and it was soon picked up and passed along by reputable financial news outlets such as Bloomberg News and the CNBC television channel. The price of Emulex common shares, which had closed the previous day at \$113.06 on the Nasdaq Stock Market, began slipping, slowly at first and then with gathering speed after Bloomberg published its first headline at 10:13 a.m. EDT. Soon, the news was mentioned on CNBC, Dow Jones News Service, the CBS Marketwatch Web site, and others.

Back at Emulex headquarters in Costa Mesa, California, executives had begun arriving for work about 7 a.m. PDT and were stunned by the plunging share price. The company's recent financial results had been exceptional, and its outlook was promising.

Emulex described itself in 2000 as "the world's largest supplier of fibre channel host adapters," devices used by equipment makers such as Hewlett-Packard and IBM in networking applications. In an earnings news release issued August 3, Emulex had trumpeted record levels of revenues and earnings for the company's most recent quarter and reported revenues of \$140 million and net income of \$33 million for fiscal year 2000, which ended July 2. Emulex CEO Paul Folino indicated that Emulex was well-positioned to benefit from growth.

Trading Halted

Like others at the company, Mr. Folino was shocked to hear about the stock's nose-dive when he walked into his office shortly after 7 a.m. Friday and began trying to figure out what could account for it. He soon heard about the news release on Internet Wire and realized that the company was the victim of a cruel hoax. Promptly, he asked authorities at Nasdaq to halt trading in Emulex and protect investors from further effects of the fraud.

In the 16 minutes before Nasdaq suspended Emulex trades at 10:29 a.m. EDT, the price of a common share had plunged from \$103.94 to a bottom of \$43. Investors who sold shares that morning lost almost \$110 million and had little hope of recovering it.

Once trading was suspended, Mr. Folino and others went to work on a news release explaining what had happened and refuting the claims contained in the false release. The rebuttal circulated widely across the Internet and financial news wires, and Nasdaq reopened trading at 1:30 p.m. EDT. By the end of the day, the stock had climbed to \$105.75 a share.

Although the stock snapped back quickly, questions lingered about the performance of financial news organizations and their rush to publish without independent verification. At Bloomberg News, an editor said that standard practice calls for a reporter to check with a company before writing a story, but the protocol was skipped in this instance. A Dow Jones New Service editor said that his organization trusts the verification process of electronic-release distribution services, such as Business Wire and PR Newswire, and had received assurances that Internet Wire used a similar procedure.

From the moment the fraud was discovered, Emulex management had wondered who the culprit was and why he or she had done it. Authorities quickly determined that Ross Porter, author of the e-mail that conveyed the false release to Internet Wire, was fictitious, as was the Porter and Smith PR firm. They suspected that someone with inside knowledge of Internet Wire had concocted the hoax to drive down the price of Emulex shares. A drop in price could benefit an investor who had sold Emulex short.

Short Sellers Expect Bad News to Be Good

In investing, most people expect to benefit when good news causes a company's stock price to rise. However, some investors—short sellers—benefit when bad news causes a stock to drop in price. Here's how.

A short seller anticipates, presumably for good reasons, that the price of a certain stock is too high and will fall below current levels. Using a brokerage firm's services, he or she *borrow*s shares from a stockowner and *sells* them to other investors at the current price. The short seller expects to *purchase* shares after the price has fallen, replace the borrowed shares, and pocket the difference between the current and future (presumably lower) price.

The practice involves the risk of losing money—potentially a lot of money—if the share price goes up instead of down and the short seller must purchase pricier shares to replace the ones that he or she borrowed and sold.

Investigators Get a Lead

To solve the Emulex mystery, law enforcement authorities began looking for someone who knew Internet Wire's operating procedures and also had been involved in trading Emulex shares. They asked if any employees had recently quit the public relations wire service and were told that Mark Simeon Jakob, a 23-year-old man from El Segundo, California, had left on good terms about a week earlier. From separate sources, they learned that Mr. Jakob had been involved in short selling 3,000 Emulex shares on August 17 and 18, expecting the price to drop below \$81 a share.

Mr. Jakob had studied during the summer at El Camino College in Torrance, a 2-year institution not far from his home. Soon after classes ended, he quit his Internet Wire job and went on vacation, registering Wednesday, August 23, at the Luxor Resort & Casino in Las Vegas for a 3-day stay.

The Luxor is a gambling palace that envelops guests in opulence and fantasy. A 10-story sphinx, taller than Egypt's original, towers above the entrance. The hotel itself, a 350-foot-high pyramid encased in glass the color of onyx, shoots the brightest beam of light on the planet skyward from its pinnacle, and the casino floor below covers almost three acres.

While Mr. Jakob was enjoying what the hotel describes as "accommodations and amenities worthy of Queen Nefertiti herself," Emulex began trading above \$100 per share, far more than the \$81 price that prevailed when Mr. Jakob borrowed 3,000 shares. On Thursday, the young man's brokerage firm issued a \$20,000 margin call, requiring him to place that amount of cash into his account to partially cover the increased value of the shares he had borrowed and sold but not yet replaced. With Emulex trading above \$113 per share, Mr. Jakob faced a potential loss of \$97,000 on his short sale if the stock did not come down.

After receiving the margin call, he flew back to Los Angeles and drove to the Library Media Technology Center at El Camino College, though he was no longer a student there. He used the library's computers to draft the fake Emulex news release and open a Yahoo! e-mail account under the name of the fictitious Porter and Smith PR agency. As Ross Porter, he sent the damaging release to Internet Wire, climbed into his car, and drove back to Las Vegas.

Timing Is Everything

At Internet Wire, the staff accepted "Porter's" apparent authority and assumed the release had been verified. Using normal procedures, they readied it for distribu-

tion. Internet Wire had been incorporated in 1999, evolving from a similar service started 5 years earlier. It has emphasized its pricing advantage in competing with the established giants of the electronic-release distribution business, PR Newswire and Business Wire. All three services offer publicly held companies a convenient and dependable mechanism for providing timely and fair disclosure of important news, as required by the SEC.

When a company plans to announce news that might affect an investor's decision on buying or selling its stock, it often provides the release to a service such as Internet Wire a few hours in advance, with instructions to distribute it when notified or, alternatively, at a specific time. Companies often prefer to issue major news outside regular trading hours of the major stock exchanges to give investors time to digest it before acting, sending it either after the market closes for the day or well before it opens in the morning. The Nasdaq Stock Market and New York Stock Exchange, for example, both are open from 9:30 a.m. to 4 p.m. on weekdays.

On Friday morning after the fake Emulex release went out, Mr. Jakob checked financial news sites on the Internet and saw that his plot was succeeding. His release had been used by major news services like CNBC, and the price of Emulex stock was slipping. Using his online brokerage account, he covered his short sales by purchasing 3,000 shares at about \$62 per share to replace those he borrowed when the price was around \$81. Far from facing a \$97,000 loss, he made a profit of about \$54,000.

When the price continued downward, Mr. Jakob purchased another 3,500 shares of Emulex for an average near \$52, expecting the price would climb again when the hoax was discovered—as it did. He sold these additional shares on Monday at a profit exceeding \$186,000.

An Arrest Is Made

An investigation by the FBI, SEC, and U.S. Attorney's office identified Mr. Jakob in a matter of days, and he was arrested on Thursday, August 31. He pleaded guilty 4 months later to two counts of securities fraud and one count of wire fraud and was sentenced in August 2001 to 44 months in federal prison.

The day before Mr. Jakob's arrest, the *New York Times* scolded Internet Wire, the financial news media, Emulex, and the Nasdaq in an editorial headlined "Caveat Investors."

"Internet Wire has called the perpetrator a 'very sophisticated criminal.' But in truth, the low-cost service and several reputable media organizations dropped the ball; this criminal could have been thwarted with a single phone call. Emulex and the Nasdaq can also be faulted for not reacting more quickly to events. Surely in this day and age investors should not lose billions to fraud simply because California is in a different time zone."

In 2003, Internet Wire changed its name to Market Wire.



QUESTIONS FOR REFLECTION

1. Internet Wire faced the challenge of restoring customer trust in its distribution services. What steps would you recommend to rebuild confidence?
2. Though Emulex was an innocent victim of this fraud, were there any precautions that the company might have adopted to prevent or minimize this situation?
3. The Dow Jones News Service said that it has relied on the verification procedures of distribution companies like PR Newswire and Internet Wire to confirm the authenticity of new releases. Do you agree that news organizations have no obligation to check further?
4. What changes would you make in Internet Wire's operations?

Information for this case was drawn from the following: the Emulex Web site at <http://www.emulex.com/corp/index.html>; Market Wire Web site at http://www.marketwire.com/mw/corp_co_overview; (30 August 2000), "Caveat investors," *The New York Times*, p. A22; (8 August 2001), "Defendant in Emulex hoax sentenced," U.S. Securities and Exchange Commission news release; (11 September 2000), "Emulex's swift IR limits bogus release damage," *Investor Relations Business*, p. 1; Ewing, T., Rose, M., Rundle, R., & Fields, G. (1 September 2000), "E-mail trail leads to Emulex hoax suspect," *The Wall Street Journal*, p. C1; Ewing, T., Waldman, P., & Rose, M. (28 August 2000), "Bogus report sends Emulex on a wild ride," *The Wall Street Journal*, p. C1; Gentile, G. (1 September 2000), "Portrait of a criminal," *The Associated Press*; Glassman, J. (30 August 2000), "Stock hoax should affirm faith in markets," *The Wall Street Journal*, p. A26; (1 August 2001), "Hoaxer is sentenced to 44 months in jail in Emulex Corp. case," *The Wall Street Journal*, p. A4; Mrozek, T. (6 August 2001), "Man who perpetrated \$110 million fraud against Emulex stockholders sentenced to nearly four years in prison," U.S. Department of Justice news release; and (31 August 2000), "Stock hoax suspect had motive," *Wired News*, <http://www.wired.com>.

CASE 18. SHEIK'S LEISURE RESORT PROJECT GETS ROYAL TREATMENT

Sophie Rhys-Jones had been working in public relations for 14 years when she and fellow practitioner, Murray Harkin, began talking seriously about combining resources to set up a new agency. The two were the same age, 32, possessed youthful energy and good looks, and had a lot of professional experience in common. Both had served broadcast clients and first met when Murray was promoting a program for the British Broadcasting Corporation.

Early in her career, Sophie handled publicity for Capital Radio. Later, she joined Macmillan Cancer Relief to work on fund-raising events and then went to MacLaurin Group public relations soon after it was founded in 1993. At MacLaurin, her clients included Britt Allcroft Group film productions, Chrysalis Group broadcast properties, Red Rooster Film, and radio entertainer Chris Tarrant.

Murray's career in public relations and marketing had begun at about the same time. First, he worked on consumer and business-to-business accounts with Roger Haywood, a reputation management expert and author of books on public relations. Subsequently, Murray joined Shandwick International's Rogers & Cowan unit, which specialized in entertainment industry clients, and then served for 3 years as a group managing director at The Entertainment Partnership.

RJH Public Relations Formed

For Sophie and Murray, the appeal of running their own shop and capitalizing on what they'd learned while producing profits for others was irresistible. In early 1997, the pair formed RJH Public Relations with Sophie as chairman and Murray as managing director. They opened their first office in London's West Kensington neighborhood.

In a short time, they had built up a respectable client list that included MG Rover Group autos, Thomas Goode china and crystal, Boodle & Dunthorne jewelers, Sotogrande's Almenara Golf-Hotel on Spain's Mediterranean coast, and the Banyan Tree Seychelles resort. For RJH Public Relations, the barometer of success was rising, and business was good enough to move their London offices to a tony Mayfair address.

Sophie earned the admiration of some Britons and the envy of others when, 2 years after opening the agency, she wed Prince Edward, third son of Britain's reigning monarch, and was styled the Countess of Wessex. Her husband had established a career in film production before their marriage, and she continued her daily work at RJH Public Relations as Sophie Wessex.

As the agency's profile rose, some new business simply dropped into its lap. Out of the blue, Murray was invited to meet in March 2001 with a sheikh who was planning a new international sports and leisure resort for Dubai in the United Arab

Emirates at the southern end of the Persian Gulf. The sheikh was interested in engaging RJH Public Relations and wanted more information on its capabilities.

Meetings at the Exclusive Dorchester

Murray first sat down with the Arab chief in early March but reached no agreement on formalizing a business relationship. Following up on Wednesday, March 14, Sophie—who had not yet met the potential new client—accompanied her partner to the Dorchester, a legendary London hotel where the sheikh was staying, for further discussions.

She and Murray were eager to outline the agency's capabilities and expressed strong interest in the project. If RJH Public Relations could win the assignment, the job promised to pay £20,000 (about \$32,000) per month for 2 years.

During the idle chitchat that often accents business meetings as strangers warm up to each other, the conversation wandered to subjects closer to London than to Dubai. The incidental topics included British politics, public figures, and Sophie's in-laws. On the central matters of the talks, the discussions apparently ended on a positive note.

The tone turned sour almost immediately. Just days later, the countess discovered that the sheikh was a sham and the resort project was a scam. It was an undercover sting operation set up and surreptitiously taped by a reporter for the *News of the World*, a tabloid owned by Rupert Murdoch. One of the sting's goals was to obtain evidence that the countess was trading on her connections to the royal family for business purposes—a low practice for anyone near the monarchy.

The *News of the World* had begun its investigation in February 2001 after a resentful account manager at RJH Public Relations carried tales to the newspaper, alleging business indiscretions by Sophie and other misbehavior by Murray. Before the March 14 meeting with the countess, the tabloid's staff had taped earlier conversations with her partner in which they probed for damaging or embarrassing revelations.

Damage Control Attempted

Once Sophie learned the real purpose of the Dorchester meeting, RJH attorneys moved quickly to limit potential damage by pressing legal action against the tale-telling employee and the *News of the World*.

The countess also contacted Buckingham Palace and talked with the Queen's private secretary and the director of communications for the monarchy. At this point, nothing had yet appeared in the media. The two palace officials met on Wednesday, March 21, with leaders of the Press Complaints Council (PCC) to solicit advice and explore alternatives.

The PCC is an independent body that investigates complaints from the public concerning the editorial content of British newspapers and magazines. The PCC has no contemporary counterpart in the United States. The council examines complaints under the code of practice, a self-regulatory guide that applies to all na-

tional and regional newspapers and magazines. The publications' editors drafted the code. In a typical year, about 60% of complaints concern questions of accuracy, and most of the remainder allege intrusions on privacy.

In the confidential meeting at Buckingham Palace, the PCC executives apparently gave conventional advice: Wait for publication, and then submit a formal complaint if warranted; or, contact the newspaper promptly, and try to arrange some accommodation or compromise. The second alternative was chosen.

An Exchange Leads to an Interview

When the palace communications director talked with the tabloid's editor, the two agreed on a trade. In exchange for the tapes and a promise to keep material from the Dorchester meeting out of the newspaper, the tabloid could have an exclusive interview with the countess if it would permit palace officials to review the story and headline before publication.

On Thursday, March 22, a reporter for the *News of the World* sat down with the Countess of Wessex in Buckingham Palace for an unprecedented interview. With the palace communications director sitting nearby, Sophie Wessex answered questions about some of the most private details of her life. She talked about her fertility, the couple's desire for children, and rumors concerning her husband's sexual orientation.

Before the exclusive interview was published, information on the fake sheikh's transcripts—which the *News of the World* had agreed to suppress—somehow got into the hands of editors at competing tabloids. When the *News of the World* ran its interview under the headline “Sophie: My Edward is NOT gay” on Sunday, April 1, a competing tabloid on the same newsstands carried an account of the conversations secretly recorded at the Dorchester.

Tape Transcripts Published

One week later, the *News of the World* broke its promise and devoted its cover and nine more pages to the taped conversations. The verbatims included comments from Murray Harkin acknowledging a familiarity with cocaine and suggesting he knew young men who might be interested in dinner parties.

On the tapes, Sophie's comments were less surprising though certainly indiscreet. London's *Sunday Telegraph* quoted her as hinting that clients might possibly get “some kind of additional profile or benefit from being involved with us because of my situation....”

Her incidental remarks included references to Prime Minister Tony Blair and his wife that were at times flattering and at other times critical. Similarly, she commented both favorably and unfavorably on other public figures, including her brother-in-law Charles, the Prince of Wales.

In Great Britain, the royal family is expected to remain completely detached from politics and partisanship. For this reason, her comments on the national budget and the parties' leaders represented the most notable neglect of protocol.

The Palace Goes Public

As many Britons were poring over the Sunday newspaper accounts of the tapes, Queen Elizabeth called the Earl and Countess of Wessex to meet with her at Windsor Castle, just outside London. Later in the day, the Buckingham Palace news office issued two statements—the first for the queen and the other for the countess.

The first said (using the original capitalization):

The Queen has discussed issues arising from this week's media coverage with The Earl and Countess of Wessex.

Her Majesty accepts that despite the difficulties of recent days, both the Earl and Countess understandably want to try to pursue working careers and they have her full support in doing so. It is not an easy option and they are breaking new ground, but it is right in this day and age that they should be allowed to do so.

In following careers they are always open to accusations of exploiting their Royal status in pursuit of their own business interests. Both the Earl and the Countess vigorously deny that they have deliberately set out to do so. The Queen deplores the entrapment, subterfuge and innuendo and untruths to which The Earl and Countess have been subjected in recent days.

The Queen recognizes that there are and always have been real issues around ensuring, and being seen to ensure, that Royal and business interests do not conflict where members of the Royal Family pursue their own careers. Ways to address and avoid such potential conflicts of interest need to be reconsidered in light of this episode and this will be done over the coming weeks.

Whilst this is undertaken, The Countess of Wessex has suggested, and The Queen has agreed, that The Countess of Wessex should step aside as Chairman of RJH, as the issues facing the company are considered.

The statement from Sophie covered much of the same territory. She expressed both regret at causing embarrassment and appreciation for support she received from the monarch and from colleagues.

"I believe my overriding duty is to support The Queen and the Monarchy," her statement said (original capitalization retained). "I realize fully that I am in a privileged position, and I am conscious that my conduct must be above reproach. I am deeply distressed by the carrying out of an entrapment operation on me and my business but I also much regret my own misjudgement in succumbing to that subterfuge."

Resignation Precedes Expulsion

As Buckingham Palace issued its two statements, RJH Public Relations issued one of its own, announcing the departure of Murray Harkin and introducing his successor. It made no reference to the reason for the resignation or the turmoil of the preceding week.

Three days later, the Institute of Public Relations (IPR), a professional association whose 6,500 members included the countess and her partner, announced an

COLLEGE OF FLORIDA, MANATEE-SARASOTA

9781410611208 ; Lamb, Larry F., McKee, Kathy Brittain.; Applied Public Relations : Cases in Stakeholder Management

Account: macc

inquiry into Murray's role in the mess. The IPR is similar to the Public Relations Society of America.

"The Institute of Public Relations confirms that it has launched a preliminary inquiry into the allegations made against Mr. Murray Harkin in a national newspaper," it said. "The IPR has asked Mr. Harkin for a statement of circumstances surrounding the matters reported in the *News of the World*. The institute has received a number of approaches from members concerned that he may have breached the institute's code of professional conduct and has brought the profession into disrepute."

Although the London tabloids and other British media provided generous coverage of Sophie's indiscretions, the widely respected *Economist* weekly newspaper offered barely a yawn in its edition of April 14, commenting:

"At most, the Sophie tapes bear on the moderately interesting but minor question of whether it is possible for a moderately interesting but minor royal to work in a sensitive career such as public relations without becoming entangled, by accident or design, in a conflict of interest."

The IPR was less charitable toward Murray. In October 2001, it expelled him after he failed to offer any answers in the institute's inquiry into the circumstances of the meetings with the fake sheikh.



QUESTIONS FOR REFLECTION

1. Sophie Wessex was a public relations professional with 16 years of experience when she fell for the tabloid newspaper's sting. What might she have done to prevent the embarrassment?
2. The communications director at Buckingham Palace struck a deal with the tabloid newspaper to trade an interview with the countess for the surreptitious tapes. What more favorable terms might he have proposed?
3. What advice would you have given the countess on preparing for the interview with the tabloid?
4. In editorial comment, the *Economist* asked whether a member of the royal family could "work in a sensitive career such as public relations without becoming entangled ... in a conflict of interest." What are the risks?

Information for this case was drawn from the following: the British Monarchy's Web site at <http://www.royal.gov.uk/output/page231.asp>; the RJH Public Relations Web site at <http://www.rjhpr.co.uk/about.htm>; Alderson, A. (8 July 2001), "Edward and Sophie glad to remain royal workers," *The Telegraph*, p. 1; (14 April 2001), "Bagehot: The royal appendix," *The Economist*, p. 56; Greenslade, R. (9 April 2001), "A sting in the tale," *The Guardian*, p. 1; (7 April 2001), "Inside Sophie's PR business," *BBC News*, <http://www.bbc.co.uk/1/hi/uk/1265452.stm>; McAllister, A. (23 April 2001), "Cinderella, career gal," *TIME*, p. 8; Reid, T. (3 April 2001), "Royals stung by Brit tabloid's fake sheik," *The Washington Post*, p. C1; Reid, T. (9 April 2001), "British tabloid prints Sophie's choice words," *The Washington Post*, p. C2; (11 April 2001), "Sophie Wessex and Mr. Murray Harkin," *Institute of Public Relations*, press release; Summerskill, B. (8 April 2001), "Fallout of a royal farce," *The Observer*, p. 1; and (accessed 14 August 2003), "What is the PCC?" *Press Complaints Commission*, <http://www.pcc.org.uk/about/WhatIsPCC.htm>.

COLLEGE OF FLORIDA, MANATEE-SARASOTA

9781410611208 ; Lamb, Larry F., McKee, Kathy Brittain.; Applied Public Relations : Cases in Stakeholder Management

Account: macc

CASE 19. BISHOPS, PRIESTS, AND REPORTERS: THE CATHOLIC CHURCH AND MEDIA COVERAGE OF SEX-ABUSE SCANDALS

The scandals involving how the Catholic hierarchy dealt with priests accused or suspected of improper sexual behaviors became national news after the *Boston Globe's* Pulitzer Prize-winning January 2002 series reported that Catholic priest John Geoghan, accused of molesting children in his parishes, had for more than three decades been shuffled from parish assignment to parish assignment rather than being turned over to authorities for prosecution. Although there had been some coverage of the issue in 1985 when the U.S. Conference of Catholic Bishops adopted policies that were to address how the Church would deal with such troubled priests, renewed media coverage of the issue captured the attention of other reporters, attorneys, Catholic laity, government officials, and self-reported victims across the nation and across the world.

After the *Globe* series began, similar revelations then came from across the country—bishops in Palm Beach, Lexington, Milwaukee, and New York resigned after it became known that priests in their dioceses had also been reassigned rather than turned over to civilian authorities for prosecution. Investigative articles appeared in Dallas and in other Boston newspapers, as well as on ABC and NBC News, and then appeared in newspapers and broadcast stations across the country as self-reported victims came forward, pressing suits and seeking to tell their stories. To help journalists understand developments across the country, The Poynter Institute for Media Studies hosted an Abuse Tracker on its Web site where published stories could be posted for referrals.

Since the scandal became public, more than 225 clergy (of the more than 46,000 U.S. priests) have been taken off duty or have resigned, according to the Associated Press. Six U.S. bishops have resigned in connection with the scandal, and priests and bishops from Australia, Hong Kong, South Africa, Ireland, Poland, and Canada were implicated in either the scandal or cover-ups of sex-abuse cases. *PR Week* reported in April 2002 that since 1985, the church had paid an estimated \$1 billion to resolve molestation charges against its priests.

Church's Response to Stories Varies

The Catholic leadership responded to the media stories and lawsuits in numerous ways, ranging from negotiations to denials to acts of penance. Andrew Walsh, writing in the fall 2002 *Religion in the News*, said, "The American bishops are caught between a Vatican that resists structural change, and a laity and media that want more accountability." In an April 2002 article in *PRWeek*, James Burnett detailed some of the problems with the church's reaction to the crisis. The church did not use a single spokesperson, but used a variety of local leaders. Different par-

ishes developed and instituted different plans for dealing with past and existing abuse crimes. Church leaders were often too slow to respond when the allegations became public, thereby allowing time for media coverage to set the public agenda.

Some dioceses did make some effort to counter media coverage. The Los Angeles Archdiocese hired crisis communication specialists Sitrick & Co. to help it communicate newly adopted policies dealing with sexual offenders. In the summer of 1997, the Diocese of Dallas, Texas, had hired a public relations counselor to help it respond when it was ordered to pay damages totaling nearly \$120 million for harboring a priest who had molested children. The Diocese of Oakland established its Ministry for Victims of Clergy Sexual Abuse; the chancellor of the diocese, Sister Barbara Flannery, acted as spokesperson for the diocese during the crisis.

One example of the church's delayed reactions to intense media coverage: A 76-page report compiled by the Massachusetts attorney general released in July 2003 reported that at least 789 children and perhaps more than 1,000 were abused by 250 priests and other church workers since 1940; the report was based on a 16-month investigation that involved the review of 30,000 pages of church documents and 100 hours of grand-jury testimony. A church spokesperson issued a written statement the afternoon the report was released saying the archdiocese would review the findings over the next few days "before making any further public response."

Anvil Publishing reported that Donna Morrissey, spokesperson for the Archdiocese of Boston, told a March 20, 2003, meeting of the Boston PRSA that she believed she had not been kept fully informed about the clergy scandal in Boston. She said she was only able to admit there had been problems after thousands of documents became public following a court order to open them. The documents detailed the abuses and the church's knowledge of them. She and only one administrative assistant worked to field up to 300 media calls a day during the crisis.

Lay Catholics reported they felt the church had mishandled the crisis, according to results of a *New York Times*–CBS poll cited in the June 2002 edition of *Baptists Today*. Only 27% of the Catholics interviewed said the leaders had done a good job of handling the issue, although some 63% approved of their parish priest. The poll of 1,172 adults reported that 88% said church leaders should be held responsible for the way they deal with the problem. A group of laypersons within the Catholic Church formed an activist group, Voice of the Faithful, to seek reform within the church.

The Leadership Contemplates Changes

The U.S. Conference of Catholic Bishops did attempt to forge a response to the crisis. The conference assembled in Dallas in June 2002, but *PR Week* called what ensued nothing less than a "communications circus." More than 700 U.S. and international journalists and numerous activists arrived to cover the meeting. For the first time at such a meeting, laypersons were invited to address the bishops. The bishops released the Charter for the Protection of Children and Young People,

which called for local dioceses to form oversight committees to be staffed by laity. Accused priests were to be treated with “zero tolerance.” Kathleen McChesney, a former FBI official, was selected to run the office that would audit U.S. dioceses to determine if they were following the guidelines to prevent abuses.

However, the Vatican did not approve the U.S. plan for intervention. Pope John Paul II argued that the “zero tolerance” policy did not demonstrate a belief in repentance or forgiveness, and thus he told the U.S. cardinals to reconsider procedures for dealing with priests. Catholic bishops met in Washington in November 2002 to consider how they would adapt their plans to the Vatican’s orders. This time the conference was more private; Bishop Wilton Gregory, president of the U.S. Conference of Catholic Bishops, would not agree to media interviews until after the discussion and vote. (The group did revise its guidelines to comply with the Vatican’s orders.)

Following the U.S. crisis, the Catholic Church of England and Wales released a set of public relations guidelines. The approach called for openness and the creation of a new oversight group, the Church Office for the Protection of Children and Vulnerable Adults.

A U.S. oversight committee was also formed. It was initially headed by former Oklahoma Gov. Frank Keating, president of the American Council of Life Insurers. The committee of laypeople included businesspeople, attorneys, a psychiatrist and psychologist, and former White House chief of staff Leon E. Panetta. The group was asked to issue an annual report. However, before such a report could be issued, the group became involved in its own public controversy. In May, Los Angeles Cardinal Roger M. Mahony had led the California bishops to pass a resolution saying they would not respond to the committee’s surveys that had been designed to assess the extent of the abuse problem in the church. New York Cardinal Edward M. Egan told a council of priests that he would not reveal names of accused priests nor how the cases had been resolved. Keating then gave an interview to the *Los Angeles Times* in which he said the bishops were somewhat like “La Cosa Nostra” in their willingness to cover up wrongdoing. Following that interview, a majority of the 13-person board of laypeople said the comments were inappropriate and that Keating should resign. In June 2003, he did so, which prompted a renewed concentration of media attention on the Church. After resigning, Keating wrote a June 19 *New York Times* op-ed piece in which he outlined his views about the church’s future. Acknowledging that he was resigning in order to resume working full time and from frustration over the lack of cooperation from what he called a “small minority of church leaders,” he went on to say that he was optimistic that the board’s work would be successful. He wrote a “few opponents of the board have said we went too far, engaging in what one resistant diocesan newspaper termed a ‘witch hunt.’” Keating said a few leaders “turned to their lawyers when they should have looked in their hearts.” However, he wrote, the responsibility of the board, church leaders, and laity is to restore “trust in our church. That work continues. With God’s help, it will succeed in cleansing the church of a vast stain.”

Coverage Continues

Public disclosures about the crisis continued throughout the summer of 2003, as bishops in New Hampshire and Arizona revealed they had signed government agreements indicating there had been some diocese involvement with reassigning accused priests. On a more positive note, in August 2003, following the resignation of Boston Archbishop Bernard Law, Sean O'Malley was appointed as archbishop to provide leadership in Boston where the media crisis had begun. According to the *New York Times*, one of his first actions was to dismiss the attorneys who had been negotiating settlements and to hire an attorney he had worked with earlier to reach settlements with abuse victims in his former parish. Within days, he announced the first concrete settlement of \$55 million for 542 victims. The actions were greeted with positive media coverage across the country.



QUESTIONS FOR REFLECTION

1. The scandal offers an ongoing example of the powerful interaction of media, opinion leaders, government, and sources. Identify the priority publics for the U.S. Catholic Church within this crisis. What would have characterized effective communication interactions with each?
2. Journalists covering this story often reflected publicly about their struggles with the ethical and moral ways to report stories involving an organization to which they and/or many readers were deeply committed. What principles should guide such coverage?
3. This crisis involved privacy issues involving priests, victims, and settlements. What principles should guide public communications about such sensitive issues?
4. The Roman Catholic Church is a highly diverse, international organization. What does this crisis imply about the need for crisis planning for such organizations?

Information for this case was drawn from numerous press stories about the crisis, including Associated Press. (13 August 2003), "Files show archdiocese paid \$21 million in abuse cases," *The New York Times*; Barnett, D. (18 October 2002), "Vatican rejects U.S. bishops' sex abuse guidelines," *Agence France Presse*; Burnett, J. (22 April 2002), "Crisis and the cross," *PRWeek*, p. 17; Butterfield, F. (24 July 2003), "789 children abused by priests since 1940, Massachusetts says," *The New York Times*; Chabria, A. (17 June 2002), "Comms circus ensues as Catholic bishops convene," *PRWeek*, p. 3; Chabria, A. (1 July 2002), "Church starts long journey to PR redemption in Dallas," *PRWeek*, p. 9; Chabria, A. (10 June 2002), "LA archdiocese accused of generating a 'PR snafu,'" *PRWeek*, p. 2; Chabria, A. (2 September 2002), "New cathedral helps rebuild LA archdiocese's reputation," *PRWeek*, p. 2; DePasquale, R. (23 July 2002), "Archdiocese rebuffs reform group," *AP Online*; Editorial. (12 August 2003), "Boston's exemplary friar," *The New York Times*; Goodstein, L. (13 June 2003), "Bishops uneasy on whom to protect," *The New York Times*; Goodstein, L. (16 June 2003),

(continued)

(continued) "Chief of panel on priest abuse will step down," *The New York Times*; Goodstein, L. (11 June 2003), "Louisville archdiocese to pay \$25 million abuse settlement," *The New York Times*; Griesse, N., (Ed.) (April 2003), "Boston archdiocese spokeswoman: PR was kept in the dark on crisis," *Crisis Counselor*, www.anvilpub.com/cc_april_2003.htm; Hood, J. (13 May 2002), "Media drawn to church's abuse-prevention program," *PRWeek*, p. 4; Keating, F. (19 June 2003), "Finding hope in my faith," *The New York Times*; Lampman, J. (6 November 2002), "Bishops walk fine line on abuse policy," *The Christian Science Monitor*, p. 3; LeDuff, C. (3 June 2003), "Phoenix bishop admits moving accused priests," *The New York Times*; Lepper, J. (6 May 2002), "US scandal prompts UK church's PR drive," *PRWeek*, p. 4; Nolan, B. (10 November 2002), "U.S. bishops to vote on revised policy," (New Orleans, LA) *Times-Picayune*, p. 1; Patriot Ledger staff and news services (18 October 2002), "Lawyer: 'It's no surprise': Felt they were sacrificed, priests hail the decision," *The Patriot Ledger* (MA), p. 1; Paulson, M. (27 April 2002), "Law seeks to curb organizing by laity," *Boston Globe*, p. A1; Paulson, M. (17 December 2002), "Vatican: Final OK given to U.S. bishops; child-protection policy," *Boston Globe*, p. A39; Pfeiffer, S., & Carroll, M. (23 July 2002), "Law to reject donations from Voice of the Faithful," *Boston Globe*, p. A1; Religious News Service (June 2002), "Poll shows divide between lay Catholics, church leaders," *Baptists Today*, p. 16; Rezendes, M., & Robinson, W. V. (23 November 2002), "Church tries to block public access to files," *Boston Globe*, p. A1; Sims, C. (3 April 2003), "Boston archdiocese is sued by San Bernardino diocese," *The New York Times*; Walsh, A. (Summer 2002), "Bishops up against the wall," *Religion in the News*, 5(2), 8–11; Walsh, A. (Fall 2002), "Scandal without end," and "After the Globe," *Religion in the News*, 5(3), 4–7; White, G. (5 June 2002), "Church may ban future molesters," *The Atlanta Journal-Constitution*, p. A3; and Zezima, K. (21 July 2003), "Massachusetts won't charge church chiefs in sex scandal," *The New York Times*. The Poynter Institute for Media Studies maintained an "Abuse Tracker: A digest of links to media coverage of clergy abuse" on its Web site at www.poynter.org.

CASE 20. BOWLING FOR COLUMBINE STRIKES AMMUNITION SALES AT KMART CORP.

Public relations practitioners may have become used to e-mailed questions or phone calls from reporters, and some have faced the glare of video cameras from “60 Minutes” or “Dateline” television reporters. Imagine, however, being called to the lobby of corporate headquarters to respond to a request from documentary filmmaker and social critic Michael Moore to accept the “return” of bullets purchased at a Kmart store that were used in the 1999 Columbine High School shootings in Littleton, Colorado, bullets that were now lodged in the bodies of students who survived the assaults.

Kmart public relations practitioners at the corporation’s headquarters in Troy, Michigan, did indeed have to respond to such a request—and used it as an opportunity to announce a change in corporate marketing strategy that turned what could have been a dark and painful media image for the retail chain into a strong statement of corporate social responsibility captured in the documentary *Bowling for Columbine*.

Prize-Winning Documentary Investigates Gun Violence

Bowling for Columbine, which won the 55th Anniversary Prize at the 2002 Cannes Film Festival and the 2003 Oscar for documentaries, was directed by Michael Moore. Moore is well known for his first documentary, the 1989 *Roger & Me*, in which he attempted to question the CEO of General Motors, Roger Smith, about the closing of a GM plant in Flint, Michigan, and for other books and film projects that focus on American corporate and political policies Moore finds unacceptable.

The *Bowling* documentary focuses on gun violence and fear in America. It includes investigations into the shooting of a child by a child in Flint, Michigan, an interview with National Rifle Association (NRA) president Charlton Heston, and gun sales and use in Canada. The emotional climax of the documentary, however, may lie in the two visits Moore makes to Kmart corporate headquarters with the students. The ammunition used by the teenage killers at the high school had been purchased at Kmart.

Film critic Roger Ebert described the documentary’s scene this way: “The moment comes at the conclusion of one of the public psychodramas he has become expert in staging, in which he dramatizes evildoing (as defined by Moore) in the way calculated to maximize the embarrassment of the evildoer.”

The first visit to the headquarters was brief. A public relations official met with the three. Then, Moore and the young students are shown shopping in a Kmart store where the teens purchase many rounds of ammunition to remove them from the store.

The second visit to headquarters was quite different. That time, a corporate spokesperson announced that Kmart will phase out the sale of ammunition over the next 90 days. The cancellation of ammunition sales was to be completed within 3 months as stocks were depleted. Company officials made the announcement in June 2001 at a press conference following a 4-hour meeting of executives, Moore, and the students. Moore said, "I'm totally, totally stunned by the response from Kmart today."

Company spokesperson Julie Fracker told the Associated Press that the abolition of sale of guns and ammunition was based on marketing concerns and had been under review prior to the filmmaker's visit. "Obviously, we consider ourselves a socially conscious business, but this was a business decision made in the best interests of the company," she said.

Moore said he got the surprise of his life when Kmart officials announced they would quit selling handgun ammunition. Moore told the *Sacramento Bee*: "It stunned me. You can see it in the film. I'm so used to rejection."

The president and CEO of National Shooting Sports Foundation commented on the decision for the Associated Press, saying: "It is both unfortunate and inappropriate that Mr. Moore has used media scare tactics to strong arm Kmart into making this decision. All Americans are deeply concerned about the issue of school violence, but to blame a retailer who sells ammunition for causing these tragedies is intellectually lazy and dishonest."

(The documentary came at a time of economic crisis for the chain. Kmart Corp. became the largest U.S. retailer ever to seek bankruptcy protection in January 2002 when it filed for Chapter 11 reorganization. The reorganization strategy included closing more than 320 stores and one distribution center. The corporation emerged from bankruptcy in spring 2003.)

Previous Lawsuits Targeted Gun Sales at Kmart

Moore was not the first celebrity to focus attention on Kmart's gun and ammunition sales. Before the filming of the documentary, celebrity spokesperson Rosie O'Donnell had resigned from her representation of Kmart in protest of its gun and ammunition sales. Activist groups had protested sales at Kmart and other large retailers.

Kmart had faced increasing costs for insurance against liabilities for workers' compensation plans and for gun sales. In 2001, Kmart was ordered to pay \$1.5 million in compensation and another \$1.5 million in punitive damages to the parents of a Park City, Utah, man who had purchased a 12-gauge shotgun, which he used the next day to commit suicide. The gun was sold by a 17-year-old salesperson who the store's ex-security officer testified had never signed a gun-sales training manual indicating he had read it.

In 1993 Kmart had been ordered to pay \$12.5 million in damages to a woman left a quadriplegic after being shot by her former boyfriend with a .22-caliber rifle

he bought at a Kmart in West Palm Beach, Florida. The ex-boyfriend was reportedly so intoxicated when he purchased the rifle that he could not legibly complete the federal firearms form required by law, and the Kmart clerk completed the form for him, *Business Week* reported. The corporation appealed the ruling.



QUESTIONS FOR REFLECTION

1. How may an organization or individual prepare for hostile media inquiries or “ambush” interviews? Conversely, how may an organization or individual benefit from speaking out on issues brought onto the public’s agenda by news coverage?
2. Documentaries and film offer a depth of coverage unlike that found in most media. Are there special practices that should be used in this type of media relations?
3. How should corporations respond when faced with liability lawsuits? What responsibilities do organizations assume when they manufacture or sell products that require due care in use?

Information for this case was drawn from Associated Press (2 July 2001), “Kmart pulls handgun ammo from shelves,” ESPN.com; Ebert, R. (7 September 2002), “Moore hits corporate target in ‘Columbine,’” *Chicago Sun-Times*, p. 22; Hunt, S. (14 September 2001), “Federal jury tells Kmart to pay another \$1.5 million,” *The Salt Lake Tribune*, www.sltrib.com; Merrick, A. (22 January 2002), “Kmart lays out plans to trim its size, boost efficiency, in bankruptcy filing,” *The Wall Street Journal*, WSJ.com; Kmart Corp. (14 January 2003), “Kmart received commitment for \$2 billion in exit financing as company prepares to emerge from Chapter 11,” *PR Newswire*; Reid, D. (25 October 2002), “‘I’m trying to connect the dots between the local violence and the global violence,’ says director Michael Moore of his new film, ‘Bowling for Columbine.’” *Sacramento Bee*, accessed at www.bowlingforcolumbine.com/reviews/2002-10-25-sacra.php. More information about the documentary is also available at that Web site.