

MEJO 541: Econ Reporting, Fall 2020

Meeting time: 1:15 to 2:30 p.m. T/Th (remotely when specified on syllabus)

Meeting places: Face-to-face/hybrid: Carroll Hall, Room 128, and online

Requirements to attend class in person: Must wear mask at all times; must not be sick; must not have had contact with sick person

Instructor: Margaret Moffett (I prefer to be called Margaret)

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Cell: 336-707-1982

Office hours: Virtual, phone or face-to-face by appointment

About Margaret: I was a full-time newspaper reporter and editor for 28 years, 23 of them at the Greensboro News & Record (jobs included general assignment reporter, an investigative reporter, City Hall reporter, assistant sports editor and assistant city editor). In 2018, I became managing editor of Triad Business Journal, which also is in Greensboro. In late 2019, I left to become a full-time freelancer (and teacher here at UNC) doing a mix of journalism and PR. Here's my [LinkedIn page](#).

I believe journalism can save the world.

Overview: This course teaches students how to understand what's going on at companies big and small and to report and write stories about these businesses. As business becomes more influential in the lives of everyday citizens, it's important for the media to become more aggressive in acting as a watchdog. I'll teach you to cover Wall Street and the economy, focusing on how stocks, bonds, and economic indicators interact and how this information is reported to the public. We'll also cover the Federal Reserve, labor, the consumer, housing, manufacturing, inflation, and trade.

Required texts:

- *Writing about Business: The New Columbia Knight-Bagehot Guide to Economics and Business Journalism*, Terri Thompson, editor, Columbia University Press, 2001. 2nd totally revised edition
- *Covering Business: A Guide to Aggressively Reporting on Commerce and Developing a Powerful Business Beat*, Robert Reed and Glenn Lewin, 2005, Marion Street Press., 2nd edition
- *Show Me the Money: Writing Business and Economics Stories for Mass Communication*, Chris Roush. Routledge, 2010 (3rd edition).
- *The New York Times Reader: Business and Economics*, Mark Tatge, CQ Press, 2011.

Recommended texts:

- *Understanding Financial Statements: A Journalist's Guide*, Jay Taparia, Marion Street Press, 2004. 11th edition (**NOTE: You need this book, but it's incredibly expensive. You could rent one, which is what I'm doing for \$30, or share a copy with a classmate. I'll work with you on this if I need to.**)
- *The SABEW Stylebook*, Chris Roush and Bill Cloud, Marion Street Press, 2010.

Attendance policy (or lack thereof): For myriad reasons, I won't be taking attendance, which is not typical for me. But these aren't typical times. We'll meet some in person — and some online. The online classes may sometimes be synchronous — but I'll record them in case you'd rather watch them on your own. If you've been exposed to someone with the virus, stay home. No doctor's note required. Obviously, it's to your advantage to come to class/watch the recordings as much as possible. We have a small class, small enough that I'll have time to track you down and teach you one-on-one if I need to!! **YOU WILL LEARN ECON REPORTING IN MY CLASS!!!!**

That said, if you're not going to make it to an in-person class, do let me know.

Also, and I CANNOT STRESS THIS ENOUGH: 1) Do NOT come to face-to-face class if you feel bad or have been exposed to someone who has tested positive; 2) If you do come into contact with someone who has the virus, and you've been to class in the last 2 weeks ... please notify me so I can tell members of our class.

Late assignments (or, Don't make me dock you a letter grade.): In the newspaper business, we call this “missing a deadline.” It's a sure-fire way to make your editor mad. Since we're trying to simulate realistic professional conditions in this class, it's important that you hit your deadlines.

Late papers, if I decide to accept them, will receive a reduced grade unless we agree BEFORE the assignment is due that a delay is justified. On some assignments, the grade will be an F for failure to meet the deadline. Even if an assignment is excused as late, I won't accept any assignments that are later than two weeks after its deadline.

Obviously, I'll make exceptions for emergencies related to COVID-19 — yours or a family member's. I reserve the right to verify that you're caring for a family member.

Grading: The class will operate a point system. The more complex the assignment, the more points it's worth. See CLASS SCHEDULE for list of assignments and points. I'll use a combination of objective and subjective metrics to grade you. At the end of the semester, I will divide the number of points you've earned by the total possible points (2,500) and use the following scale to calculate your grade:

A = 93-100
A- = 90-92
B+ = 87-89
B = 83-86

B- = 80-82
C+ = 77-79
C = 73-76
C- = 70-82

D+ = 67-69
D = 60-66
F = 0-59

Daily assignments: 60% (1,500 points possible)

Financial statement exercises: 10% (250 points)

Open-book essay final exam: 15% (375 points)

Take-home financial statement/in-class financial terms: 15% (375 points)

Course grades will be based on which of the following categories best describes you and your efforts:

- **A:** Your work is “wow!” Your thinking is clear and original. Your assertions are logically supported with plenty of relevant evidence. Your writing is strong and grammatically correct. **THERE WON'T BE MANY OF THESE.**

- **B:** Topics are carefully and thoughtfully covered. Superficial flaws in logic, evidence, or organization exist, but your case is clear and on-target. Writing is strong with very few errors. Your work is quite good. **THIS IS A GOOD GRADE!**
- **C:** One or two minor elements of the assignment or evidence are weak or missing. Organization is adequate. Writing contains several misspellings or grammatical errors. Your work is average (which, BTW, is not a bad thing!!).
- **D:** Several elements of the assignment or evidence are missing. Organization is haphazard. Writing contains numerous mistakes and detracts from the message. Your work is below average.
- **F:** You miss the point of the assignment, or you don't complete the assignment. Most or all of the required elements are missing. Writing is poor and it's difficult to discern the message. Your work is failing.

Mistakes that bring out Margaret's red pen:

- Misspelled name: **-50**
- Missing first reference: **-15**
- Other fact error: **-25**
- Misspelled word: **-10**
- AP/SABEW style error: **-5**
- Wordiness, redundancy: **-5**
- Grammar error: **-5**
- Punctuation error: **-3 to -5**
- Other errors: **-3 to -25**

Final exam: An explanation ... and a recommendation

One of the most challenging, frustrating and important things you'll do as a business reporter (or any kind of reporter, for that matter) is read a financial statement. Over the course of the semester, you'll learn how to read one. This will be self-paced and asynchronous, a combination of chapters in the book *Understanding Financial Statements: A Journalist's Guide* and webinars. For part of the final exam, there will be:

- An open-book, take-home test based on financial statements that I'll give you on Nov. 12. Due at the end of our exam period. (300 points)
- An in-class quiz on Nov. 12 (if that's possible at that point), not open book, based on the definitions of financial terms on pp. 274-282. (75 points)

To that end, I'm going to provide a little bit of incentive.

1. I'm going to give you every 4th class off to work on this.
2. I'm offering a pacing guide on the course schedule (see following page). On those days, you'll see readings and exercises to work on in lieu of our class time.
3. I'm assigning exercises from each of the five chapters — with each worth 50 points each. They are due by the end of the semester. If you do the work, you get 50 points. If you don't, you get 0. There's nothing in between. This is your incentive to study for the exam.

My recommendation is that you NOT procrastinate on this, and pace yourself according to what's on the syllabus. Read the chapters, do the exercises and watch the webinars ... so you'll be able to answer the questions. **NOTE: TAKE THIS SERIOUSLY. THIS PART OF THE FINAL WILL REPRESENT 15 PERCENT OF YOUR GRADE.**

The other part of the final will be an open-book essay question during our exam period.

COURSE DELIVERY METHODS (BY DATE)

Aug. 10: In person	Oct. 1: Off (financial statements)
Aug. 12: In person	Oct. 6: Zoom - asynchronous
Aug. 18: In person	Oct. 8: In person
Aug. 20: Off (financial statements)	Oct. 13: In person
Aug. 25: Zoom - synchronous	Oct. 15: Off (financial statements)
Aug. 27: In person	Oct. 20: Zoom - synchronous
Sept. 1: In person	Oct. 22: In person
Sept. 3: Off (financial statements)	Oct. 27: Zoom - asynchronous
Sept. 8: In person	Oct. 29: In person
Sept. 10: In person	Nov. 3: In person
Sept. 15: Zoom - asynchronous	Nov. 5: NO CLASS
Sept. 17: Off (financial statements)	Nov. 10: In person
Sept. 22: In person	Nov. 12: In person (quiz part of final)
Sept. 24: In person	Nov. 17: NO CLASS
Sept. 29: In person	

DETAILED COURSE SCHEDULE

(Note: Content for this class and syllabus was adapted from "[Business reporting: Semester-long course on how to develop compelling business-related stories](#)" at Journalist's Resource.)

Week 1: Introductions; business reporting issues

Tuesday, Aug. 11: Introductions (in person)

We'll go over the syllabus, talk about the course and get to know each other.

Assignment: None

Thursday, Aug. 13: Business reporting Issues (in person)

While business reporting was once considered the backwater of journalism, since the 1970s there has been an incredible boom in the demand for business news, witnessed in part by the proliferation of weekly business journals and the creation of 24-hour networks such as CNBC and Fox Business Network. Because of the ongoing financial crisis, this type of reporting captured the attention of readers and viewers across the world. Reporters win Pulitzer Prizes covering business, and their stories dominate websites, newspapers and television networks.

What you should read for class: Chapter 1 in *Show Me the Money*

Assignment: For 100 points — Write 350 words on one (1) of the following. **Due by 1 p.m. Tuesday, Aug. 18:**

- Talk about the qualifications for being a business reporter or editor. What skills should he or she have? What should he or she know about how business and the economy operate? Where should he or she obtain that knowledge?
- Discuss the relationship between a chief executive officer and a business reporter. Students should examine the potential conflicts in the relationship between a chief executive officer and a business reporter and how an executive could manipulate a reporter.

Week 2: Covering economics stories; reading financial statements

Tuesday, Aug. 18: Covering economics stories (In person)

No story in the 21st century has been more important to every reader of business news than that of the economy. With housing prices down, the stock market fluctuating wildly, banks being taken over by the government, businesses closing and consumers saddled with debt, being able to report these issues clearly has become a necessity.

What you should read for class: Chapter 4 in *Show Me the Money*

Assignment: None

Thursday, Aug. 20: Reading financial statements (No class)

Overview of how to read financial statements.

What to read: Chapter 1, *Understanding Financial Statements*; glossary terms, pgs. 274-275

Exercises for 50 points (Due no later than 1 p.m. Tuesday, Nov. 17):

- **Self test:** page 32 (answers p. 272)
- **Study questions:** 1.5, 1.7, 1.8
- **Case 1.3:** page 38 (use the 2019 Form 10-K instead of the 2013)
- **[Webinar series:](#)** You can watch these over the course of the class.

Week 3: The business beat; Wall Street

Tuesday, Aug. 25: Covering the business beat (online, synchronous)

Guest speaker (live via Zoom): Richard M. Barron, long-time business reporter, *Greensboro News & Record*

Business reporters are often called on to cover a variety of topics, whether they're their specialty or not. At the *Greensboro News & Record*, a reporter might have to cover the Piedmont Triad Airport Authority; microchip manufacturers in the region; Lee and Wrangler blue jeans maker Kontour — and make frequent

trips to the U.S. Bankruptcy Court and downtown development meetings as well. Working a beat requires skills and strategies that can be used for any type of coverage or story.

One of the hardest things for a new business reporter is to come up with story ideas. A reporter like Dick Barron, who has been on the beat for several years, knows what's been covered and what has been newsworthy. But the new beat reporter has no context, particularly if he or she is new to the business desk.

What you should read for class: Chapter 3 of *Covering Business*; Chapter 10 of *Writing about Business*

Assignment: For 100 points — Write 300 words on one (1) of the following. **Due by 1 p.m. Thursday, Aug. 27:**

- Think about what beat you would be most interested in covering as a business reporter. Find a U.S. media outlet that covers that topic, then list three things you like and three things you dislike about its coverage.
- List 10 types of people you would want to develop as sources if they covered North Carolina's tobacco industry and the information you'd like to get from each one. These sources can be inside or outside the companies on the beat.

Thursday, Aug. 27: Covering Wall Street (in person)

The basic principle behind Wall Street is not that complicated. Reporters should think of Wall Street as a huge marketplace, where investors from all over the world gather each day to buy and sell stocks, bonds and other investments. Yet few experienced journalists, let alone beginning business reporters, understand enough about what's happening to be able to write a cohesive and clear story about how the stock market performed in a single day or why the stock prices of particular companies might have risen or fallen.

What you should read for class: Chapter 8 in *Show Me the Money*

Assignment: For 200 points — Watch one of the following movies: *The Big Short* (2015); *The Wolf of Wall Street* (2013); *Boiler Room* (2000); or *Wall Street* (1987). Write a 800-word paper on how well you think the movie reflects the realities of finance/Wall Street/trading/etc. A ton of reviewers/reporters have

written about this; feel free to cite them as sources in your paper if you'd like.
Due by 1 p.m. Tuesday, Oct. 27.

Week 4: The SEC; reading financial statements

Tuesday, Sept. 1: The Securities and Exchange Commission (in person)

The Securities and Exchange Commission is a federal government agency that regulates publicly traded companies and private companies with debt offerings or a large shareholder base. The SEC's job is to protect investors from unscrupulous companies by requiring businesses to disclose information about their operations. Virtually all these filings are public records that can be accessed from the [SEC's website](#). The SEC and its filings can be the business reporter's best friend, because they often disclose information that the companies don't put out in press releases or include on their websites. Knowing what to look for can increase a reporter's ability to understand how a company operates.

The SEC is also, inadvertently, playing another important role in how companies disclose information to journalists. With the passage of [Regulation Fair Disclosure](#) in 2000, companies are required to provide anyone with access to conference calls and webcasts regarding earnings and other important announcements. This has given journalists the ability to listen to discussions between company executives and the Wall Street community.

What you should read for class: Chapter 6 of *Show Me the Money*

Assignment: For 100 points — Pick a day of the week and look at 12 stocks of North Carolina companies. List each stock and answer the following questions about each one: Did it rise or fall for the day? How did it do compared to the rest of the Dow or NASDAQ (depending on the list on which it trades)? Did something happen to cause the stock to rise or fall while the rest of the market moved in the opposite direction? **Due by 1 p.m. Thursday, Sept. 10**

Thursday, Sept. 3: Reading financial statements: Balance sheets (No class)

What to read: Chapter 2, *Understanding Financial Statements*; glossary terms, pages 276-277

Exercises for 50 points (Due no later than 1 p.m. Tuesday, Nov. 17):

- **Self test:** page 76 (answers p. 272)
- **Study questions:** 2.1, 2.5, 2.11

- **Case 2.3:** page 88 — answer question (e) on page 91

Week 5: Executive compensation and company structure

Tuesday, Sept. 8: Executive compensation (in person)

The proxy statement, filed with the SEC, alerts investors when and where its annual meeting will be held. The proxy is the invitation to the meeting, and it includes information about the proposals to be voted on. But that's not the only reason a company's proxy statement is often newsworthy; it also discloses the compensation of the top five executives, including salary, bonus and stock options, as well as items such as the CEO's membership in a country club or moving costs. The proxy also details financial relationships the company might have with outside board members and their companies.

Understanding the importance of proxy statements and knowing where to look for information in them helps a business reporter ascertain how companies value and compensate their executives. A story from a proxy statement filing is the one that a CEO probably dreads more than any other. If it shows that his or her compensation increased dramatically, especially in a year when the company didn't perform as well or laid-off workers, he or she will likely be criticized.

What you should read for class: Chapter 9 in *Show Me the Money*

Assignment: For 100 points — Review this old [Progress Energy proxy statement](#). What is the news here? What would your lead be if you were writing a story about this proxy? Write an 8- to 10-paragraph story based on the information in the proxy. **Due 1 p.m. Tuesday, Sept. 15**

Thursday, Sept. 10: Company structure (in person)

Without understanding how a company is managed, a business reporter can't know its inner workings. The CEO is often the person who spends the most time talking to the media, but may not be the only person worth interviewing. How a company's managers interact with each other and what their goals are can also be important factors when writing about a business. In addition, the management team dictates the strategy for the company and the tone for its operations. Because of this, some companies may make decisions that aren't in their own best interests, but are purely made to satisfy the whims of management.

What you should read for class: Chapter 7 in *Writing about Business*

Assignment: None

Week 6: Initial public offerings; reading financial statements

Tuesday, Sept. 15: Initial public offerings (online, asynchronous)

Public companies must file a [Form S-1](#) with the SEC to register their securities. Because the S-1 signals a major change, they've almost always considered news, especially for media outlets where the company is headquartered. Form S-1s are frequently updated in amended filings, and sometimes this new information can be newsworthy even though the company may have only added a few numbers or a couple of paragraphs.

When a company makes an initial public offering, the pricing of the stock and the beginning of trading can produce additional stories, as the stock's performance can signal how investors like the company. An IPO and the Form S-1 filing also signal a dramatic change for a private company: It can no longer keep its financial results secret. And once public, it faces scrutiny every quarter from investors and analysts.

What you should read for class: Chapter 8, *Show Me the Money*, pg. 198-203

Assignment: For 50 points — Review the S-1 registration statement for a company that has recently gone public. Assess the size of the offering and the initial stock price. List five items in the filing that are newsworthy and should be included in a story about the stock offering. **Due by 1 p.m. Thursday, Sept. 17.**

Thursday, Sept. 17: Reading financial statements, Income, etc. (No class)

For this installment, we look at income.

What to read: Chapter 3, *Understanding Financial Statements*; glossary terms, pages 278-279

Exercises for 50 points (Due no later than 1 p.m. Tuesday, Nov. 17):

- **Self test:** page 141 (answers p. 272-73)
- **Study questions:** 3.7, 3.8
- **Webinar:** [Interpreting Financial Statements \(Part 1\)](#)

Week 7: Finding business news in district court and bankruptcy court

Tuesday, Sept. 22: Finding stories in local courts (in person)

Courts are great sources for business stories. In addition to filings for licenses and property deeds, companies often file lawsuits when they have a dispute with a customer, supplier, competitor or employee — or they may be sued themselves. Litigation as a business tactic and as a way to redress a perceived wrong is on the increase, making an understanding of how the court system is used vital to any reporter. Lawsuits may be the first glimpse into a major business conflict or a company's struggles.

Ah, Fortress Re. Today, I'll tell you about the greatest story I ever covered ... and never got anyone interested in. Guess where I found it: the courthouse!!

What you should read for class: Chapter 12 in *Show Me the Money*; packet of articles by yours truly (which will be in Sakai closer to the date)

Assignment: For 50 points — Write a 100-word story pitch to John Robinson and Mark Sutter (my former editors, now adjuncts at Hussman) explaining why stories about Fortress Re should go on A1. **Due by 1 p.m. Thursday, Sept. 25.**

Thursday, Sept. 24: Finding stories in bankruptcy courts (in person)

When companies and individuals get into financial trouble, they sometimes seek the protection of the U.S. bankruptcy court system. The bankruptcy court protects people and businesses from creditors while they reorganize their debts. A bankruptcy filing is a major event because it means that the business doesn't have to pay its bills unless creditors file a claim and the court approves. Such filings can also be major news for investors, depending on how they chose to put money into a company. Knowing what filings to look for in a bankruptcy case and what information they contain can help a reporter tell a great story about how a company got into trouble. In addition, bankruptcy cases of individuals can be the source of compelling stories of people struggling during hard times.

What you should read for class: Chapter 5 in *The New York Times Reader*

Assignment: None

Week 8: Federal regulation; reading financial statements, Part 4

Tuesday, Sept. 29: Federal regulation (in person)

The interaction of businesses and the federal government is often overlooked by many reporters looking for stories. Federal agencies can be a trove of information about companies, particularly privately held firms not required to release other information. Many companies are required to obtain regulatory approval, for example, before they increase the rates that they charge consumers. Others must receive government approval before they can start selling their product on their market.

Government regulations also keep track of how employees are being treated and whether they have a safe workplace, and how businesses are polluting the environment. They also will determine whether one company can buy another, as we saw in the mergers and acquisitions assignment. Business coverage is also influenced by politicians who discuss and pass laws that impact how businesses operate and how much money they can make. Virtually everything related to the government has an aspect that can be considered a business story.

What you should read for class: Chapter 14 in *Show Me the Money*

Assignment: For 100 points — Write 350 words on why the government plays such a large role in regulating business? What would happen if the government didn't regulate how companies sold their products or manufactured them? **Due by 1 p.m. Tuesday, Oct. 6**

Thursday, Oct. 1: Reading financial statements: Cash flow (No class)

More on our look at financial statements.

What to read: Chapter 4, *Understanding Financial Statements*; glossary terms, pages 280-281

Exercises for 50 points (Due no later than 1 p.m. Tuesday, Nov. 17):

- **Self test:** page 188 (answers p. 273)
- **Study questions:** 4.1, 4.4, 4.7

- **Case 4.3:** question (c), p. 201

Week 9: The economy and how businesses look at it

Tuesday, Oct. 6: The overall economy (online, asynchronous)

Understanding numbers and what they mean is an essential part of writing about the economy. If the unemployment rate is rising, that means more people are out of work. Or if the Consumer Price Index climbs, that means you're likely paying more for your groceries or transportation. When you can take statistics and make sense of them in a compelling way, you've performed a service.

Once the economy is explained in terms that readers can understand, then the business writer can explain why it's happening. Did a local plant close, laying off hundreds of workers? Has the price of a barrel of crude oil jumped? Was there a freeze in Florida that killed oranges, causing the price of orange juice to rise? The story of the economy helps put what is happening to consumers and businesses into broad perspective, giving readers information that allows them to make decisions about their own lives.

What you should read for class: Chapters 1-5 in *Writing about Business*

Assignment: For 100 points — Review the most recent state and metropolitan data from the [Bureau of Labor Statistics](#). Review both the total employment figures for North Carolina and the Triangle, as well as the unemployment rate and the changes for the most recent month from the previous month. What were the most significant changes? **Due by 1 p.m. Thursday, Oct. 8.**

Thursday, Oct. 8: The economy and real estate (in person)

Virtually every aspect of the economy needs real estate to operate, although the businesses that need it most are builders and developers. Public records on real estate transactions typically disclose how much the buyer paid for the property and the assessed tax value. Go back far enough and you can see all the times a property was bought and sold to see how the price fluctuated. These records can be valuable in writing about businesses or individuals. How much did a company spend to buy the land for its new headquarters? Did a city council member sell his land to a company at a significantly higher price than he paid?

Real estate records can also tell you when a developer wants to build a new subdivision or high rise, they have to file plans with a zoning or planning board. Such records often disclose the cost to build the development and will detail the project's size. Although some media outlets have full-time reporters devoted to the real estate beat, it's probably the one topic that crosses across most business beats. You'll use your knowledge of real estate in lots of stories.

What you should read for class: Chapter 37 in *Writing about Business*; Chapter 13 in *Show Me the Money*

Assignment: None

Week 10: The stock market; reading financial statements (part 5)

Tuesday, Oct. 13: The stock market (in person)

Thirty years ago few people in the country owned stocks, so covering the markets wasn't that important for the media. Now studies show that more than 50 percent of all households own stocks, so the ups and downs of the market can be front-page news.

Journalists covering stock prices have to be able to assess sometimes conflicting pieces of information and determine which one had the bigger influence on a particular stock. Even then, the stock market often operates and reacts in irrational ways. How does a journalist explain a market falling after the unemployment rate released the same day has also fallen and when the market has risen the past eight times the unemployment rate fell? Writing about the stock market requires a reporter to think on his or her feet and understand that what may affect one stock price could have no effect on another.

What you should read for class: Chapter 12 and 13 in *Writing about Business*; Chapter 7 in *The New York Times Reader*

Assignment: For 150 points — I'm going to give every student \$10,000 in pretend money to invest in the stock market. Sign up for a free account with [Investopedia](https://www.investopedia.com). You will invest from Oct. 13 to close of trading Nov. 6. Write a story (8-10 paragraphs) about your portfolio, reporting on why some stocks rose and some stocks fell. Make sure to compare the performance of the stocks in their

portfolio to an overall market or index. Please show me what you bought your stocks for and what you sold them for. **Due by 1 p.m. Thursday, Nov. 12.**

Bonus: The student with the most money in his or her portfolio at the close of trading Nov. 6 will receive 15 points added to his or her final exam grade.

Thursday, Oct. 15: Reading financial statements: Analysis (No class)

Our final look at financial statements — how to analyze the data, how to read proxy statements, etc, etc.

What to read: Chapter 5, *Understanding Financial Statements*; glossary terms, pages 282

Exercises for 50 points (Due no later than 1 p.m. Tuesday, Nov. 17):

- **Self test:** page 244 (answers p. 273)
- **Study questions:** 5.2, 5.8(b)
- **Case 5.3:** question (a), p. 267

Week 11: Insider trading and boards of directors

Tuesday, Oct. 20: Understanding insider trading (online, synchronous)

It comes as a surprise to many beginning journalists that the vast majority of insider trading is legal. Cases such as those of Martha Stewart are the exception. In fact, buying and selling of company stock by executives, board members and employees occurs on a daily basis, and most of these trades have to be reported to the Securities and Exchange Commission. Most companies restrict when management can buy and sell the stock — for example, during a period before or after the company reports its quarterly earnings.

What you should read for class: Chapter 9 of *Show Me the Money*, p. 234-40.

Assignment: For 100 points — Review insider trading activity from the past year for [Zimmer Holdings](#). After reviewing the trades, determine [insiders' roles at the company](#). What do these trades indicate to investors and to a business reporter? Write a short story (7-9 grafs) based on the Zimmer insider trading activity and the recent news from the company. **Due by 1 p.m. Thursday, Oct. 22.**

Thursday, Oct. 22: Boards of directors (in person)

For business reporters, the role of the board of directors — effectively the boss of a company's bosses — has become increasingly important. After the high-profile collapses of companies such as Enron, board members have been criticized for not acting as a management watchdog. Boards of directors have responded by becoming more active in examining how the business is managed and paying more attention to executive compensation, strategic decisions and other issues. Many companies are also attempting to diversify boards by adding females, minorities and more members from outside the company. How a board interacts with a company's top management can be critical for a business journalist to assess. If a CEO has frequent conflicts with the board, that could be a signal that the board is unhappy with the executive's performance.

What you should read for class: Chapter 9 in *Show Me the Money*

Assignment: For 100 points — Write 300 words on one of the following. **Due by 1 p.m. Tuesday, Oct. 27:**

- Corporate governance experts have been encouraging more companies to put more outside people on their boards. Discuss the positives and negatives of putting people from outside the company on a board.
- Some CEOs remain as chairman of the board after they retire from day-to-day management of a company. Discuss what you would think if you were the CEO of a company, and a former CEO was board chairman? Would you feel comfortable with such a relationship? Why or why not?

Week 12: Other investors in the market

Tuesday, Oct. 27: How the market works (online, asynchronous)

Investors come in all shapes and sizes, with all kinds of ideas about which stocks perform better than others. It is important for a business reporter to understand the connections between a company's business strategy, size, management team and history, and investors' willingness to purchase its stock.

Some investors may want to acquire stocks in companies where there is great potential for future growth. Revenues at such companies may be rising by 30% every quarter and profits may be increasing by 25% or more. Growth involves risk, however, because there's always a chance that something could go wrong.

The opposite of a growth-oriented investment strategy is so-called value investing, which looks at the worth of the stock price compared to quantitative barometers such as the price-to-book ratio. There's generally less risk with value investing because it favors companies with slow, methodical growth. If successful, a growth-investing strategy may pay greater rewards over time.

What you should read for class: Chapter 15 in *Writing about Business*

Assignment: None

Thursday, Oct. 29: Mutual funds and hedge funds (in person)

Some of the biggest investors in the stock market are mutual funds and hedge funds. While their names sound similar, these two types of investors operate very differently. For example, mutual funds are regulated by the SEC, while currently hedge funds are not. Mutual funds can advertise to attract investors, hedge funds are prohibited from doing so. Mutual fund managers are not allowed to personally invest in their fund, while hedge fund managers are typically some of their own largest investors. And not all mutual and hedge funds operate the same way. Some will buy stocks in only certain industries, such as banks or Internet companies. Others only buy stocks that belong to the Standard & Poor's 500 Index, for example.

In the end, though, both mutual funds and hedge funds operate with the idea of making money for clients by investing in the stock market. And their tremendous size means they can have an impact when they move into and out of a stock.

What you should read for class: Chapter 16 in *Writing about Business*

Assignment: For 50 points — The concept of a mutual fund is to reduce the risk of investing in the stock market by pooling a number of different stocks together. But some mutual funds will still be exposed to a lot of risk. Write 250 words about what type of mutual funds might have more risk than other mutual funds. **Due by 1 p.m. Tuesday, Nov. 3.**

Week 13: Ethics

Tuesday, Nov. 3: Business journalism ethics (in person)

In the past 20 years, operating ethically in business journalism has been one of the field's biggest issues. While there is no quantitative evidence that more reporters are investing in companies they cover, anecdotal examples suggest such unethical behavior may be on the rise.

More than any other journalist, business reporters must be free of any appearance of impropriety. Without the trust of readers and viewers, anything the journalist writes in the future will be viewed with more skepticism than usual. While most journalists would agree that they should not own or invest in stocks they cover, there is no unanimity about this topic. Nor is there an agreement on many other ethical issues, such as taking favors from companies or sources. For example, if you interviewed a mortgage banker for a story on home buying, and he offered you a low mortgage rate the next time you were shopping for a home, would you accept it? The answer to this question isn't as concrete in the minds of reporters as some would like.

What you should read for class: Chapter 31 of *Writing about Business*

Assignment: For 100 points — Write 400 words on one of the following. **Due by 1 p.m. Tuesday, Nov. 10:**

- Discuss what you would do if you were a reporter for a news organization covering Walt Disney Co. and someone from its corporate communications department offered you and your family free passes to one of its theme parks for the weekend. Would you take them? Why?
- A former college roommate now works on Wall Street. He calls one day and tells you that he knows that a company is about to make an important announcement that will drive up its stock price. You don't cover the company. Can you invest in the stock? What else would you do with the information?
- You have been trying to interview the CEO of a company for six months. Finally, the company sets up a time to do the interview, but says that the only way for it to happen is for you to ride on the corporate jet to the CEO's summer home at the beach. Do you accept or do you wait for another opportunity?

Thursday, Nov. 5: No class. Use the time to catch up on work.

Week 14: 8-K filings; personal finance

Tuesday, Nov. 10: Finding news in Form 8-K filings (in person)

One of the most important SEC filings that companies make is [Form 8-K](#), which must be submitted when a materially important event occurs. Since Regulation Fair Disclosure was enacted, there has been an increase in 8-K filings. Many companies use them to notify investors and other interested parties about information they've disclosed to others or plan to disclose during a meeting.

Form 8-Ks are one of the key places for reporters to look for news about companies on their beat, particularly news that businesses are not eager to disclose but are required to do so by law. Because of this, many firms wait until the end of the day or even Friday afternoon to file 8-Ks, with the hope that journalists will be too busy with other breaking news. To combat this issue, there are online services that reporters can use to receive e-mail notification each time selected companies file a Form 8-K.

What you should read for class: Chapter 4 of *Covering Business*

Assignment: For 100 points — Find a company where a top-ranked executive has recently left or been replaced. In 400 words, compare the information disclosed in the company's news release to the information disclosed in the Form 8-K. **Due by 1 p.m. Thursday, Nov. 12**

Thursday, Nov. 12: Financial terms quiz (in person)

I'll give you a quiz based on the definitions in the back of Reading Financial Statements. It won't be an open book test. 75 points.

Professional values and competencies: The Hussman School's accrediting body outlines a number of values you should be aware of and competencies you should be able to demonstrate by the time you graduate from our program. Learn more about them here: <http://www2.ku.edu/~acejmc/PROGRAM/PRINCIPLES.SHTML>

[#vals&comps](#). No single course could possibly give you all of these values and competencies; but collectively our classes are designed to build your abilities in each of these areas. The values and competencies in bold are most relevant for this course:

- Demonstrate an understanding of gender, race ethnicity, sexual orientation and, as appropriate, other forms of diversity in domestic society in relation to mass communications
- Demonstrate an understanding of the diversity of peoples and cultures and of the significance and impact of mass communications in a global society
- Demonstrate an understanding of professional ethical principles and work ethically in pursuit of truth, accuracy, fairness and diversity
- Think critically, creatively and independently
- Write correctly and clearly in forms and styles appropriate for the communications professions, audiences and purposes they serve
- Understand and apply the principles and laws of freedom of speech and press, as well as receive instruction in and understand the range of systems of freedom of expression around the world, including the right to dissent, to monitor and criticize power, and to assemble and petition for redress of grievances
- Understand concepts and apply theories in the use and presentation of images and information
- Demonstrate an understanding of the history and role of professionals and institutions in shaping communications
- Conduct research and evaluate information by methods appropriate to the communications professions in which they work
- Critically evaluate your own work and that of others for accuracy and fairness, clarity, appropriate style and grammatical correctness
- Apply basic numerical and statistical concepts

Honor code: All students will conduct themselves within the guidelines of the university's honor system (<https://studentconduct.unc.edu>). You are expected to produce your own work in this class. If you have any questions about your responsibility under the Honor Code, please see me or Senior Associate Dean Charlie Tuggle.

Diversity and inclusion: UNC-Chapel Hill's policy on prohibiting harassment and discrimination is available at <https://eoc.unc.edu/our-policies/ppdhrm>. The university is committed to providing a welcoming environment for all members of our community. The university does not discriminate in offering access to its educational programs and activities on the basis of age, gender, race, color, national origin, religion, creed, disability, veteran status, sexual orientation, gender identity or gender expression.

- **Harassment:** UNC does not tolerate harassment based on gender, race, religion, sexual orientation, culture, disability, or for any other reason. It is also a violation of the Honor Code and Title VII of the Civil Rights Act (1964) and Title IX of the Educational Amendments. If you need assistance with a harassment issue or problem, please bring it to my attention or to The Office of the Dean of Students, at dos@unc.edu or 919/966-4042.
- **Special Accommodations:** If you require special accommodations to attend or participate in this course, please let me know as soon as possible. If you need information about disabilities visit the Accessibility Resources & Service Office website at <https://accessibility.unc.edu/>, call 919/962-8300, or use NC Relay 711.

Accessibility: If you have a disability or other situation that might make it difficult to meet the requirements described of the course, please discuss it with me as soon as possible. If you have not done so already, you should also contact the Accessibility Resources & Service at ars@unc.edu.