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Investigator Hired in Probe of Columnist

NEW YORK (Bloomberg) - Time Inc.'s outside lawyers hired a private investigator to look into the business practices of financial columnist Dan Dorfman, a person familiar with the situation said yesterday.

Dorfman has been on paid leave from Time's Money magazine since Oct. 27, after Business Week magazine reported that federal prosecutors were investigating his ties to a New York stock promoter.

Time's outside attorneys are investigating the issues raised by the article and have retained the James Mintz Group, a private investigations firm, to assist in the probe, a person familiar with the situation said.

Officials at Time, a unit of Time Warner Inc., declined comment, as did James Mintz. Martin Gold, a partner at the New York law firm Gold Farrell & Marks, wouldn't comment on the status of the investigation.

"The only thing that I'll tell you is that we are the outside counsel to Time Inc., who are conducting the investigation," Gold said. Gold said Time was "a long-time client" of his firm, which specializes in corporate investigations and litigation.

Dorfman, who continues to work as an on-air commentator for CNBC, said he wasn't aware that Time's attorneys hired an investigator. He declined further comment.

Dorfman has been the focus of two stories in Business Week, a publication of McGraw-Hill Cos., that raised questions about his relationship with people who provide news tips for his reports. A Business Week story published in October said Dorfman was being probed by the U.S. Attorney for the Eastern District of New York for his relationship with stock promoter Donald Kessler.

Last week, Business Week published a second story that described Dorfman's use of stock-picker Doug Kass as a frequent source. "There is no evidence that Dorfman has done anything illegal in his dealings with Kass" and Kass' employer, the magazine said last week. "But his judgment can be questioned for relying so heavily on a source such as Kass with a lackluster investment record and a history of regulatory actions."

After the first article, Money editor Frank Lalli said he asked Time's general counsel to investigate. "I continue to believe that Dan Dorfman has not violated any laws," Lalli said at the time.

Dorfman is among the best-known and highest-paid U.S. financial journalists. His daily reports on CNBC often trigger rises and drops in the stocks that are discussed.

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