

Pensions & Investments

The international newspaper of money management

September 2, 2002

Fong's departure raises concerns

H Gifford Fong is out as editor of the Financial Analysts Journal, although the Association for Investment Management and Research, its owner, hasn't made an announcement. That reticence suggests a credibility problem for the AIMR, as it now is proposing a set of ethical business practices - including increased transparency - for executives at public companies and professionals at investment-management firms.

The move could mean radical changes in the tone and content of the self-described "bimonthly scholarly publication."

The situation has several interesting facets:

- Mr. Fong, even though he had been editor since about 1998, isn't a member of the AIMR.

- The FAJ may not be so scholarly any more. According to one person involved with AIMR's leadership, who didn't want to be named, "The FAJ is mainly academic. There are so many formulas and numbers. It just goes over the heads of so many people. It isn't pertinent. It isn't meaningful to (AIMR) members to use to assist their clients."

- AIMR officials, outspoken in recent corporate reform efforts, have a problem with candor. "They should have made an announcement" about Mr. Fong's departure. "Openness is better than making it all seem like a secret," the person said.

When informed that Mr. Fong isn't an AIMR member, Theodore R. Aronson, incoming vice chair of the AIMR board of governors, said, "I never knew. How embarrassing." Mr. Aronson is chief investment officer, Aronson + Partners LP, Philadelphia.

Membership means more than just paying annual dues of \$150. Members also attest to their observance of the AIMR's code of professional conduct and are expected to disclose any infractions of AIMR standards, legal actions by the Securities and Exchange Commission or others.

The person involved in the AIMR leadership also wasn't aware either that Mr. Fong isn't an AIMR member. "It's interesting AIMR doesn't require (signing the standards of conduct) of the editor, while requiring it of all its members," the person said.

Mr. Fong, who is president of Gifford Fong Associates, Lafayette, Calif., declined to discuss his leaving as the FAJ editor, which is a paid position, or his membership status. When contacted about Mr. Fong's status, AIMR staffers who provide membership confirmation to the public revealed that Mr. Fong had been a member in 1999 and 2000. As editor, he influenced the content of FAJ, which AIMR members and other readers indirectly impart to their clients, but he was not subject to AIMR standards for part of his tenure.

Mr. Fong acknowledged, when asked, that he will be involved with another publication, although he refused to name it.

The person involved in the AIMR leadership said officials there decided they needed a journal that will be more helpful to members in assisting their clients. The apparent change at FAJ is AIMR's recognition that "in the investment world today, the bulk of the business is more retail than pension funds."

Craig K. Ruff, an AIMR vice president, is acting editor. AIMR, while making no announcement, notes Mr. Ruff's new position deep within its website, on a link to FAJ under its listing of the "editorial team." AIMR is believed to be searching for candidates for editor.

Among those at the organization not returning calls for comment about FAJ were: Katrina E. Sherrerd, senior vice president, who oversees the FAJ; Thomas A. Bowman, president and chief executive officer; Dwight D. Churchill, vice chair of the AIMR board of governors and division head of fixed income, Fidelity Management & Research Co., in its Merrimack, N. H., office; and Mr. Ruff.