



**Jack O'Dwyer**  
Editor-in-Chief

# O'Dwyer's

## Newsletter

**The Inside News of  
PR and Marketing  
Communications**

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### **STRATEGIC COMMS. UNIT BUOYS FTI'S Q4**

FTI Consulting's Strategic Communications operation saw revenues rally 3.2 percent in 2016's fourth quarter to \$50.3 million, an impressive turnaround from Q3's disappointing \$45.8 million and a strong gain from the \$48.8 million that unit produced during the same quarter a year prior.



For the year, Strategic Communications revenues were \$191.2 million, a .6 percent gain from 2015's \$189,974.

The Washington-based corporate services company in an earnings statement today said Strategic Communications' performance was primarily the result of higher project-based revenues in the Europe, Middle East and Africa regions, which experienced an upswing in public affairs and financial communications engagements.

Earnings before interest, tax, depreciation and amortization in the Strategic Communications unit was \$8.4 million for the three months ending December 31, compared to \$7.6 million during the same period a year prior. EBITDA for the year was 30.4 million, an impressive leap of 9.7 percent from 2015's \$27.7 million.

Across the company, FTI Consulting reported Q4 revenue of \$441.9 million, an uptick from Q3's \$438 million but down slightly from the \$442.2 million reported in 2015's final quarter (in a statement, FTI said revenues had increased 2.6 percent when excluding the estimated negative impact of foreign currency translation).

Net income for the fourth quarter was down 31.4 percent to \$7.1 million (compared to \$10.3 million in the

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### **FOX NEWS ANCHOR TO STATE DEPT. SPOX**

Heather Nauert, an anchor for Fox News Channel's "Fox & Friends," is moving to the State Department in a top public affairs role as spokeswoman.

The 47-year-old Nauert spent 20 years with Fox News and its New York affiliate Fox-5, around a two-year run at ABC News.

Bloomberg noted the State Department suspended daily press briefings after President Trump's inauguration on Jan. 20, but will resume the briefings on March 6.

Mark Toner, a Foreign Service officer and Obama administration holdover, is acting spokesman at State.

Fox United Nations correspondent Jonathan Wachtel is now spokesman for the US mission to the UN.



**Heather Nauert**

**There's still time to take  
part in O'Dwyer's annual  
PR firm rankings.**

**Deadline extended  
to Fri., Mar. 10**

**Ranking Instructions  
(PDF)**



### **OWEN TO MANAGE FH GLOBAL HQ**

**FleishmanHillard** announced that senior vice president and senior partner Terri Owen has been appointed general manager of the Omnicom unit's global headquarters in St. Louis.

Owen joined the global PR agency in 1994, and earlier served as an assistant account executive before heading the employee communications practice group in St. Louis and later, leading the internal communications team in the St. Louis office and across the network.

In the new position, Owen will oversee the day-to-day operations of the firm's largest office and will work to develop its strategic plan, which includes client service, business acquisition, recruiting and staff development, innovation and resources investment.



**Terri Owen**

### **DIGITAL RIGHTS ENTITY TUNES IN CONLON**

SoundExchange, the Washington-based digital performance rights group that collects and distributes royalties, has brought in Richard Conlon as chief external affairs officer.

Conlon, a CMI veteran, heads corporate communications, industry relations and public policy under CEO Michael Huppe.

Conlon was previously senior VP of corporate strategy, communications and new media for BMI after 20 years at the former Broadcast Music, Inc. music royalty entity. He earlier worked at Viacom's pay-per-view unit and The Learning Channel network.

SoundExchange, which spun out of the Recording Industry Association of American in 2003, is a non-profit incorporated in Delaware.



**Richard Conlon**

## STRATEGIC COMMS. UNIT BUOYS FTI'S Q4

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prior year quarter), and adjusted EBITDA also declined for the quarter, to \$30.3 million from \$35.2 million in 2015's fourth quarter.

For the year, revenues increased 1.8 percent in 2016 to \$1.81 billion, with net income up 29.5 percent to \$85.5 million. Adjusted EBITDA for 2016 was \$203.0 million, compared to 2015's \$205.8 million.

FTI president and CEO Steven Gunby in a statement today referred to 2016 as "a superb year," aided particularly by record revenues in its Economic Consulting and Corporate Finance & Restructuring segments as well as a strong performance from its Strategic Communications unit.

## FUEL GROUP LOBBIES CAPITOL HILL

Oil and energy trade association, the **American Fuel & Petrochemical Manufacturers**, has retained government affairs shop Capitol Counsel LLC for representation in Washington on energy and environmental issues.

AFPM, which was formerly known as the National Petrochemical & Refiners Association, represents virtually every gasoline, diesel, jet fuel and home heating oil manufacturer and refiner in the U.S. The trade group has hired CC for strategic counsel and lobbying support among legislative and executive branch officials on issues including the renewable fuel standard program, the federal initiative established by Congress under the Energy Policy Act of 2005 that requires transportation fuel sold in the U.S to contain a minimum volume of renewable fuels.

That controversial program, which amended the Clean Air Act in a bid to curb greenhouse gas emissions and reduce the country's reliance on imported oil, was expanded significantly under the Energy Independence and Security Act of 2007, which centered on increasing the production of renewable fuels and ultimately achieving greater U.S. energy independence. The Environmental Protection Agency sets RFS' renewable fuel volume requirements for each calendar year.

Efforts have been made within Congress and among trade groups to either repeal the RFS program or lower its compliance requirements. Oil and natural gas trade group the American Petroleum Institute in February petitioned the EPA to deny proposed requests to further alter fuel obligation requirements under the RFS program.

Capitol Counsel will also aid AFPM on issues pertaining to transportation and infrastructure and safety and security, as well as the Clean Air Act. The firm is headed by founding partner John Raffaelli, a Democratic lobbyist who was trade and tax advisor to former Texas Senator Lloyd Bentsen and a founder/chairman of The Washington Group and its predecessor firm, Raffaelli, Spees, Springer and Smith.

AFPM in July hired D.C.-based government relations consulting firm Daly Consulting Group for lobbying help on issues related to climate change disclosure.



## DIAMONDS ARE FOREVER. YOUR CORPORATE CRISIS DOESN'T HAVE TO BE



By T.J. Winick, VP at **Solomon McCown & Company**.

The snappy jingle "Every kiss begins with Kay" has taken on quite a different context since it was revealed in *The Washington Post* last week that Sterling Jewelers, owner of Kay and Jared jewelry stores, is the target of a class-action lawsuit by 69,000 current and former employees alleging a corporate culture of sexual harassment of female employees by male superiors in addition to a significant gender wage gap.

Sterling fired back, labeling the media reports "distorted and inaccurate." The company's statement charged that "None of the 69,000 class members have brought legal claims in this arbitration for sexual harassment or sexual impropriety... The only claims certified to proceed on a class-wide basis relate to alleged gender pay and promotions discrimination." Still, **shares of Signet Jewelers** (of which Sterling is a wholly owned subsidiary) closed down more than 12 percent earlier last week amid the news reports of arbitration between the two parties.

As a company whose livelihood and profits relies on tugging at the heartstrings, it's understandable why the headlines of crass behavior, intimidation, and treating women as second class citizens have already put a dent in earnings.

As much as we in the communications business place a premium on how information is conveyed and rightfully so, serious problems with corporate culture (e.g. Wells Fargo) are repaired, not through rhetoric, but through honest self-examination followed by a fundamental change in operations.

It's worth noting that the arbitration claim that alleges the inequities in pay and promotion was first filed nine years ago, in 2008. So while Sterling may or may not have already addressed certain areas of concern, here are some key messages that would be helpful for Sterling to communicate to its key constituencies, including current and future employees and, of course, their customers who have plenty of choices when it comes to shopping for jewelry.

**Apologize: Sterling doubled down in its statement**, saying, "We have thoroughly investigated the allegations and have concluded they are not substantiated by the facts." The thing to remember is: An apology is not tantamount to admitting guilt. Expressing that you're sorry there were valued team members who had a negative work experience or felt they were treated unfairly would have been a smart move in this case and would have portrayed some compassion for the tens of thousands of long-time employees who have joined the class action suit.

**Zero tolerance:** Sterling insists the company "takes any concerns seriously and had - and continues to have - multiple processes in place to receive and investigate allegations of misconduct." So where was the issue or, at the very least, miscommunication? Were processes not adequate, their implementation lackluster? If 69,000 employees claim your company engaged in discriminatory practices, surely more explanation is necessary to prove the company addresses these issues adequately. If there has been workplace sensitivity training, why not say so? If there hasn't been, now is the time.

(Continued on next page)



**Review your pay practices:** Communicate what your company is doing to close the wage gap and take a leadership role in the industry. This means crunching compensation data, using a variety of recruitment techniques and ensuring promotion requirements include measurable goals. These are all ways to demonstrate to internal and external audiences that yours is a company that cares, really cares, about fairness and equality when it comes to pay. Sterling hasn't addressed the pay issue other than to say they take the allegations "very seriously."

**Visible support of Women's causes:** While the bottom line value of corporate social responsibility initiatives continue to be debated, there is surely reputational currency earned by numerous good needs. **Jared's** and **Kay's** "Giving Back" pages note their generous support of organizations such as St. Jude Children's Hospital, the American Diabetes Association and the Diamond Empowerment Fund. All worthy causes, but none speak to the group Sterling is accused of marginalizing: women.

Sterling's genuine support of nonprofits dedicated to women's health and career mentoring, for instance, would go a long way towards helping repair Sterling's tarnished image.

## **FAKE NEWS, CNBC STYLE**



By Fraser P. Seitel, consultant and author for 40 years. When it comes to fake financial news, the undisputed world leader is CNBC. The financial "news" network proved that once again last month when it enabled notorious short seller Andrew Left to hijack the airwaves for personal gain. (In short selling, stock traders bet against a company by selling shares they don't own, hoping to buy them back at a lower price.)

In aiding and abetting Left in his quest to hold the network captive with, ahem, "breaking news," CNBC continued its long-standing tradition of serving as willing blocking back for every public relations-savvy short seller bound for pay dirt by encouraging them to "sell their book" on national television.

The "news" that CNBC enabled Left to announce was that he had decided to cover his short sale of high-flying technology company Nvidia Corporation; a short he announced on the very same CNBC airwaves eight weeks earlier. Left said he would cover his Nvidia short at \$100 a share and use the proceeds from the sale to short another equally-successful technology firm, Mobileye NV. (Full disclosure: I own neither stock.)

Almost immediately — and predictably — Left's CNBC-enabled "news" caused Nvidia's stock to go up and Mobileye's to go down.

CNBC had to be thrilled to move the market so significantly, particularly because the impact reinforced what every TV network considers its most essential goal: to boost ratings.

Investors in Nvidia and Mobileye, on the other hand, may have been considerably less enthused.

- For one thing, it was the second time in two months that CNBC had extended free air time for a Left commercial.
- For another, eight weeks earlier, with Nvidia's stock at a 52-week high of \$120, Left told viewers that his "analysis" indicated Nvidia was worth far less and

could fall a whopping 25 percent to \$90 a share. The stock immediately headed south after the CNBC "news."

But if Left truly believed his prediction that Nvidia was headed down to \$90, why, one wondered, would he rush to cover his bet at \$100 just eight weeks later; thus sacrificing 10 percent more in potential profits.

The answer, of course, was that the short seller never expected Nvidia to decline 25 percent as he breathlessly revealed to CNBC viewers. But he could be relatively certain that his shocking pronouncement would, indeed, cause viewers to help drive down the stock price enough for him to make a tidy profit. Which it did and presumably, he did, with CNBC's gracious assistance.

Over the years, CNBC has provided the same carte blanche forum to other shameless short sellers, like David Einhorn, Bill Ackman and Jim Chanos, to use its airwaves to tout their picks and reap the spoils.

There's nothing illegal about a stock market investor touting his picks on national television. Nor is there anything illegal about CNBC rolling over for said tout, in an attempt to boost ratings.

Unethical maybe, but not illegal.

In his most recent CNBC free air turn, Left said he was shorting Mobileye, a leader in the technology for self-driving cars, because at \$48 a share, the stock, like Nvidia, was "overvalued." Left advised viewers that his "analysis" revealed that Mobileye would likely drift down toward \$35 a share in the short term.

How much you wanna bet he's gone at \$40?

## **FWV NAMED AOR FOR HR FLORIDA**

HR Florida State Council, the state affiliate of the Society for Human Resource Management (SHRM), has named **French/West/Vaughan** as PR and marketing agency of record. This is the first time the council has established such a relationship.

HR Florida represents more than 14,000 human resource professionals and 6,300 employers. FWV will be tasked with elevating the council's visibility and value in the HR industry. The first initiative is preparation for HR Florida's annual conference this summer in Orlando from Aug. 28-30.



## **BACKBAY NAMES DOWD COO**

**BackBay Communications**, which focuses on the financial sector, has promoted Jen Dowd to chief operating officer. The newly created role was prompted by the firm's steady growth since its founding in 2005.

"At this point in our evolution, it is the ideal time to add a COO position to help take BackBay to the next level," BackBay's president and CEO Bill Haynes.

As COO, Dowd will work on client strategy and implementation as well as partner with senior leadership on business development and marketing.



**Jen Dowd**

## PR OPINION

**Nicholas Kardaras, author of *Glow Kids*, frightened a Westhampton Library audience March 3** with graphic descriptions of the negative effects of excessive screen time on the brains of children and teenagers.

"Kardaras was an amazing, knowledgeable and informative speaker, warning of the dangers of video games, social media, cellphones, etc., on everyone and especially children," said Wendy Wax, author of books for children, who was in the audience of 17 at the noon to 2 p.m. event and covered for O'Dwyer's.

Her books include *Renoir and the Boy with the Long Hair* and *City Witch, Country Witch*. She also has a consulting business for new children's book authors and is recommended by the **Society of Children's Book Authors and Illustrators**.

Kardaras, who has appeared on Fox & Friends, ABC-TV, Katie Couric's Yahoo! show and 30+ radio programs, as well as at the Sag Harbor and Southampton libraries, both night time events, said, "Today's children are in a mass social experiment, and we won't know its full impact until 20 years from now."



Wendy Wax

He said there are plenty of signs of negative impacts already.

Schoolchildren who are addicted to games are too hyped-up even to take notes, he said. Many are put on Ritalin for the wrong reasons. "They've become hyper-aroused and addicted to screens and instant gratification."

Attention is gained by "constant rewards." Viewers of TV commercials, he noted, are assaulted with constantly changing images to "grab their attention."

### Public "Consciously Under-Informed"

A principal message of Kardaras is that the public has been "consciously under-informed about the negative effects of too much screen time on children and teenagers even though the research is there." Screens are "visual Trojan Horses" that undermine education, he said.

Although the Kardaras book was published last August, it was not until March 3, the first "National Day of Unplugging," that the Westhampton Library scheduled him as a speaker. He lives in Sag Harbor and is executive director of The Dunes, rehab clinic in East Hampton. **He spoke to the Sag Harbor library** last Sept. 8.

Members of audience who asked what they can do were told to confront school principals, library staffers and others with requests to be shown any study that "proves computers have any educational efficacy."

It is "evil to get children hooked on games that have the same reward mechanism as slot machines" and evil for companies to get "innocent kids to be beta-testers, getting them addicted to games," he said.

Tech execs put their own children in "**no-tech Waldorf Schools**," he notes.

The meeting was held in a room where bridge and other groups meet. The routers in the ceiling create high levels of pulsed, electromagnetic radiation as measured by an Acoustimeter used in the room by this reporter. Other rooms in the library also show high levels of radiation.

The library board's position, based on findings by the Federal Communications Commission, is that the radiation does not heat bodily tissues and is **therefore not a danger**.

Not present at the meeting was library director Danielle Waskiewicz who said she was busy at a meeting on water conservation and a landscape forum. She noted her adult program director introduced Kardaras.

### ADHD on Increase

Current clinical research, said Kardaras, correlates excessive screen time with disorders such as **Attention Deficit/Hyperactivity Disorder**, addiction, anxiety, depression, increased aggression, and even psychosis.

Recent brain imaging studies show that excessive screen exposure can damage a young person's developing brain in the same way that drug addiction can, he said.

Three of his adolescent patients were "psychiatrically hospitalized because screen games blurred their reality until they didn't know what was what."

He asked one of them, "Do you know where you are?" and the boy said, "Are we still in the game?"

### Screens Are Interactive and Immersive

Today's cellphone and computer screens are "interactive and immersive" and far different from the TV screens that previous generations grew up with, said Kardaras.

There's a stage when children learn language, and if they don't learn language, then the part of the brain used to learn it "hardens," and the window for learning language closes, he said.

Children cannot determine what's real and not real, according to Kardaras. Healthcare workers use "attention reality testing" to probe children's grip on reality. They find "derealization," which is like "a bad acid trip," and depersonalization, "an out-of-body experience, making a child feel like he/she isn't real." Games raise dopamine, a neurotransmitter most associated with addiction, as much as sex and chocolate, said Kardaras.

He advises weaning children from screens, having them crumple paper or do pushups or play basketball or do other active things in which they use their senses and their bodies. Allow them to, and want them to, indulge in the feeling of being bored--to counteract "being overstimulated" from the screens.

According to Kardaras, electronics spur the "pleasure circuits" in brains, doubling the amount of dopamine while shrinking the amount of gray matter in the frontal cortex, the decision-making center. Neurological development and verbal intelligence are delayed.

He was the subject of a *Time* magazine Aug. 31, 2016 feature headlined, "**Screens in Schools Are a \$60 billion Hoax**." The Aug. 28, 2016, *New York Post* had a two-page feature on him headlined "**Digital Heroin**."

— Jack O'Dwyer