

# **SECURITY ANALYSTS OF SACRAMENTO**

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October 3, 2002

Dwight D. Churchill, CFA  
Chair  
Board of Governors  
Association for Investment Management and Research  
P.O. Box 3668  
Charlottesville, Virginia 22903

Dear Mr. Churchill:

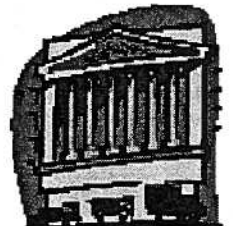
I am writing this letter to you as President of the Security Analysts of Sacramento and on its behalf in support of Bruce Jacobs' August 12, 2002 open letter to AIMR's Website regarding the need to expand the proposed AIMR Research Objectivity Standards. The expanded standards would cover potential conflicts of interest related to the acceptance of articles and speeches for publications and conferences.

Mr. Jacobs has spent considerable time and effort researching and reporting what he perceives as conflicts of interest on the part of the Financial Analysts Journal's Editorial Board. Irrespective of the merits of Mr. Jacobs' litany of conflicted situations, it appears that it would be highly beneficial if AIMR were to develop a set of conflict of interest standards for its publications and conferences.

In his August 12, 2002, open letter to AIMR's Website, Mr. Jacobs proposes Research Objectivity Standards modeled after the AIMR Code of Ethics and Standards of Professional Conduct for the Financial Analyst Journal, the CFA Digest, the Research Foundation monographs, as well as AIMR conferences and proceedings, and web-casts and web-based seminars. (See page 4 of the attached open letter for a full description of the proposed Standards).

We recommend Mr. Jacobs' proposed Internal Research Objectivity Standards be adopted by AIMR, posted in all AIMR publications and conferences, and enforced by the appropriate supervisors. We believe a transparent editorial policy, where all potential conflicts of interest are disclosed, would ensure a level of fairness and integrity in AIMR publications and conferences that would redound to the benefit of all AIMR members and, indeed, all participants in the financial markets.

We believe not proceeding with this recommendation could damage AIMR's reputation and diminish AIMR's stature as a defender of investors' rights to full disclosure.



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We are also simultaneously submitting this letter for posting on the AIMR Website as a comment on the proposed Research Objectivity Standards.

Thank you for your attention,

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Jose M. Arau, CFA  
CalPERS Principal Investment Officer &  
President Security Analysts of Sacramento

cc: AIMR Board of Governors  
AIMR Senior Education Staff  
FAJ Editor  
FAJ Editorial Board  
FAJ Editorial Staff  
The CFA Digest Editor  
The CFA Digest Editorial Board  
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