

Group Assignment

Case Studies on Information Seeking Controls

Net Neutrality and Wachovia Bank's Violation of the U.S. Bank Secrecy Act

Barron Angell  
Nicole Cignoli  
Jessica Reeve  
Rebecca Schneider

Information Seeking Behavior  
ILS 537-S70  
Spring 2011

Eino Sierpe, Ph.D.  
Department of Information and Library Science

Submitted May 8 2011

### **Case Studies on Information Seeking Controls**

In Achbar and Wintonick's (1992) documentary film, *Manufacturing Consent: Noam Chomsky and the Media*, Noam Chomsky discusses mass media in the United States and its relation to culture, society, and the existing power structure. In the film, Chomsky presents the propaganda model to explain that print, radio, and television are all corporate-owned mass communication media. Their corporate ownership is made up of controlling partners and investors, the power elite, who have special interests and who dominate the government and the private sectors. Media uses editorial bias to determine which news stories and programs to broadcast. By catering to their advertisers' and investors' political biases and economic needs, mass media places profits over reporting accuracy. Through media, the small power elite indoctrinates the political class (e.g., society's role-models, voters) into the status quo. Then, by limiting media content and public debate reflective of the power elite's goals, they manufacture consent with the mass population to their agenda so people aren't motivated to challenge or participate in the political process.

This paper examines two recent news stories to determine whether the United States' media's coverage in each case supports Chomsky's propaganda model and whether the propaganda model's principles intersect with, and could possibly expand, an information seeking behavior model. The first case study analyzes net neutrality's principles in light of the recent governmental legislative actions in the United States. Net neutrality states all that Internet service providers (ISPs) have to treat all websites in the same manner and that Internet users can access any lawful web content they choose using any application they choose. As of April 2011, these rules have been challenged with the passage of the U.S. House of Representatives' resolution prohibiting the U.S. Federal Communications Commission (FCC) from regulating how ISPs

## GROUP 2 COMMITTEE REPORT

manage their broadband networks. This vote could overturn two key FCC rulings on net neutrality. The most recent is the FCC's "Preserve the Internet" order passed in December 2010, which prohibits blocking or prioritizing access to other providers or to websites by broadband, cable television, and telephone providers and limits access obligations for wireless providers (Wyatt, 2011). This order built upon the FCC's 2005 "Internet Policy Statement," which established four principles that encourage and promote an open Internet without ISP or government restrictions (Gilroy, 2010). With passage of anti-net neutrality legislation, ISPs could create a two-tiered Internet access system, broadband and wireless, and a corresponding fee structure compelling a particular web site or company to pay in order to ensure their information travels unimpeded through the Internet.

The second case study analyzes Wachovia Bank's violation of the United States Bank Secrecy Act, an anti-money laundering law, as a result of their involvement in laundering over \$387 billion of Mexican drug cartel money. This amount is equal to one-third of Mexico's gross national product, making it the largest violation in United States history (Fincen, 2010). In March 2010, Wachovia settled with the U.S. Department of Justice (DOJ) for willful failure to apply appropriate anti-money laundering measures under the "deferred prosecution" ruling, agreeing to pay \$100 million forfeiture and a \$50 million fine and promising to not break the law again. The one-year deferment expired March 2011 without the case coming to court or individual bankers being charged, meaning Wachovia is legally cleared (Vulliamy, 2011). As early as 2004, Wachovia was made aware of its illegal money transfers, and was further advised by a senior money-laundering officer in London in February 2005; however, no internal actions were taken. In the same year, the U.S. Drug Enforcement Administration found cocaine traces in an airplane, resulting in the DOJ's 22-month investigation of Wachovia (Anderson, 2010). *The*

## GROUP 2 COMMITTEE REPORT

*Wall Street Journal* broke initial information on the story in April of 2008, and *CNN* also carried a story. However, the United States media outlets gave little press to any of these events until March 17, 2010 when *MSNBC* and *The New York Times/Reuters* reported news of the settlement. Since 2006, more than 34,000 people have been killed in drug-related battles in Mexico (U.S. Department of State, 2011).

While an initial review of the two cases supports several arguments in Chomsky's propaganda model, a more extensive analysis of mass media's coverage in each case will demonstrate how the model applies to these cases and their relevance to an information seeking behavior model.

### **Net Neutrality**

A review of the net neutrality case clearly demonstrates several of the issues that Chomsky described in the documentary used in reporting to distort or filter information, specifically ownership, concision, and diversion.

The first issue is the control of news and data by the few that favor profits over public interest or free access to information. In this instance, the few are the major telecommunications companies like Verizon and AT&T. These companies control Internet access and, as a result of the bill passed by the U.S. House of Representatives, may have a greater ability to control information in the future, contingent upon it passing in the Senate and approval from President Obama, which he has stated he would not give (Wyatt, 2011). Using their position as Internet carriers, they could potentially create tiered systems of Internet access, where those who pay more have faster and wider access. In addition, they can give preferential treatment to themselves and their affiliates so that their websites load faster while limiting the speed and access to websites of their competitors (Velshi, 2010). In addition, because these companies control both

## GROUP 2 COMMITTEE REPORT

wired and wireless services and the resolution doesn't apply to wireless services, this could create a situation where those with wired connections will be able to access information more freely than those using wireless Internet, accessible on mobile devices. This can significantly impact the way people receive the news and other information (Gahran, 2010). In addition, there is the possibility that if the information going through the broadband providers is in opposition to that major corporation's beliefs or the recipient has been a dissenting voice on a particular corporate goal, information could be delayed or re-routed. Chomsky indicates that this control of information constitutes a violation of the First Amendment, which requires free access to ideas and opinions.

The second issue is in the actual reporting of this story. Net neutrality is an issue based on technology, and as a result news stories about it are often published in the technology section of newspapers, or in the technology segments of television news reports. It is also often difficult for most readers to understand an issue like net neutrality due to its complexity, so news sources limit its discussion to small articles and stories, a technique which Chomsky calls concision. This technique is due to the need of newspapers and media outlets to fit a news story between advertisements, reducing the opportunity for debate and critical analysis which typically requires more time. As the power and political elite are the agenda setters, dissenting voices are not heard. Chomsky has cited this as the reason why he's never appeared on television shows like *60 Minutes*. Unfortunately this means that the information in these stories isn't necessarily complete and therefore the accurate information isn't getting to the information seekers.

Another issue that Chomsky describes is diversion, which occurs when a news source intentionally uses one story to distract the information seeker from another. This is often done by publishing or airing news stories on a certain day in a lower priority or location due to other

## GROUP 2 COMMITTEE REPORT

breaking news, taking people's attention away from a story that day that may interest or affect them. The April 2011 vote on the net neutrality bill happened on the same day as the massive Pandora and Epsilon security breaches, as well as the averted shutdown of the federal government, all of which made national headlines. As a result, the news of the vote was overshadowed and few people saw it.

This issue can sometimes go along with media bias, or the political swing of a given news source, which can also affect how the information is presented. While most coverage of this issue was politically even, *The Wall Street Journal* and *Fox News* had a decidedly conservative view of the matter, almost to the point of sensationalism in some cases. Most other papers and news sources had a fairly even account, but almost all coverage of the vote focused on the political ramifications rather than what it meant for both the ISPs as businesses and for people that use the Internet. If people view something as a political issue, they may be reticent to seek more information about it, and as a result they would be ill-informed about the issue itself, about regulating corporate control over an important communication medium and what it means for them. Overall, Chomsky makes many valid points about concision, diversion, media bias, and the control of the media by the few as opposed to the many. This particular news story on net neutrality clearly demonstrates all of these issues and show that Chomsky was correct in his assessment of the media.

### **Wachovia's Money Laundering**

The second case study examines Wachovia's money laundering through Chomsky's theories and reveals that, similarly to the net neutrality case, issues related to corporate ownership and concision contributed the most to shaping the coverage.

Chomsky posits that since a majority of news outlets are owned by a small group of

## GROUP 2 COMMITTEE REPORT

corporations, an extremely small group substantially shapes all media coverage. In addition to stories that actually made it to press, Wachovia's standing as a prominent banking player also affected what was kept out of the press, as well as positive or neutral press. During the investigation, Wells Fargo was in the process of acquiring Wachovia, making Wells Fargo a more prominent member of the powerful elite. Wells Fargo admitted knowledge of Wachovia's money laundering issues, but complied with the investigation and paying the subsequent fine (Wells Fargo Press Release, 2010). Wells Fargo's controlled self-reporting of the event spun it in a positive light, showing that Wells Fargo is a cooperative and law abiding corporate citizen.

Corporate power also silenced a single employee for a long period of time, to the point that news corporations would have an incomplete story, even if investigative journalism had occurred. Martin Woods, an anti-money laundering expert at the London branch of Wachovia, repeatedly filed suspicious activity reports with the U.S. government (Vulliamy, 2011). Woods was criticized by Carlos Perez, Wachovia's Miami manager of Latin American banking, for questioning the legitimacy of traveler's checks (Alpert, 2009). When Woods required hospitalization, upper management at Wachovia effectively removed him from his position by claiming he had not properly filed paperwork, and eventually agreed on a settlement with him not to divulge certain details of the case (Vulliamy, 2011). The way the case was handled within the company shaped reporting and caused press to have less information to report.

News stories regarding Wachovia's money laundering that made it to press exemplify Chomsky's notion of concision. Amongst elite and mainstream U.S. news sources in 2010, *Bloomberg*, *The Guardian*, *The NY Times*, *USA Today*, *CNN* and *Reuters* each had one substantial report on the Wachovia story. In comparison, in April 2011, a mainstream British newspaper, *The Observer*, published an in-depth article in their Sunday paper. This illustrates

## GROUP 2 COMMITTEE REPORT

that reporting and the amount of concision differs based on both the source and location of the media outlet. This case involved three different countries, and both the times that coverage came out and the breadth of the coverage were not consistent between the United Kingdom and the United States.

Directly related to concision is the placement of Wachovia stories in mainstream U.S. media. Short stories in large newspapers like *The New York Times* or *USA Today* were buried in the financial section, and were not front-page news. The most in depth reporting was on niche financial websites. While publications like *Bloomberg* and *Barron's* have a large readership, they still cater to a specialized audience, and many people would not be exposed to news on Wachovia unless they actively sought it out.

Other news stories effectively diverted most people's attention from the Wachovia scandal and caused it to be placed further from the front page. In 2008, the year that the investigation took place, U.S. news was also covering the mortgage, bank, and financial crises. In addition, it was an election year. The average person was more concerned with reading this news because they saw a direct connection to their lives, as they faced potential devastations like foreclosures or unemployment. In these cases, large corporations were reported on in a harsh and negative light; however, this could be due to the content and the direct relevance it had to people's lives. A person could not make an immediate connection between money laundering, the drug cartel, and their life, without further investigation, making it easier to conform with Chomsky's theory that the elite and powerful can control the news, and keep negative information from reaching a vast majority of the public.

Reporting also potentially suffered from the omission of key facts, conforming to Chomsky's notions of inaccurately editing and biasing a piece. This was the largest violation of

## GROUP 2 COMMITTEE REPORT

the Bank Secrecy Act, yet this fact was not reported in all coverage, downplaying the importance of this case (Fincen, 2011).

A combination of news outlets' selective reporting, influenced by their ownership, the influence of the large banking corporations involved, other prevalent news stories, and a careful shaping of coverage that did emerge, contributed to the underreporting of the Wachovia case. This furthers Chomsky's theories on control of the media by the elite and powerful, and shows the effectiveness of carefully edited, concise reporting.

### **Chomsky's Critique and the Expansion of Information Seeking Behavior Models**

Critically examining these two test cases provides some corroboration for Chomsky's critique of mass media news sources and has important implications for the development of more accurate information seeking behavior models. Chomsky's critique particularly poses questions about the characterization of information seeking as an active process and a search-oriented, rather than an evaluative, process.

The impact of Chomsky's critique on information seeking behavior models can be demonstrated by unpacking the term "information seeking" itself. First, this term positions information consumption as an active pursuit, with a "seeker" choosing to manipulate information sources with a specific goal in mind. However, news consumption, particularly mainstream news consumption, is in many ways a passive experience. A seeker who chooses to learn about the day's news or to research a specific story is faced with news sources that underreport important stories, tell stories from a political or corporate perspective to the exclusion of a public interest perspective, and present specialized topics as overly technical or obscure. With these constraints, individuals become information consumers rather than information seekers, following news stories that have already been deemed "important" by the

## GROUP 2 COMMITTEE REPORT

often homogeneous landscape of mainstream news media and frequently accepting the narratives embedded in these stories. Any subsequent information searches will be informed by the landscape of mainstream news media - in the cases of Wachovia and net neutrality, many news readers will not seek further information about either topic because they have no reason to believe them important or to doubt that the mainstream news accounts are not completely satisfactory. Thus, mainstream information sources shape the information landscape and limit the ability of individuals to perceive gaps in their knowledge and embark on information searches.

"Information seeking" as a term additionally emphasizes "seeking" rather than "evaluating" as a primary concern of information seekers. In fact, the unreliability of widely-used sources like the mainstream news media means that the ability to not only locate sources, but to evaluate their accuracy, is central to information seeking. All information seekers evaluate and select sources, and information seeking behavior models should take into consideration the effect of personal and cultural biases on selection of information sources, rather than assuming that seekers value only reliability and convenience. People trust mainstream media for personal and cultural reasons rather than purely intellectual ones, and ignoring the reasons for this trust limits the ability of information seeking behavior models to represent the decision-making that takes place during information searches.

Chomsky's critique is a useful expansion to information seeking behavior models whether or not one agrees that the biases present in mainstream media are solely caused by powerful political and corporate interests (rather than the result of widespread cultural biases or the capitalist mandate of for-profit media to maximize profit). Chomsky's ideas do not fundamentally challenge information seeking behavior models - even in a world of imperfect and limited information sources, people still have the agency to pose information questions, evaluate

## GROUP 2 COMMITTEE REPORT

potential information sources, and use the results to fill information gaps and solve problems. Chomsky's model of mass media consumption also relies on variables that have already been established by information seeking behavior models, such as time and availability - the convenience of an information source will make individuals more likely to use it. However, Chomsky's critique shows that the convenience of homogeneous, biased information sources can make the difference between active information seekers and passive information consumers. It additionally shows that cultural norms are a factor in selection of information sources that cannot be overlooked. These factors limit both the information to which individuals have access and the information they choose to access.

### **Conclusion**

Noam Chomsky has spent a significant part of his academic life sharing his theories to the world about the media's propaganda. His often contentious viewpoints have been debated and have been largely ignored by those in control of the media. However, in looking at the way the media covered the 2011 net neutrality ruling and 2008 Wachovia Bank money laundering, his theories provide a credible explanation for the ways these stories were reported. As a result, these theories would be beneficial for expanding existing models of information seeking to account for the effect of media bias and the way information, or lack thereof, can change based on who is presenting it. As these issues will continue to present themselves in media coverage, it is important to critically assess information and information seeking models.

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## GROUP 2 COMMITTEE REPORT

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