ANNALS OF COMMUNICATIONS

BUSINESS OUTSIDER

Can a disgraced Wall Street analyst earn trust as a journalist?

BY KEN AULETTA

The newsroom of Business Insider occupies the thirteenth floor of 257 Park Avenue South, overlooking the sidewalks and snail-mail concerns of Twenty-first Street. Rows of pressed-wood IKEA desks are lined up under a vast ceiling, and several dozen writers and editors tap away at keyboards and gaze at twenty-three-inch screens. By the reception desk, there is a Ping-Pong table, where two employees chase and whack a celluloid ball. As with all newsrooms these days, telephones rarely ring, and shouting and group huddles are uncommon. Instead, reporters Google, Facebook, text. The loudest noise often comes from Henry Blodget, the editor-in-chief, who occupies the first seat in the sixth row from the entrance. He sits with his back to a white concrete pillar, facing his reporters and editors, wearing a white shirt, a tie, and a charcoal business suit. When he talks, his arms swing and his voice rises, conveying the enthusiasm of an evangelist.

Blodget bounds from his chair to pace, and to enthrall the Internet. Online space is limitless! Business Insider could post a slide show of seventy-five—a hundred—photographs, he declares: "A newspaper couldn't print seventy-five pictures!" A television news story might cost a few million dollars to produce; with a handheld camera, one of his reporters could make a decent video for several thousand. Blodget's voice rises: "What the Internet has done is made a million sources of information available. It's only a click away." And: "The Internet has disrupted many industries. The newspaper business has been destroyed. It's beginning to happen, arguably, to television. Consumer behavior is changing!"

Business Insider was started in 2007, by Kevin P. Ryan, an Internet entrepreneur, and Blodget, who became the C.E.O. and the editor-in-chief. Blodget, who is forty-seven, gets up every morning at five-thirty, writes four or five blog posts a day on average, and dashes off twenty to thirty tweets. Most weekday mornings, he conducts an online video-interview program, Daily Ticker, for Yahoo, and is himself frequently interviewed on television. Once, he raced from his Brooklyn home at 4 A.M. to catch a flight to Chicago for an advertising-pitch meeting, only to discover, upon arrival, that he had packed two left shoes.

Traffic was negligible at the beginning, but, according to Google Analytics, Business Insider now draws twenty-four million unique monthly users, more than CNBC. Among business-oriented sites, only the Wall Street Journal, Forbes, and Bloomberg have more online users. "Our site is half the size of WSJ.com, and they have about seventeen hundred people on staff," Blodget said one recent afternoon. Two-thirds of Business Insider's readers are male, many of them young, affluent businessmen and Wall Street traders. One-third of its traffic comes from overseas; this is why Blodget discounts the readership measures provided by Comscore, which pegs Business Insider's unique monthly users at nine million but doesn't include overseas readers. Most clicks come during the workday, and users average four minutes on the site, which matches the reading attention span of many Wall Street traders. Its Clusterstock page attracts some of the heaviest traffic, with what amounts to news candy for financiers: "Here's What Jon Corzine Has Been Doing in His Spare Time Since MF Global Blew Up," and "The 17 Naughtiest Feuds in Wall Street History."

Business Insider comes across as both an essential read and a slightly illicit one. Like the Huffington Post and other digital competitors, it offers original reporting. Last May, in "How..."
Goldman Sachs blew the Facebook IPO," Blodget revealed how Goldman lost the chance to be the lead underwriter in Facebook's initial public offering. In "At Last—The Full Story of How Facebook Was Founded," with access to previously undisclosed e-mails Nicholas Carlson, a reporter and an editor, looked into the founding of Facebook and questioned whether Mark Zuckerberg had stolen the idea for the social network from the Winklevoss brothers, at Harvard.

Often, though, Business Insider links to reported news—"Japanese Prime Minister Appoints New Head of the Bank of Japan"—and then adds its own commentary, as well as reactions from others. "It's halfway between broadcast and print," Blodget said, standing by his desk, his sandy hair flopping onto his forehead, his tie askew. "It's conversational. There's a real element of being on air when you're at your desk." Intrinsically, to this conversation is speed; if the facts or conclusions turn out to be wrong, they can be fixed later. And, because Business Insider provides links to the original stories, Blodget insists that the site is sharing content, not stealing it. Like a tabloid editor, Blodget also knows how to attract readers. He often posts slide shows of photographs or charts, each on a separate page, which means that they produce more clicks, thereby boosting the site's page-view count. Generally, the top posts include a business story—"10 Things You Need to Know Before the Opening Bell"—accompanied by an unrelated photograph of an attractive woman, usually with some clicheuage showing. If Bloomberg and Fleshbot had an illegitimate child, it might look something like Business Insider.

Blodget once enjoyed a grander stage. In the late nineties, he was a research analyst covering the Internet sector for Merrill Lynch. He was named to Institutional Investor's All-Star Analysts team three years in a row, and was omnipresent on CNBC and on Lou Dobbs's "Moneyline," on CNN. Although he may have flashed his toothy smile a little too often and uncannily praised his interviewers for their profound insights, his assertive optimism was welcomed by television outlets eager to expound on the new tech economy. Blodget offered tales of such startups as Amazon, Yahoo, eBay, and Netscape. He was paid handsomely for his expertise, and for his opinionated reports. Even when he was wrong, it didn't stain his reputation. Not long after the 2000 merger of AOL and Time Warner, Blodget predicted that within two years the resulting enterprise would become the world's most valuable company. It turned out to be the most disastrous merger in corporate history. Meanwhile, Blodget's compensation at Merrill Lynch rose from three million dollars, in 1999, to twelve million, in 2001.

But when the dot-com bubble burst, in 2000, and investors' cumulative wealth shrank by five trillion dollars, they sought culprits. Eliot Spitzer, then the New York State Attorney General, became their champion. Spawned to want to know why the research departments at so many Wall Street firms, instead of issuing warnings, released reports designed to gain favor with companies at the expense of investors, Blodget's Internet proselytizing made him a compelling target. Spitzer sifted through heaps of e-mails and research reports from Merrill Lynch, and uncovered e-mails that suggested that Blodget consistently misled investors by publicly praising digital companies that, privately, he described as "dogs" or as a "POS" (a piece of shit). In November, 2001, Blodget accepted a buyout offer from Merrill Lynch. The Securities and Exchange Commission launched its own investigation and, in April of 2003, concluded that Blodget had issued reports on seven Internet companies that "expressed views inconsistent with privately expressed negative views" of those companies. Blodget accepted a civil settlement, agreeing to pay a four-million-dollar penalty and banning from working in the securities industry.

He was convinced that his public life was over. "I almost felt a physical weight of public disapproval," he told me, looking down toward his shoes. Numerous observers were irate that he was appointed the editor of Business Insider. "In other countries, he and many others would have had their fingers chopped off by now or still been in jail," a reader on the Motley Fool Web site com-
mented. Another reader denounced him as a "scumbag," and compared him to Spitzer, who was forced to resign as governor when it was disclosed that he fraternized with prostitutes. Even now, Steve Shepard, the dean of the Graduate School of Journalism at the City University of New York, says that he doesn’t read Business Insider. Shepard was the editor-in-chief of BusinessWeek in 2000, and he still holds Blodget partly responsible for the collapse of the market. "I don't trust him, and I just can't forgive him for his deceit," Shepard said. "A lot of people suffered — lost jobs, lost income, lost pensions. Blodget wasn't the only villain, or even the primary cause of the boom and bust, but he typified the worst of the excesses on Wall Street. Blodget was dishonest and deeply cynical. Journalists should be the opposite. It hurts me to see him ply our trade."

At Business Insider, Blodget has launched a second act. The site has attracted more than thirteen million dollars in venture capital so far, and Blodget recently installed a deputy, Joe Weisenthal, as his first executive editor. But profits were only two thousand dollars in 2010, and the site's business plan is similar to the plans of many high-traffic, low-margin competitors. The question, Blodget says, is: "Can you build a self-sustaining publication online, or does it have to be subsidized by Bloomberg or G.E.?" Blodget has always been a superb salesman. "He's whip smart," Peter Kafka, who was one of the first two reporters Blodget hired at Business Insider and who now covers the media and technology for All Things D, a Wall Street Journal site, said, "He's an excellent communicator." Kafka added, "He has a great Barnum in him."

Henry Blodget grew up on Manhattan's Upper East Side, the oldest of three children. His father was a successful banker, and his mother was an elementary-school teacher. At Phillips Exeter Academy, he played tennis and worked on the school paper and the yearbook. He was accepted at Yale, where his father had been a star athlete. (A few years ago, Blodget and his father were ranked nationally as doubles partners in the Super-Senior Father/Son Tournament.)

At Yale, Blodget was a history major, and, he said, "a loner." Leigh Raymond, who teaches political science at Purdue University, was Henry's roommate during their four years at Yale. When they met, Raymond, who had attended public school in Rochester, New York, was struck by Blodget's self-assurance and range: Blodget played tennis, chess, and Frisbee, rock-climbed, sang a cappella, and was practicing for a pilot's license. Blodget's aplomb "intimidated people," Raymond recalled; some students considered him aloof, because "he was not a big person for small talk." Unlike many seniors in 1988, who were eager to join Wall Street firms, Henry "was in the group looking for other options," Raymond said. James Bennet, the editor of The Atlantic and a friend and former classmate, recalls Blodget as "intense, determined, and a guy with a lot of interests. I did not expect him to turn up on Wall Street." Blodget spent a year teaching English in Japan, in a rural community several hours west of Osaka. Afterward, he moved to San Francisco and again roomed with Raymond, who had a job in the city. Blodget was a good enough tennis player to become an instructor. At night, he worked on a six-hundred-page memoir about his year in Japan.

"I thought it would lead to journalism," he said. "I always liked the idea of writing, but I was sort of brainwashed into thinking that what every writer should want to do is write fiction — you want to be Hemingway." He enjoyed writing, he said, because "it sounded like it was about as far as you could get from the corporate rat race, which in those days I wanted to avoid. It also sounded glamorous and independent and cool." When he couldn't get his book published, Blodget moved to New York. He took a series of junior editorial jobs: as a fact-checker at the National Audubon Society, a proofreader at Harper's, a reporter at a small newspaper in Massachusetts, and a reporter on the business news desk at CNN, which ignited his interest in business.

In 1994, Blodget joined the corporate-finance training program at Prudential Securities, where he learned how to read spreadsheets and do financial analysis. The first Netscape browser had recently been introduced. Unlike most of the senior executives, Blodget was digitally adept, and he was asked to join the technology group. At the end of his second year, he saw that the research functions of Wall Street firms were expanding. He joined Oppenheimer & Co., where he analyzed and wrote reports on e-commerce start-ups and was promoted to reviewing Internet companies. In 1997, he met a graduate student at the baggage carousel of the San Francisco airport; she received a Ph.D. in film studies from Berkeley, and they married in 2001. (Today, she is a teacher, and they have two young daughters.) At work, he delved into spreadsheets and interviewed people,
gathered facts, and then composed narratives about how the companies he reviewed might grow.

Blodget first attracted public attention in December, 1998. At the time, most analysts were focusing on Amazon’s lack of profits; Blodget analyzed the company’s swift revenue growth and projected its expansion for the next five years, predicting that its stock price would jump from two hundred and forty dollars to four hundred dollars a share. Jonathan Cohen, Merrill Lynch’s Internet analyst, disparaged the forecast, but within a month Amazon’s share price had exceeded five hundred dollars. Requests for Blodget press interviews poured in.

Blodget had a facility for numbers and spreadsheets, and, he said, “an ability to take a tech or Internet concept and explain it in a way that people understood.” He also had a compelling story to tell. Bob Pittman, who was then running AOL and knew Blodget, said, “Henry managed to grasp that the Internet would be part of every business.”

In 1999, Blodget replaced Cohen at Merrill Lynch and was seen by Wall Street and by the press as an Internet oracle. David Callahan, the author of “The Cheating Culture: Why More Americans Are Doing Wrong to Get Ahead,” described Blodget to me as “one of the great hype masters and cheerleaders for stocks that, in retrospect, were not worth much.” Eric Vonder Porten, then a hedge-fund manager at Leeward Investments, in California, complained to regulators about Blodget’s Internet boosterism. “I rarely saw much questioning of the company’s line,” he told the Times in 2001. But TV and Wall Street were enamored of the story Blodget spun. The business landscape was rapidly changing, and investors and the press craved “expert” guidance.

At the same time, Wall Street firms were consolidating. Brokerage houses like Merrill Lynch, which once focused on individual investors, became financial supermarkets, offering a range of services, including investment banking. Analysts were no longer concerned solely with advising brokers about companies; their high public profiles gave their firms the allure necessary to attract potential corporate clients. The Wall 3-1 rating (neutral-buy), telegraphing to investors that GoTo was a stock that might be worth buying. But, according to the S.E.C., when an institutional client e-mailed Blodget that day to ask, “What’s so interesting about GoTo except banking fees???,?” Blodget replied, “Nothing.” The disparity between Blodget’s public and private assessments continued. That May, bankers at Merrill Lynch proposed to GoTo that it underwrite a secondary stock offering for the company; Merrill Lynch would profit from the commission. Days later, GoTo informed Merrill’s bankers that it planned to award the business to another firm. Within days of losing the account, Blodget’s department publicly downgraded GoTo’s prospects.

In the consent decree that Blodget later signed with the S.E.C., he neither concedes nor denies guilt, and is prohibited from explaining or defending his actions and his e-mails. But he was a true believer in the dot-com economy. He had personally invested seven hundred thousand dollars in tech stocks, much of which he lost in 2000. A former senior executive at Merrill Lynch told me that he believes Spitzer twisted the meaning of many of Blodget’s e-mails. He says that the e-mail in which Blodget was quoted describing a company as “a piece of shit” was actually written to a fellow-analyst urging him to lower, not raise, that company’s rating. “He didn’t have bad motives,” the executive said. “He so believed in the power of the Internet that he wanted people to believe in that story.” And this passion was reined in neither by experience nor by his superiors.

Spitzer came to see Blodget as a cog in a corrupt system. “The compensation system, the intertwining of the two sides—investment banking and research—inevitably led to pressures that individual analysts could not withstand,” Spitzer told me. “It led to analytical work that we believe was fundamentally false.” In 2002, Spitzer pressed David Komansky, the C.E.O. of Merrill Lynch, to settle the investigation and offer a public apology; Komansky declared that Blodget’s e-mails “fall far short of our professional standards.” The former senior executive at Merrill Lynch says that Spitzer strong-armed the firm: “If you start to present counter-arguments, you’ll be indicted.”

Blodget had left Merrill Lynch by then. “I decided to become an investor with a hedge fund or a mutual fund,” he said. “I also wanted to write a book about the bubble.” He had already sold the rights to the book to Random House, but was prevented from publishing it by the S.E.C., which, in April, 2003, concluded that Blodget had committed fraud. He considered challenging the verdict, but he knew that the civil charge could become a criminal one; he told friends that he didn’t want to risk prison or a long trial, and settled.

“To be publicly accused of lying to everybody was not just devastating to my career but it was also devastating for me personally,” Blodget said over lunch at an Indian restaurant a few blocks from his office. “It sounds ironic, given the allegations, but I prided myself on calling it straight and telling it straight. I felt incredible ashamed. I felt like I had let millions of people down—not just people at Merrill Lynch, and clients, and colleagues but millions of people who had been listening to me.”

I asked why he thought that he had let people down. He paused. “Well, as soon as the allegations hit, the assumption was that I hadn’t told the truth,” he said. “One of the mistakes I made was to think some of the subtlety I included in my reports was coming across.” In Blodget’s defense, friends compare the “flip” tone of his e-mails to the casual
aside made by journalists in a newsroom who joke about annoying sources, or professors who grumble about their students.

Spitzer categorically disagreed with that analogy, saying that e-mails often reveal one's true feelings.

At the time, Blodget later wrote on his blog, he worried that "no one would ever be caught dead professionally associating with me again." In 2004, Blodget says, he contacted Jacob Weisberg, the editor of Slate, to tell him that he wanted to cover the Martha Stewart trial. (Weisberg says that it was he who made the phone call.) Stewart had been charged with making false statements to federal authorities when she denied that she had received inside information prior to selling the stock she owned in ImClone, a company that developed biological treatments for cancer. Weisberg thought Blodget "deserved another chance," and arranged for him to blog regularly from the trial. "Whatever you might think of his role at Merrill Lynch, he was a good writer," Weisberg said. But he insisted that Blodget make "a full disclosure" to readers of Slate about his troubled past. Weisberg believed that Blodget's humiliation would make him more "interesting on Martha." He also knew that hiring Blodget would attract attention. A few years later, Weisberg also hired Spitzer as a commentator; he writes mostly about politics.

When Blodget first started blogging, he was assailed online as "scum," "a boldfaced liar," and a "dirtbag." At Slate, he began each post about the Stewart trial with a link to a disclaimer "about his potential conflicts of interest." The statement alerted readers to the S.E.C. change and to his banishment from the securities industry. His dispatches from the trial, and more than a hundred pieces and columns that he wrote for Slate during the next couple of years—lambasting the stock-picking record of CNBC's wildly popular Jim Cramer (“if on-air shoutouts, bluffs, and ‘Tourette’s-style tics can ever be called a ‘record’”)—were opinionated and lively. He could also be ingratiating and falsely humble. When Slate hired Spitzer, Blodget wrote a column for Business Insider bearing the headline "A Very Warm Welcome to My New Slate Colleague." It described an awkward encounter with Spitzer some years earlier, in the buffet line at a Slate event—"flustered to su-

ddenly find myself in the presence of my Destroyer—and ended with “Welcome aboard, Elliot!”

In 2005, Kevin Ryan, who had been the C.E.O. of Doubleclick, the digital-ad company he helped sell earlier that year for just over a billion dollars, began searching for new entrepreneurial opportunities. He had followed Blodget's reports on Slate and on his personal blog; in early 2007, Ryan approached Blodget with the idea of an online business publication and of making him its C.E.O. and its editor-in-chief. "Henry got it in three minutes," Ryan recalled. We were sitting in a small, glassed conference room at the Gilt Groupe, an e-commerce start-up that he founded, and which also has offices on Park Avenue South.

That July, two reporters from Forbes.com, Peter Kafka and Dan Frommer, joined Blodget in setting up an office in the loading dock of one of Ryan’s start-ups. The three shared a single desk. Initially, the site was called the Silicon Alley Insider, a title that Ryan had come up with before he hired Blodget. They posted so frequently that their copy went up without being edited, a practice that is still commonplace at the site. "We were going to be the equivalent of Tech Crunch for the New York tech scene," Frommer, who left Business Insider in 2011 but remains a contributor, said. But, he added, "we learned early on not to limit reporting to New York and technology. It took me six months to hit my stride." The first day, they had twenty-one hundred page views.

The site first drew attention, Frommer said, with an August 23, 2007, post by Blodget, "Mary Meeker’s YouTube Math." Meeker, a Morgan Stanley analyst whom Blodget admired, was known in Silicon Valley as the Queen of the Web. Days earlier, she had reported in a Wall Street research report that YouTube would surprise people by selling $4.8 billion more in ads than analysts had predicted. Blodget ridiced her math and found that Meeker treated "c.p.m." as if it meant "cost per one," not "cost per thousand," meaning that her calculations were off by an order of a thousand. "What happens to Mary’s estimates when you do the math right?" Blodget wrote. "Well, that $4.8 billion of gross

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revenue becomes $4.8 million.” Meeker quickly issued a correction. “That was our first big story, and it got a lot of attention,” Frommer said.

To Blodget, Business Insider was not so much a news outlet as a rapid-fire conversation. “We were, effectively, a text-based talk-radio service, where every half hour or every hour we had a new blog of information, whether it be a news story or something entertaining,” Frommer said. “And then we’d kind of take calls.” An online conversation, and argument, with readers ensued. Nine months later, Julie Hansen, a vice-president at CSTV.com, a sports site, joined the company as its fifth employee and its publisher; by then, Business Insider was attracting three-quarters of a million unique visitors a month. By 2011, revenues totalled five million dollars—a fifth of the revenues of the Huffington Post and Gawker Media—but the company made no profit. Blodget posted the results on the site. “Most private companies zealously protect details about financial and operating performance,” he wrote. “But I’m honestly not sure why. So we’re going to try an experiment. We’re going to disclose that stuff. Then we’re going to see if something horrible happens to us.”

In 2012, Business Insider lost three million dollars, which Ryan attributes to the cost of expansion. A fourth round of financing from investors had been launched, bringing the total invested to more than thirteen million dollars, and additional reporters, salespeople, and engineers had promptly been hired. The site also now includes verticals on science, politics, law, life style, and world events. Ryan claims that only half of the money that has been raised is spent, and that, had the company not chosen to expand, the business would have shown a profit. “For seven million dollars, we’ve created the new Wall Street Journal,” he said. He notes that journalism, whether print or digital, is “a bad business so far.” He added, “We’ll do eleven million dollars in revenues this year. That’s tiny. Ad rates are low. It’s tough to monetize.”

Today, eighty-five per cent of Business Insider dollars are generated from advertising. Most of the remaining revenue comes from paid conferences at which Blodget and members of his reporting staff—like the staff at Tech Crunch and the Wall Street Journal’s All Things D—interview media and tech leaders. The site has also hired several analysts to produce research reports on developments in the mobile industry. The result is something like a private magazine that several thousand individuals and businesses receive, for two hundred and ninety-nine dollars a year. Blodget says that this is “a subscription research business, not a consulting business.” Meanwhile, the Insider’s audience continues to substantially trail that of Buzzfeed and the Huffington Post/AOL, which compete for the same readers. Online will be “a great business,” Ryan said, only when “it is a must-read and advertisers feel they have to be there.”

Some still wonder whether Blodget can be trusted. On the site’s Water Cooler page, readers regularly attack his past. Others ask whether he’s pushing the stock of companies that he owns. When asked about this, Blodget responded, “My portfolio is primarily Index Funds and some legacy stocks I bought in the nineties—Amazon, Yahoo, AOL, and a little Microsoft.” Wall Street critics question how someone who has been banned from the securities industry can be allowed to judge companies publicly. A senior Wall Street executive, asked if he trusted Blodget, said, “Of course not. This doesn’t mean he can’t have good ideas. But he’s a promoter.” Blodget says that “the key difference” between judging companies on Wall Street and in journalism is that, on Wall Street, I was viewed as a financial adviser.” Online, he said, he neither makes recommendations nor offers “financial advice.” Still, he does not shy away from issuing admonitions, such as the one he made in mid-January, when he warned Business Insider readers that Apple’s stock might be “in the first stages of a Yahoo-like decline.”

Blodget’s stories are often supplemented by an analysis of a company’s performance along with a highlighted financial chart. During the December budget cliff negotiations between President Obama and Congress, Blodget posted, “Sorry, Folks, We Don’t Just Have A Spending Problem.” The piece contained eighteen charts showing that Republicans were wrong to insist that taxes are too high, according to Blodget’s charts, taxes make up only seventeen per cent of the G.D.P., “a historically low level.” Jonah Peretti, a co-founder of the Huffington Post and the founder and C.E.O. of Buzzfeed, said, “I love when Henry does these long pieces on companies”—Apple, AOL, Facebook. “Usually, such analysis is not for free.”

Meanwhile, Blodget continues to try to entertain. In January, after flying home economy class from the World Economic Forum, in Davos, he posted a theatrical account headlined “I Was Quite Surprised by Some Things on My American Airlines International Economy Class Flight.” He included twenty-three captioned photographs that he took with his phone—of his free pillow and blanket, of the tight knee space—and noted that the tortellini in cheese sauce was “fine,” the pizza was “perfectly edible,” and there were no power plugs for laptops. Andrew Leonard, on Salon, called it “the stupidest article to be posted to the Internet in the year 2013—and possibly the entire century.”

The post is consistent with a conscious decision that Blodget says he made at the outset “to put the fun back in business” by making light of people in the news and of himself. “I love seeing something funny, we don’t want to see if the Pulitzer Committee likes it,” he said. “We post it.” Not everything is funny. Last May, Blodget drew heavy fire for a lightweight post titled “Why Do Some People Hate Jews?” and featuring a photograph of two Orthodox men. Blodget quickly tackled an apology to the post (“I now regret writing it”), changed the headline (“What Are the Sources of Anti-Semitism?”), and substituted a photograph of Natalie Portman, whom he had recently learned is Jewish. In January, The Awl, a news and culture Web site, posted an essay, “I Want to Know What’s Wrong with Being an Internet Troll,” under Blodget’s name. “It’s weirdly freeing,” the alleged author boasted. “Once you realize that, for the rest of your life, everyone is going to point fingers at you in the public square and huff, Scumbag, having them also think you’re an idiot is a small price to pay, particularly if you can monetize the immorality.” At the end, small print notified readers that “Henry Blodget asked us to make clear that this is a piece of parody which he did not himself write.” Blodget insists that he didn’t read the satire, though he
did laugh at the headline. “I thought it was funny,” he said.

“Henry’s bias is easy to see,” Peter Kafka said. “He wants people to pay attention. The trust issue is: Does he really mean what he writes because of his convictions, or because he wants attention and a new angle of attack?” The C.E.O. of a digital company that has sometimes been in Business Insider’s crosshairs said that the site’s criticism too often springs from a desire to stand out: “The tactical nature of the coverage is around gaining audience scale through shock value.”

Blodget says that he is untroubled by this skepticism. He admits that he is still self-conscious about his past, which is why he’s quick to inform readers or audiences of it. “It’s a big deal. It’s never something that is going to be permanently in the past,” he said. He argues that his experience has made him a better journalist: “One of the messages I always try to leave our team with is: Look, there are probably some horrible people in the world, but, even if somebody is guilty of what they are accused of, it may be that they are a good person who made a mistake. Let’s not rush out and completely shred them.”

Lengthy investigative pieces are rare on all-digital platforms. They are expensive to produce and, given a readership that has an average of four minutes to spare, not likely to attract a large audience. As economically beleaguered newspapers invest less in long-form reporting, digital publications are unlikely to invest more. “I talked to a journalist, and he said, ‘We have a lot of great scoops,’” Ryan told me. “I said, ‘Scoops are irrelevant. They take two days to report. They’re not worth it. If someone has a scoop, we post it four minutes later.’”

Consumers, Ryan argued, now want “faster coverage and shorter stories. Twenty-five years ago, you learned things from Time.” Today, online publications offer “a two-way street,” as the audience feeds information and corrects facts. Bladget describes traditional media as a “lean-back” medium, while online is lean-forward: “It’s quick hits, because people are at work. They have limited time. It’s about efficiency.”

That argument has been around for years. Despite the limitations of online journalism and the vulnerabilities of print, Gordon Crovitz, a former publisher of the Wall Street Journal and one of six Business Insider board members, is optimistic: “We’ve gone from an era when people were afraid that journalism would disappear to an era when the question is: What are the new business models that will support it?” Crovitz, who co-founded and sold a company that helped publishers create a pay model for their online editions, estimated that four hundred U.S. newspapers now charge for their digital editions, and said that “for old newspapers, the biggest driver of new revenues is online subscriptions.” But these are not likely to return newspapers to vigorous health. According to a study by the Pew Research Center’s Project for Excellence in Journalism, newspaper print-advertising dollars are shrinking about seven times faster than digital ad revenues are rising.

Online publications are still testing out business models. Recently, Andrew Sullivan announced that his publication, The Dish, would be available by subscription only. It now accepts no ads; he charges twenty dollars a year, although subscribers are free to donate as much as they like. Among the biggest changes online is a shift away from the assumption that online information should be free. People have proved willing to pay for apps, e-books, music on iTunes, videos on Netflix, Amazon, or YouTube—why not for written news and commentary?

Unlike the founders of such digital companies as Apple, Google, or Facebook, who believed that their work was a cause as well as a business, Blodget and Ryan the news is, above all, a business. “I expect that someday Business Insider will be acquired by someone,” a board member confided. “These companies need innovation and fresh thinking,” Blodget told me. “We either will become part of a larger enterprise or become the larger enterprise.”

Blodget confided something that he said he’s never shared publicly. “I love what I’m doing, and I think it’s unlikely that I would ever work on Wall Street again, even if it were just up to me,” he wrote in an e-mail. “But, ten years ago, I got what amounted to a dishonorable discharge from the industry, and I’ve always been ashamed of that. At some point, if it seems appropriate, I would like to explore the possibility of being reinstated.” Other Wall Street figures have appealed S.E.C. bans and been reinstated, but none were as prominent as Blodget. If he succeeds, this will be his biggest sale yet.