

The doctor's in, but jury is out on new LA Times owner

February 8 2018, by Brian Melley



The Los Angeles Times building is seen in downtown Los Angeles on Wednesday, Feb. 7, 2018. Dr. Patrick Soon-Shiong, a biotech billionaire, struck a \$500 million deal Wednesday to buy the Los Angeles Times, ending the paper's quarrelsome relationship with its Chicago-based corporate overseers and bringing it under local ownership for the first time in 18 years. (AP Photo/Richard Vogel)

The struggling Los Angeles Times found a local savior in a biotech

billionaire willing to buy the storied newspaper from a corporation half a continent away, but the change of ownership brings its own set of questions and uncertainty.

Dr. Patrick Soon-Shiong agreed to pay \$500 million and assume \$90 million in pension liabilities for the Times and San Diego Union-Tribune, Tronc Inc. announced Wednesday.

The news was met with a mix of optimism and skepticism by those who have seen the fourth-largest circulation newspaper in the country plagued by cutbacks and circulation declines and roiled by leadership changes in the two decades since it was sold to Tribune Co. by the Chandler family.

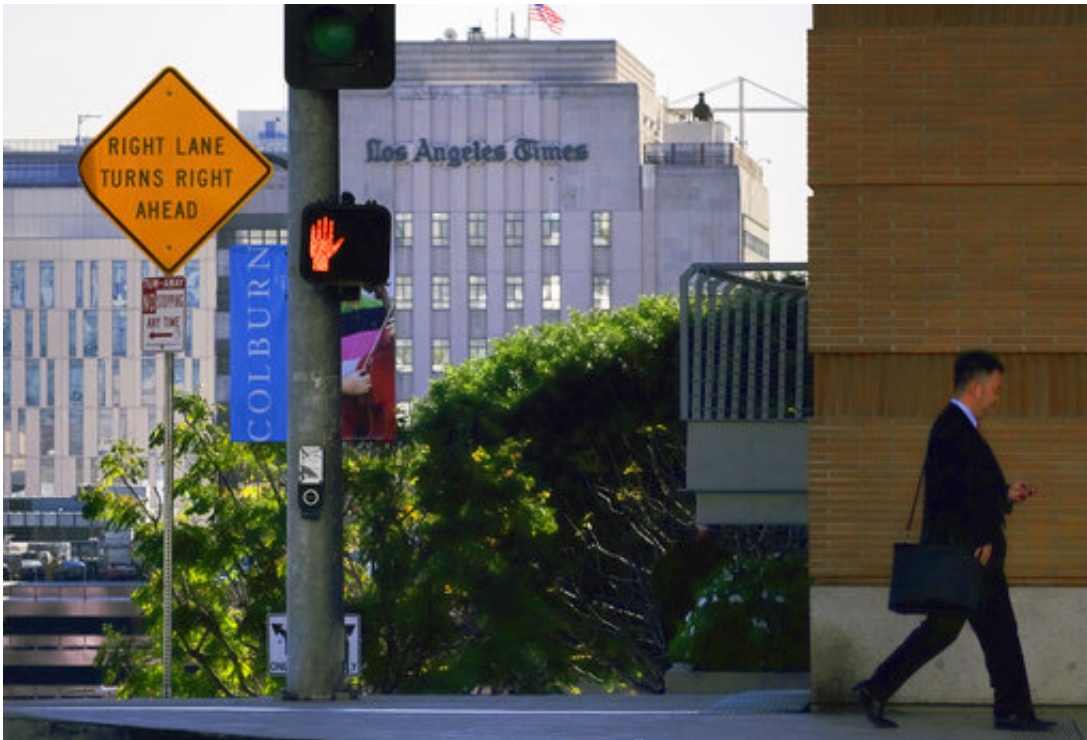
"Some people might think this could be the white knight, the savior, but nobody knows that," said Steve Davis, a journalism professor at Syracuse University. "All they know is that it's a change, that it's somebody new who says the right things."

The sale reflects a trend of billionaires buying up newspapers, most notably when Amazon founder Jeff Bezos bought The Washington Post in 2013 for \$250 million, in a move that has reinvigorated that newspaper and raised its profile.

"In general this is just another example of sort of boutique buying of newspapers," said Jack Kranefuss, a media analyst at Fitch Ratings. "It's sort of going back to the day when captains of industry owned newspapers to get their own voice out."

One of the big questions is whether Soon-Shiong will distance himself from the Times or will use it for influence or to advance an agenda.

While Bezos has been applauded for allowing independence at the Post, that hasn't been the case with other rich owners.



The Los Angeles Times building is seen in downtown Los Angeles on Wednesday, Feb. 7, 2018. Dr. Patrick Soon-Shiong, a biotech billionaire, struck a \$500 million deal Wednesday to buy the Los Angeles Times, ending the paper's quarrelsome relationship with its Chicago-based corporate overseers and bringing it under local ownership for the first time in 18 years. (AP Photo/Richard Vogel)

Sheldon Adelson's acquisition of The Las Vegas Review-Journal was followed by resignations from a top editor, a handful of reporters, and a columnist who said he couldn't do his job after the new editor told him he couldn't write about Adelson.

Doug Manchester, a previous owner of the Union-Tribune, used the newspaper to tout a conservative political agenda and views on local issues, like his proposal for a new downtown convention center and

stadium for the NFL's Chargers.

Soon-Shiong said in a letter sent late Wednesday to employees of the two newspapers that local ownership will give them a chance to preserve their mission and independence.

"This decision is deeply personal for me," Soon-Shiong wrote. "As someone who grew up in apartheid South Africa, I understand the role that journalism needs to play in a free society. As residents of Southern California, my family and I have seen the vital role that these publications play in binding our communities together."

Soon Shiong, 65, has been the subject of several unflattering reports, including in the Times, which have raised concerns about his business practices and charitable giving.

Among other things, an audit found that the University of Utah had accepted over \$12 million from a Soon-Shiong foundation and then inappropriately awarded one of his company's, NantHealth, \$10 million for gene sequencing, the Salt Lake Tribune reported last year.

Gabriel Kahn, a journalism professor at the University of Southern California, said Soon-Shiong has "kind of a cloudy business career" that has been dogged by "very real questions about the appearance of improprieties." Soon-Shiong has been in a legal fight with siblings, and sued by investors, including singer and activist Cher.

Soon-Shiong has denied allegations in the suits and referred to a news story about his foundation benefiting his business as "maliciously false," the Times said.



In this May 16, 2016, file photo, pedestrians look at news photos posted outside the Los Angeles Times building in downtown Los Angeles. It was announced Wednesday, Feb. 7, 2018, that the Los Angeles Times is being sold to Dr. Patrick Soon-Shiong, a local billionaire, for \$500 million, ending its strained tenure under the owner of the Chicago Tribune. Soon-Shiong is a major shareholder of Chicago's Tronc Inc., one of the richest men in Los Angeles and, according to Forbes, the nation's wealthiest doctor, with a net worth of \$7.8 billion. (AP Photo/Richard Vogel, File)

Kahn, who wrote about Soon-Shiong's charitable giving for Los Angeles Magazine, said it would be great if Soon-Shiong sees his investment in the newspapers as a way to boost civic culture and standing in Southern California—as long as there's a clear separation from his other companies. Still, it could be a challenge for reporters at the Times who have to cover him.

"He's incredibly wealthy, very smart and, as tends to be the case with

billionaires, he has a big ego and he has thin skin," Kahn said.

If nothing else, the break from corporate owners in Chicago represents a return to local control, which was applauded in the Times newsroom Tuesday when news of the pending sale broke.

Maya Lau, a Times law enforcement reporter, tweeted: "Congratulations to Patrick Soon-Shiong and hooray for a return to local ownership of the Los Angeles Times & San Diego Union Tribune."

Problems at the paper have persisted since Times Mirror, its parent, was sold to Chicago-based Tribune in 2000 as the newspaper industry was contracting amid the rise of the internet.

Tribune looked at the Times, which had about 1,000 journalists and saw fat that could be trimmed, said Kevin Roderick, the editor of LA Observed, a blog that has spent much of its 15 years chronicling shake-ups at the newspaper.

The Times chafed under Chicago control and layoffs that have trimmed the editorial staff to about 400 today, said Roderick, a former editor who worked for 25 years at the Times. The Times saw itself as the flagship paper of the chain while the corporate suits saw the West Coast employees as a force that needed to be reined in and schooled on doing things the Chicago way.

"There was just an immediate culture clash," Roderick said.



In this Jan. 10, 2017, file photo, pharmaceuticals billionaire Dr. Patrick Soon-Shiong waves as he arrives in the lobby of Trump Tower in New York for a meeting with President-elect Donald Trump. It was announced Wednesday, Feb. 7, 2018, that the Los Angeles Times is being sold to Soon-Shiong, a local billionaire, for \$500 million, ending its strained tenure under the owner of the Chicago Tribune. (AP Photo/Evan Vucci, File)

Tribune eventually declared bankruptcy and the company spun off its publishing arm as Tribune Publishing in 2014, which was later renamed Tronc, for Tribune Online Content.

Tronc said the sale will allow the company that owns the Chicago Tribune, The Baltimore Sun, New York Daily News and five other papers to follow a more aggressive growth strategy focused on news and digital media. It said it is buying a majority stake in online product review company BestReviews for an undisclosed amount.

In the past few months, tensions were high at the Times, with journalists voting for the first [time](#) in the paper's 136-year history to form a union and several changes in top management.

The Times just replaced its top editor last week, the third such switch in six months, and publisher Ross Levinsohn had been on unpaid leave after it was learned he was a defendant in two sexual harassment lawsuits elsewhere.

Tronc said Wednesday Levinsohn was cleared of any wrongdoing and would be reinstated as CEO of its newly reorganized Tribune Interactive division.

Tronc stock jumped 19 percent to close at \$21.55 a share Wednesday on the Nasdaq market.

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