

# United States Senate

WASHINGTON, DC 20510

February 21, 2019

Heath Freeman  
President  
Alden Global Capital LLC  
885 Third Avenue, 34<sup>th</sup> Floor  
New York, NY 10022

Dear Mr. Freeman:

I write to request information regarding the efforts of Alden Global Capital (Alden Global) and MNG Enterprises Inc. (MNG), which does business as Digital First Media, to acquire the media company Gannett, the nation's largest chain of daily newspapers that reaches a monthly audience of more than 125 million readers.

Public reports indicate that – over the last several years – Alden Global has pursued a strategy of acquiring newspapers, cutting staff, and then selling off the real estate assets of newsrooms and printing presses at a profit.<sup>1</sup> According to these reports, Alden Global has created commercial real estate holding, management, and brokerage subsidiaries to spin off office and printing facilities for sale, lease, or redevelopment. In some instances, it appears that Digital First Media has engaged in sale-leaseback transactions with these Alden Global affiliates and then invested the profits into other companies not related to media.

Since Alden Global and MNG took control of Digital First Media, executives have also eliminated numerous staff positions at its media properties, resulting in more than 1,000 lost jobs.<sup>2</sup> These cuts include layoffs at critical publications serving communities across the country, such as *The Denver Post* in Colorado, *The Delaware County Daily Times* in Pennsylvania and *The San Jose Mercury News* in California.

As a result, I was troubled to learn that MNG announced an unsolicited bid to acquire Gannett, which – in addition to *USA Today* – publishes several important newspapers serving smaller to mid-size cities in my state of New York:

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<sup>1</sup> *A hedge fund's 'mercenary' strategy: Buy newspapers, slash jobs, sell the buildings*, The Washington Post (Feb. 11, 2019) (online at [https://www.washingtonpost.com/business/economy/a-hedge-funds-mercenary-strategy-buy-newspapers-slash-jobs-sell-the-buildings/2019/02/11/f2c0c78a-1f59-11e9-8e21-59a09ff1e2a1\\_story.html?utm\\_term=.8b1a8f4cc66c](https://www.washingtonpost.com/business/economy/a-hedge-funds-mercenary-strategy-buy-newspapers-slash-jobs-sell-the-buildings/2019/02/11/f2c0c78a-1f59-11e9-8e21-59a09ff1e2a1_story.html?utm_term=.8b1a8f4cc66c)).

<sup>2</sup> *Id.*

the *Democrat and Chronicle* in Rochester, the *Elmira Star-Gazette*, *The Ithaca Journal* and the *Press & Sun-Bulletin* in the Southern Tier, and *The Journal News* and *The Poughkeepsie Journal* in the Hudson Valley. While the acquisition and “streamlining” of Gannett newspapers might increase short-term profits for Alden Global and MNG, the long-term impact of liquidating these newspapers would be incalculable to my constituents.

In particular, I am concerned that MNG has been unwilling to publicly provide relevant details regarding the proposed acquisition.<sup>3</sup> MNG has not made public details regarding any commitments it is willing to make to maintain newsroom staffing and ensure Gannett’s newspapers can continue to create high-quality local journalism in their communities. It also appears that only vague statements have been provided regarding the regulatory risk the transaction may pose related to pension liabilities and antitrust scrutiny.<sup>4</sup>

Regulatory concerns regarding pension liabilities may be heightened given past management of pension plans sponsored by MNG and the proposed debt financing for the acquisition. According to a 2018 shareholder complaint filed in Delaware state court, MNG invested nearly \$250 million of its pension assets in hedge funds and managed accounts advised by Alden Global.<sup>5</sup> As you may be aware, the Employee Retirement Income Security Act prohibits certain transactions that involve self-dealing or parties-in-interest. While exemptions may allow plans to engage in otherwise prohibited transitions, MNG’s decision to invest its employees’ pension assets in Alden Global’s own high-risk hedge funds raises questions regarding its ability to satisfy its current and future fiduciary obligations.

Because our democracy depends on continued support for the First Amendment, fuller disclosure regarding how the acquisition of Gannett would impact the viability of a free press is in the public interest. Further, as an elected legislator representing thousands of constituents potentially impacted, I believe fuller disclosure on how an acquisition of Gannett would influence employment and competition in my state is critical. Therefore, to better understand your continued efforts to acquire Gannett, I ask that you respond in writing to the following questions by March 5, 2019:

1. If your proposed acquisition is successful, does Alden Global or MNG intend to sell, lease or redevelop office and printing facilities currently held by Gannett? If so, will Alden Global or MNG use its own affiliates or subsidiaries to execute these transactions? What

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<sup>3</sup> *Gannett Responds to MNG Enterprises, Inc.*, Gannett Co., Inc. (Feb. 11, 2019) (online at <https://investors.gannett.com/press-release/gannett-responds-mng-enterprises-inc>)

<sup>4</sup> *Id.*

<sup>5</sup> *Sola Ltd and Ultra Master LTD v. MNG Enterprises Inc.*, C.A. No. 2018-0134-VCS, (Delaware Court of Chancery Mr. 19, 2018)

proportion and dollar value of the proceeds from these transactions will be invested in companies not related to media?

2. If the proposed acquisition is successful, does Alden Global or MNG plan to lay off journalists at Gannett newspapers? Will you make specific commitments to maintain newsroom staffing to ensure Gannett's newspapers can continue serving their communities?
3. What impact would the acquisition of Gannett have on the pension plans sponsored by MNG, Gannett, or any of their control group members? What proportion of pension plans sponsored by MNG are currently invested in funds or accounts controlled or advised by Alden Global? How will regulatory issues concerning the proposed acquisition that may be raised by the Pension Benefit Guaranty Corporation be addressed?
4. How will potential antitrust issues concerning the proposed acquisition that may be raised by the Department of Justice be addressed?

Thank you for your prompt attention to this matter.

Sincerely,



Charles E. Schumer  
United States Senator

cc: R. Joseph Fuchs  
Chairman of Board of Directors  
MNG Enterprises, Inc.