

# Local News Decimated By Hedge Funds and Private Equity

By Margot Susca

On May 29, the *New York Daily News* union headlined a statement “CRISIS AT THE DAILY NEWS,” after the union passed a no-confidence vote on Andrew Julien, the hedge-fund-owned newspaper’s executive editor.

Some may know the *Daily News* as a tabloid with provocative headlines. To others, the *Daily News* invokes memories of hard-hitting stories that exposed political corruption as reporters helped city residents better understand both their civic and cultural lives. In 2017, the newspaper won the Public Service Pulitzer Prize for work with *ProPublica* documenting abuse of eviction rules. It was a finalist for its 9/11 coverage, after winning the Pulitzer in 1999 for editorials that documented financial mismanagement at Harlem’s Apollo Theater, which helped save that historic institution. Those days are over. One union member said that “Things are so off the rails that the people who run *The News*, a Pulitzer Prize-winning paper, don’t even bother to try to compete for prizes anymore.”

Since 2021, hedge fund Alden Global Capital has owned the newspaper, dismantling its staff and its crucial role in democracy, piece by piece. To research my book *Hedged: How Private Investment Funds Helped Destroy American Newspapers and Undermine Democracy*, I spent years reviewing bankruptcy court filings, records obtained through the Freedom of Information Act and US Securities and Exchange Commission documents to chart Alden’s, and other elite private investment firms’ history and contemporary practices in the American chain newspaper marketplace. Layoffs at hedge-fund-owned newspapers double those of other newspapers despite being owned by firms with billions of dollars in assets under management. While the mainstream narrative is that newspapers are a washed-up business, these investment funds as owners or managers have profited through aggressive job cuts, asset sales, debt financing, and extracting management fees as they publicly claim the market is in transition.

Private equity powerhouse Fortress Investment Group owned or managed the GateHouse chain until 2019. In 2013 — the same year GateHouse filed for bankruptcy — Fortress took a \$149 million dividend payment. In the first years of its ownership, it slashed the company’s workforce by 43%. Between 2014 and 2017, Fortress took \$60 million in fees. By its 2018 annual report, GateHouse CEO Michael



graphic: nycccl.org

Reed, who now heads Gannett, wrote: “We see continued opportunity to allocate capital across these opportunities and return it to shareholders in a manner that creates the best overall, long-term shareholder returns.” He mentioned nothing about local news.

Hedge fund firms Alden Global Capital and Chatham Asset Management separately own three of the most important newspaper chains in the United States. In 2022, Chatham Asset Management, a firm with more than \$9 billion in assets under management, bought the respected McClatchy newspaper chain that grew out of the *Sacramento Bee* into a national chain.

Alden Global Capital made \$170 million in profits from its newspapers in 2017, but those profits are never reinvested into newsrooms. As an example of what happens as hedge funds buy up the newspaper industry, an investigative reporter working for a McClatchy paper in Boise was prohibited from buying Microsoft Excel, a \$150 data-crunching tool.

In addition, weeks after winning a Pulitzer Prize for coverage of the deadly Ghost Ship fire in Oakland, California, staff at the Alden Global Capital-owned *East Bay Times* were laid off. At the *Norristown Times-Herald* in Pennsylvania, also owned by Alden Global Capital, only four staff members remained in 2021, a 91.1 percent drop in just nine years.

More than half of the 1,326 newspapers in the top 10 chains are owned or influenced by [private investment funds](#). The consolidation has resulted in a local newspaper system, owned and influenced by the ultra-wealthy, dismantling the very institution meant to give voice to average citizens in a democracy. The union at the *New York Daily News* described how “the relentless cuts have made it impossible to cover a city of 9 million people. Stories are getting missed, overlooked, ignored.” Maybe that is the point.

Hyperlinks for this article at <https://bit.ly/47cSMA0>

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graphic: The Atlantic