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Democracy Dies in Darkness

Patrick Soon-Shiong is still trying to save the Los Angeles Times. Some hope he'll do more than that.

By Sarah Ellison

As he geared up for his new sideline as a newspaper publisher, biotech billionaire Patrick Soon-Shiong invited four veteran executives from other big-city papers to talk with him in April 2018 at his sleek, high-security headquarters in Culver City, Calif., home to his businesses devoted to genomic sequencing and big-data analysis.

One of the media executives later joked that it felt like going to meet Tony Stark — the fictional mogul-inventor who transforms into Iron Man.

And, true to form, the soon-to-be owner of the Los Angeles Times had some daring ideas — from embedding radio stations on newspapers' websites to creating news videos through artificial intelligence. A former transplant surgeon, Soon-Shiong suggested that the Times could offer a platform for esports or virtual health care. He envisioned ways to supplant CNN or even Facebook.

Yet by the end of their 10-hour day, his visitors realized later, they had talked very little



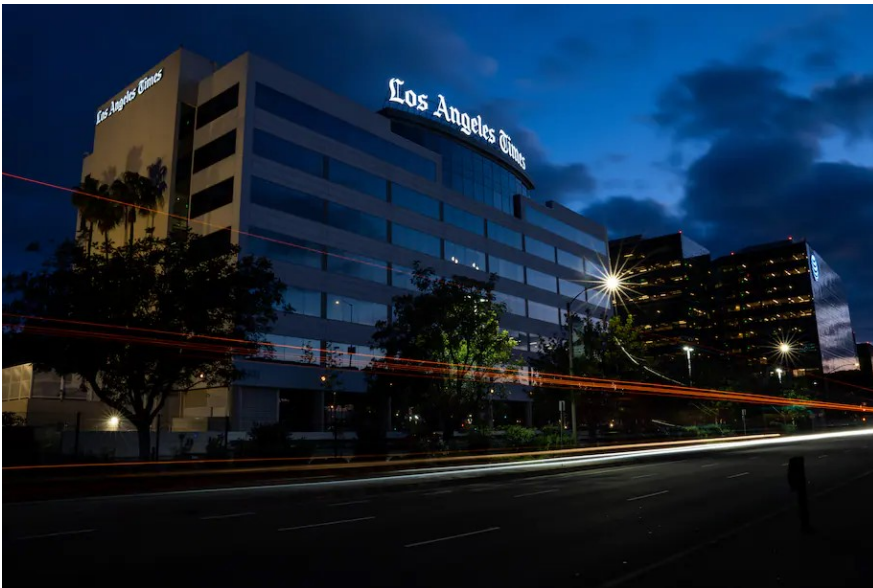
Patrick Soon-Shiong, the owner of the Los Angeles Times, photographed in the newspaper's Globe Lobby shortly after he bought it in April 2018. (Marcus Yam/Los Angeles Times)

about the elemental challenge facing newspapers today — how to make money as a digital product at a time when readers are rapidly abandoning print.

“It was striking on the one hand just how brilliant, charismatic and visionary Patrick is,” said Jim Friedlich, chief executive of the Lenfest Institute for Journalism, a nonprofit organization that owns the Philadelph-

ia Inquirer, “and on the other hand what limited practical focus there was on the specific challenges of the Los Angeles Times and the newspaper business.”

Then again, as Friedlich joked to his old-school newspaper colleagues on their way out the door: “What the heck do we know? This guy invented a cure for cancer.”



The Los Angeles Times headquarters in El Segundo, Calif. (Kent Nishimura/Los Angeles Times)

Three years later, Soon-Shiong acknowledges he did not fully anticipate the difficulties of owning and running a major metropolitan newspaper such as the Los Angeles Times in the digital era — a project he took on while simultaneously overseeing his empire of technology companies and, more recently, spearheading a search for a coronavirus vaccine that can adapt to the inevitable variants.

The newspaper he purchased, along with the San Diego Union-Tribune, for \$500 million from the once-mighty Tribune chain turned out to have been hollowed out by its longtime owner and structured to depend on it, and Soon-Shiong spent two years struggling to disentangle the two. Even before the economic hit of the pandemic, he halted a hiring spree that many hoped would put the weakened Times back on a journalism comeback trail.

He has been described by those who work with him as both an absentee boss and a micromanager, depending on the day, a frustration for colleagues

committed to steady, incremental progress. And as the Times struggled with the prosaic chore of selling enough digital subscriptions to support a healthy newsroom, rumors percolated this year that Soon-Shiong was already looking to sell his new property — something he has strongly denied.

Yet, despite all this, many interested in the fate of local journalism still cling to the hope that Soon-Shiong will turn out to be the savior they perceived him to be when he first arrived at the Times — a notion encouraged by his vigorous pursuit and successful hiring of Kevin Merida, a former top editor at The Washington Post and ESPN, to serve as its new executive editor.

Now, as Alden Global Capital, a hedge fund with a reputation for job-cutting, makes a move to buy Tribune's remaining collection of local newspapers, some reporters are praying that Soon-Shiong — who also owns about a quarter of Tribune — will insert himself into that company's future, too.

“We understand that not every fight is your fight,” Gregory Pratt, Chicago Tribune Guild president, wrote in an open letter to Soon-Shiong, urging him to vote no on the hedge fund's offer. “We're not asking you to buy the company, though that would be great. But we are asking you to use your power to stop Alden from consolidating its own.”

Last summer, after the murder of George Floyd set off a protest movement in the streets that echoed through the nation's newsrooms, Soon-Shiong penned a remarkable essay for the Times.

The newspaper, he acknowledged, had “ignored large swaths of the city and its diverse population, or covered them in one-dimensional, sometimes racist ways” — and in doing so “contributed to social and economic inequity.”

It was a powerful statement, especially coming from the only non-White owner of a major American newspaper.

He went on to share his own experiences with racism.

Born in 1952 in South Africa to Chinese immigrants, he graduated as one of the top four students in his class, qualifying him for a prized internship at Johannesburg's General Hospital, which had never admitted a Chinese student.

But “as a young, nonwhite doctor in a society predicated on racial prejudice, I received a salary that was 50 percent that of my peers,” he wrote, “at a hospital where my first white patient refused to let me touch him.”

It's part of an against-the-odds life story that helped shape a public image as someone up to the challenge of saving the Los

Angeles Times. Moving to Los Angeles in his early 30s for surgical training at UCLA, Soon-Shiong performed groundbreaking transplant procedures before inventing a successful cancer drug, Abraxane, that helped make him a billionaire. That put him on the course to become a biotech investor and entrepreneur, further expanding his fortune — even while the medical community has questioned some of his claims about his discoveries and his companies have been subject to a number of lawsuits.

And, long before he bought the Times, Soon-Shiong had already used his growing wealth to invest in the life of the city — notably with his purchase of a minority share of the L.A. Lakers in 2010.

The Los Angeles Times occupies an unusual position among major American newspapers — no longer as journalistically competitive as it used to be with national dailies such as the New York Times, Washington Post and Wall Street Journal, but still far larger and more influential than any other local paper in the country.

Yet Soon-Shiong bought it and its San Diego sister paper for \$500 million — twice what Amazon founder Jeff Bezos paid for The Washington Post in 2013 — despite the Times having shrunk dramatically from its peak strength of 1,200-plus journalists.

Soon-Shiong says he had no choice: That was the take-it-or-leave-it price set by then-Chairman Michael Ferro, who controlled the Times's parent company at the time.

“I came to an industry that I had no experience in,” Soon-



Soon-Shiong tours the offices of the Los Angeles Times with reporter Andrea Chang, right, shortly after he struck the deal to buy it in April 2018. (Irfan Khan/Los Angeles Times/AP)

Shiong said, adding that Ferro gave him barely 72 hours to decide. “All I knew in my heart of hearts was we need to protect the newsroom. . . . I came in there with an inner belief it’s all or nothing.”

The messiness of what he had purchased became clear quickly as he was attempting to close the deal — and learned of something called a “transition services agreement” for which he was suddenly responsible.

In its decades-long effort to boost the profitability of its newspapers — which include the Chicago Tribune, Baltimore Sun, Orlando Sentinel and New York Daily News — Tribune had consolidated many of the functions required to run each publication, such as ad sales, marketing, corporate communications, circulation, legal and business development.

That meant the Times, even once it was untethered from Tribune, would still be reliant on it for certain operations. The

Tribune had also contracted with roughly 600 individual service providers — such as the Associated Press news wire service or the Arc Web-publishing platform — via group deals that included the Times.

And now that Tribune no longer owned the Times, it was charging the Times for providing these “transitional services.”

Negotiations over this arrangement delayed Soon-Shiong’s official purchase of the Times by two months, said Norman Pearlstine, the veteran Time Inc. and Wall Street Journal editor who became Soon-Shiong’s first executive editor. And the tangled contracts kept the new owner from quickly tackling some of the technology inefficiencies Soon-Shiong had identified in the company’s operations.

“I said to Patrick, there were no problems I had never seen before,” Pearlstine recalled. “I had just never seen them all at once.”

Had the Los Angeles Times proved to be an easier turnaround, then Soon-Shiong may well have decided to wave a hand and save all of Tribune.

He bought the one-fourth stake several years ago to position himself to buy the Times. And while he was feuding with Ferro over his efforts to buy the Times, Soon-Shiong briefly considered buying all of Tribune so that he could be the one to charge everyone else the transition services fees.

He chose not to. Now, however, Tribune has agreed to sell itself to Alden Global Capital — a hedge fund with a reputation for slashing budgets at the newspapers it has purchased, eliminating staffers and selling off real estate assets to establish higher-than-average profit margins. That has suddenly made Soon-Shiong a potentially pivotal player in its future, prompting some Tribune journalists to publicly plead with him to vote against the deal.

Yet Soon-Shiong professed this week that he only recently realized that the shareholder vote to determine the future of the company is Friday.

“I’ve been really focused on what I’m doing. I was hoping that there [was] more than one buyer coming through the process,” he said with a soft laugh. “And I think I understand that maybe it’s fallen by the wayside. So, when Friday comes, I’ll turn to all the people who looked at this for me on my behalf, get the advice and make the decision. So, unfortunately, I’ve really not made any decision at this point in time.”

If Soon-Shiong votes yes to the Alden deal and sells his 24 percent stake in Tribune —

valued at about \$160 million now — he would more than recoup his initial investment.

It remains the position of many in the industry that, with the purchase of the Times, “Patrick bit off more than perhaps he could chew,” as Lloyd Greif, a Los Angeles-based investment banker specializing in media and technology firms, put it. Though Soon-Shiong has a president and chief operating officer, Chris Argentieri, at the Times, he has not hired a publisher and remains involved in some of the minutiae of daily decision-making at the paper. Yet while he was focused on his vaccine-development project, newspaper executives often had difficulty reaching him, according to several people with knowledge of the dynamic.

“I think he’s been surprised by how tough the newspaper business is,” Greif added. “It’s not susceptible to any easy solutions.”

And yet the newspaper is in a better place than when he bought it in 2018. “Patrick saved the Los Angeles Times,” said Jeff Cole, a professor at the University of Southern California’s Annenberg School for Communication and Journalism. Digital subscribers have now hit the level of 400,000 a month, according to the Alliance for Audited Media, and the paper has increased its staff and launched new products including podcasts, a TV show and a video series. (Soon-Shiong raised eyebrows with his decision to appear in some of these videos himself, answering questions about vaccine science.) The Soon-Shiongs invested \$50 million in the Times in 2018 and 2019, and his wife has over-

seen the development of a new campus. But, Cole added, “he is going to need to spend a lot more to make it great.”

Soon-Shiong and his wife, Michele Chan, threw themselves into the quest for a new executive editor to replace Pearlstine, who retired in December at age 78. From the time they took over the paper, Pearlstine said, they were deeply interested in the question of what women or people of color might be considered next-generation leaders for the Times. Soon-Shiong aggressively courted Merida, who is Black and has long been considered one of the best editors in the country, and joked that he promised he would play basketball with the NBA fan, one-on-one.

“I think he got the feel of our family’s commitment to this paper,” said Soon-Shiong, whose daughter Nika has become a presence in the newsroom as well, involved in the conversations around racial justice. “And there was a chemistry, much like when I met with Norm.” He added, slipping into virologist jargon, “I knew we needed to take very seasoned journalistic strains, because that’s what we export.”

Pearlstine has joked in the past that Soon-Shiong may have thought that saving the L.A. Times would be easier than curing cancer — but that he had discovered that they were more similar than he thought. Soon-Shiong laughed at the comparison.

“I think they’re both difficult,” he said. “. . . What’s exciting about curing cancer? I think I could see the light at the end of the tunnel, and I’m beginning to see the light at the end of the tunnel for the L.A. Times.”