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Looking At L.A. Times' Plan

MEDIA: Owner is taking the newspaper public within a year.

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Billionaire Patrick Soon-Shiong's announcement about his plans to take the Los Angeles Times public could be one for the ages in the world of media.

For one, he dropped the news during his interview on "The Daily Show" with Jon Stewart. The whole idea of going public caught the Times' news staff completely by surprise, and it has since echoed throughout the media industry. But most importantly, it's how he plans to prepare for selling shares of the El Segundo-based newspaper.


Patrick Soon-Shiong is the owner of the Los Angeles Times. (Photo by David Paul Morris/Bloomberg via Getty Images)

Instead of courting investment bankers and hedge funds for a traditional initial public offering, Soon-Shiong is exploring a lesser-known provision of securities law: a Regulation A offering. It's also called a "mini IPO," which could allow Angelenos and others to invest in the West Coast's newspaper of record, founded in 1881.

Soon-Shiong told Stewart that he wanted to "democratize" the newspaper and "allow the public to have ownership of this paper." The company also announced that it will combine several of his existing businesses into a new media entity: the L.A. Times Next Network.

Yet as details of his plan were revealed – one of which being that he will still hold a majority stake – more questions have arisen about the future and legacy of the Times. This comes as the newspaper has already been plagued by persistent financial struggles and increasing skepticism about the biotech entrepreneur's vision since he bought it in 2018.

"There's been no evidence of a strategy to turn things around (at the Times)," said Jonathan Handel, an entertainment and technology attorney at Feig Finkel in Beverly Hills. "It's like an attempt to have your cake and eat it too, to raise money but to not lose control."

More troubles and competition await?

The bold decision is just another twist in the ongoing saga under Soon-Shiong's ownership. When he bought the troubled newspaper seven years ago, he – as one of the wealthiest people in Los Angeles – was initially seen as its savior to revive the publica-

The Los Angeles Times headquarters building in El Segundo. (Photo c/o iStock)

tion in the second-largest city in the country. Instead, financial pressures gained momentum, leading to cuts and layoffs – and amid it all, he's lost trust among his newsroom staff and readers.

"I think when he rescued the L.A. Times, that's what he was doing, rescuing the Times… everybody was excited thinking this was going to be the rebirth of the L.A. Times, but the L.A. Times is continuing to be challenged," said Lloyd Greif, chief executive of downtown investment banking firm Greif & Co.

The Los Angeles Times experienced a revenue loss of $50 million in 2024, according to Adweek. This followed a $30 million loss in 2023 and led to layoffs in the newsroom at the beginning of the year. Greif noted that it has been years of "just red ink."

After a yearslong hiring spree – the L.A. Times Guild said the paper employed about 450 in May 2022 – the Times cut 74 newsroom positions at the beginning of 2023 – representing about 13% of the newsroom, according to the paper's own report at the time. This was followed by 115 more – about 20% – a year later. A third round comprising 14 newsroom staffers followed in May. Additionally, 48 newsroom employees this year accepted buyouts.

"We know it's a challenging time for the news business," Connor Sheets, an investigative reporter for the Times, wrote in a Guild newsletter in May. "But instead of working with us on a strategy to bring in more readers, find new sources of revenue and publish the best journalism possible, the people running The Times continue to cut to the bone with no discernible endgame."

A representative with L.A. Times management did not respond to an inquiry.

After more than three years of negotiations for a new contract, the L.A. Times Guild announced in August that 80% of its members committed to vote yes in a strike authorization, should that come to pass. Matt Hamilton, chair of the Guild, noted in a union newsletter that each round of layoffs and buyouts "pulled us away" from contract talks into negotiations aimed at their laid-off colleagues. He also called out Soon-Shiong's decision to pull an editorial board presidential endorsement in 2024 – ultimately triggering a mass exodus of the board – and his implementation of an artificial intelligence-powered "bias meter" to opinion pieces and columns.

"Having worked at The Times for more than a decade, I know the care that goes into what we publish each day," Hamilton wrote. "I hear from colleagues who are tired, fed up, taking on second jobs, and struggling to see a future at The Times."

Perhaps sensing blood in the water, the New York Post parent company News Corp. this summer announced plans to enter the L.A. market with the California Post, a daily print and online publication that promised to echo its irreverent, bombastic sister publication.

With News Corp., itself a publicly traded company, under control of Chairman Lachlan Murdoch – who spends time in a Bel Air home – L.A. will soon host two major dailies ultimately controlled by billionaires.

Lessons from elsewhere

Even with the challenges at the Times, the Reg A offering could prove to be successful. Some potential investors want to make a profit on their investment, but others simply want to support their local newspaper.

"If there are enough of those individuals to buy $75 million of shares, then this would be successful," Park said.

Soon-Shiong isn't the first media giant to take this bold step. Newsmax, led by media mogul and former journalist Chris Ruddy, completed its bid to raise capital and go public earlier this year through the same Reg A offering.

The conservative news outlet sold 7.5 million Class B Common shares at $10 each, with a cap of $75 million. Around the same time, it also closed a $225 million private offering of Series B preferred stock, surpassing its initial target of $150 million, according to the company.

Newsmax has also faced its own challenges. In 2024, the company reported a net loss of $72.2 million, with annual revenue increasing 26% to $171 million. Since going public, it has reported a net loss of $75.2 million as of the second quarter ending June 30. In both cases, the losses were mainly driven by settlements in defamation lawsuits with voting systems companies over false election claims.

After reaching its peak amid the IPO, the stock closed at $13.84 as of Sept. 3.

Is $75M enough?

The L.A. Times Next, the new company, will include the newspaper itself; LAT Next, a curated platform for content creators; esports and gaming-focused tool Nant Games; video production services called NantStudios Virtual Production; and L.A. Times Studios, a streaming and live-event entity.

Park said the new entity is Soon-Shiong's attempt to find a way to evolve and grow in an already challenging media industry.

"That's pretty key when you're selling stock," he said. "Investors are going to want to see some vision for the future, especially when you are losing money based on your primary business."

Soon-Shiong told Stewart that he saw this move as "the opportunity to provide a paper that is the voice of the people."

In a separate statement, he said, "with this opportunity, readers, community members, everyone will be the media: direct democracy in action…The need to restore truth and trust in media and in our institutions is more important now more than any time in our country's history. L.A. Times Next Network will strive to be the platform and the voice of the people."

Still, considering the financial headwinds that the Times and many within the media business are facing, the move raises yet another question: Is $75 million enough?

Greif and others say it's not enough.

"Turning around the L.A. Times is like turning around an aircraft carrier" he said. "It's a big beast…(and) right now, I think he needs to staunch the red ink, stop the bleeding, and that's going to be a challenge."