



THE NEWSGUILD – CWA

501 3rd Street, NW, 6th floor, Washington, DC 20001
(202) 434-7177 Fax (202) 434-1472 newsguild.org

February 3, 2021

The Honorable Janet L. Yellen
Secretary
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

RE: CFIUS Review of Proposed Acquisition of Tribune Publishing

Dear Secretary Yellen,

The Committee on Foreign Investment in the United States (CFIUS) is charged with reviewing certain transactions involving foreign investment in the United States in order to determine the effect of such transactions on the national security of the United States.

Now more than ever, the U.S. public's access to reliable, credible news sources is critical to the national security of the United States. In an era when foreign governments¹ and non-state actors² have sought to use news outlets to undermine the public's faith in democracy and democratic institutions, it is more important than ever to scrutinize foreign investment in news outlets on which millions of Americans rely.

I'm writing to ask you to instruct the CFIUS to review a hedge fund's proposed acquisition of a large news company that serves as the essential source of local news for more than a dozen communities.

¹ Robert Elliott, "How Russia spreads disinformation via RT is 'more nuanced than we realise,'" *The Guardian*, July 26, 2019: <https://www.theguardian.com/commentisfree/2019/jul/26/russia-disinformation-rt-nuanced-online-ofcom-fine>

² Kevin Roose, "How The Epoch Times Created a Giant Influence Machine," *The New York Times*, October 24, 2020: <https://www.nytimes.com/2020/10/24/technology/epoch-times-influence-falun-gong.html>

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On December 14, hedge fund Alden Global Capital offered to acquire Tribune Publishing Co, the parent of major metropolitan newspapers, including the Chicago Tribune, the Hartford Courant and The Baltimore Sun.³

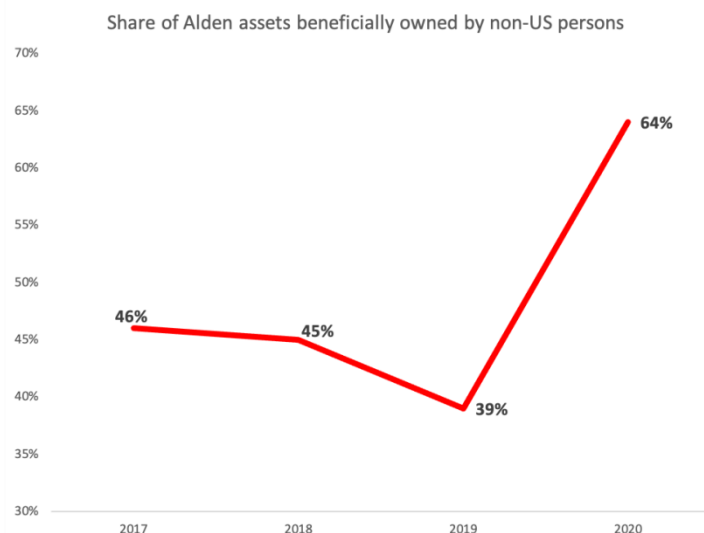
Alden Global Capital has long headquartered many of its investment funds in the Cayman Islands, an international tax secrecy haven. Its shares of MediaNews Group (MNG) and Tribune are held by shell companies there.

Alden Global Capital's MediaNews Group already owns approximately 100 publications, including The Denver Post, The Mercury News, The Orange County Register and the Boston Herald.⁴

A review of Alden Global Capital's recent filings with the U.S. Securities and Exchange Commission (SEC) suggests that the beneficial owners of Alden Global Capital's investment funds are increasingly non-US investors:

- In 2019, non-U.S. investors beneficially owned \$407.7 million of Alden Global Capital's then-\$1.037 billion in assets under management, or 39%.⁵
- In 2020, non-U.S. investors beneficially owned \$487.5 million of Alden Global Capital's \$764.7 million in assets under management, or 64%.⁶

The share of Alden's funds beneficially owned by non-U.S. investors was substantially higher in 2020 than in any of the prior three years.⁷



Despite Alden's ambitions to control a greater share of the U.S. news industry, the company has refused requests by multiple United States senators to disclose whose money it is ultimately investing in outlets like Tribune Publishing and MediaNews Group.

³ SEC Form 13D/A, Exhibit 99.5, Tribune Publishing Co. and Alden Global Capital LLC (Letter from Randall R. Smith to the Board of Directors, December 14, 2020), December 31, 2020:

<https://www.sec.gov/Archives/edgar/data/1593195/000119312520330238/d80296dex995.htm>

⁴ SEC Form 13D/A, Exhibit 99.5, Tribune Publishing Co. and Alden Global Capital LLC, December 31, 2020.

⁵ SEC Form ADV, Alden Global Capital LLC, March 2019.

⁶ SEC Form ADV, Alden Global Capital LLC, March 30, 2020:

<https://reports.adviserinfo.sec.gov/reports/ADV/161333/PDF/161333.pdf>

⁷ SEC Form ADV, Alden Global Capital LLC, 2017-2020.

In February 2020, current Senate Majority Leader Chuck Schumer pressed Alden to disclose its investors, noting “I am troubled by the lack of transparency surrounding Alden’s investors, which remain shrouded in secrecy.”⁸ In March 2020, U.S. Senators Dick Durbin and Tammy Duckworth also noted, “We also are disturbed by Alden’s lack of transparency surrounding its investors.”⁹

In a March 2020 response to Senators Durbin and Duckworth, Alden Global Capital President Heath Freeman refused to disclose who the beneficial owners in Alden’s funds were, simply stating that “all of the ultimate beneficiaries of the interests in the Alden investment funds are U.S. or E.U. persons.”¹⁰

According to Alden’s own admission in a legal document,¹¹ two funds control MediaNews Group, and both are incorporated in the Cayman Islands.

- 75% of Alden Global Opportunities Master Fund, incorporated in the Cayman Islands, was beneficially owned by non-US persons. The fund had 36 beneficial owners.¹²
- 77% of Turnpike Ltd., incorporated in the Cayman Islands, was beneficially owned by non-U.S. persons. The fund had 9 beneficial owners.¹³

Alden owns its stake in Tribune Publishing through two funds, the Alden Global Opportunities Master Fund and Alden Global Value Recovery Master Fund.¹⁴ As of Alden’s March 2020 form ADV filed with the SEC:

- 75% of Alden Global Opportunities Master Fund, incorporated in the Cayman Islands, was beneficially owned by non-U.S. persons. The fund had 36 beneficial owners.¹⁵
- 59% of Alden Global Value Recovery Master Fund, incorporated in the Cayman Islands, was beneficially owned by non-U.S. persons. The fund had 33 beneficial owners.¹⁶

⁸ Sen. Charles E. Schumer, letter to Heath Freeman, President, Alden Global Capital LLC, February 28, 2020: <https://dfmworkers.org/wp-content/uploads/2020/03/Letter-to-Heath-Freeman-Alden-Global-2-28-20.pdf>

⁹ Sen. Richard J. Durbin and Sen. Tammy Duckworth, letter to Heath Freeman, President, Alden Global Capital LLC, March 12, 2020: <https://www.documentcloud.org/documents/6826200-Durbin-Duckworth-Letter-to-Alden-Global-Capital.html>

¹⁰ Heath Freeman, Alden Global Capital LLC, letter to Sen. Dick Durbin and Sen. Tammy Duckworth, March 27, 2020: <https://www.documentcloud.org/documents/6826199-Alden-Response-to-Durbin-and-Duckworth-Letter.html>

¹¹ “Defendant’s Answer to Verified Complaint for Relief Pursuant to 8 Delaware Code Section 220 to Compel Inspection of Books and Record,” Sola Ltd and Ultra Master Ltd v MNG Enterprises, Inc., DE Chancery Court, C.A. No. 2018-0134-VCS, March 19, 2018: <https://dfmworkers.org/wp-content/uploads/2018/03/MNGresponse.pdf>

¹² SEC Form ADV, Alden Global Capital LLC, March 30, 2020.

¹³ SEC Form ADV, Alden Global Capital LLC, March 30, 2020.

¹⁴ SEC Form 13D/A, Tribune Publishing Co. and Alden Global LLC, July 2, 2020:

https://www.sec.gov/Archives/edgar/data/1593195/000101143820000155/form_sc13da-tribune.htm

¹⁵ SEC Form ADV, Alden Global Capital LLC, March 30, 2020.

If Alden wants to add major news outlets like the Chicago Tribune, Hartford Courant, and Baltimore Sun to its portfolio, it should be required to explain whose money it is investing.

Given Alden Global Capital's reliance on non-U.S. investors to acquire these newspapers, our union believes the Committee on Foreign Investment in the United States should conduct a review of Alden Global Capital's proposed acquisition of Tribune Publishing.

Please do not hesitate to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jon Schleuss', with a stylized flourish at the end.

Jon Schleuss
President, NewsGuild-CWA

CC: Philip G. Franklin, Chairman, Tribune Publishing
The Honorable Charles D. Schumer, U.S. Senate Majority Leader
The Honorable Richard J. Durbin, U.S. Senate
The Honorable Tammy Duckworth, U.S. Senate