

EO Media Group buys Bend Bulletin

By PHIL WRIGHT
STAFF WRITER

The auction lasted 15 minutes Monday and ended with the EO Media Group buying the Bend Bulletin.

The \$3.65 million winning bid also covered the price for the Bulletin's sister newspaper, the Redmond Spokesman.

EO Media Group beat two out-of-state competitors, Adams Publishing Group out of Greeneville, Tennessee, and Rhode Island Suburban Newspapers Inc., which did not send a representative to the auction but made almost \$68,000 on the sale.

Heidi Wright, EO Media Group's chief operating officer, said the the company appreciates the opportunity to continue Oregon ownership of *The Bulletin* and *Redmond Spokesman*.

"It's reassuring for the future of community newspapers when a small independent company like EO Media Group can prevail, even when going up against the big companies that are buying up newspapers non-stop around the country," she said.

Western Communications, the Bulletin's former parent company, filed for Chapter 11 bankruptcy protection in January and is selling all of its assets. EO Media Group bought two of those assets in June at auction — *The Observer* in La Grande and the *Baker City Herald*. *The Bulletin* and *Spokesman* acquisitions brings the company's total number of newspapers and journals to 14. Wright explained why the purchases make sense for the family-owned business.

"First, the vibrant economy of Central Oregon, coupled with a fresh start for *The Bulletin* and *Redmond Spokesman*, bodes well for



Bend Bulletin Photo, File

The EO Media Group put in a winning bid of \$3.65 million Monday to acquire the Bend Bulletin and the Redmond Spokesman. The successful bid beat out Adams Publishing Group out of Greeneville, Tennessee, and Rhode Island Suburban Newspapers Inc., which did not send a representative to the auction.

"First, the vibrant economy of Central Oregon, coupled with a fresh start for The Bulletin and Redmond Spokesman, bodes well for the future of these newspapers"

Heidi Wright,
EO Media Group's
chief operating officer

the future of these newspapers," she said. "Second, we believe readers in Central Oregon will support our mission of producing content that is relevant, credible and reflective of the communities we serve."

Kathryn B. Brown, vice president of EO Media Group, credited Bend locals for support.

"We appreciate the assistance of so many in the Bend community who encouraged us to consider the acquisition of *The Bulletin* and the

Redmond Spokesman, and who were willing to support us in our efforts," she said. "It quickly became clear to our board that these newspapers are an excellent investment for our company, and are a good fit with our operations throughout Oregon."

Bend Mayor Sally Russell in a letter expressed her personal support for the EO Media Group to prevail.

"Balanced, factual, local reporting is invaluable for the healthy community I am committed to helping grow and thrive," she said. "I believe that among the bidders that have identified, EOMG is the only one that offers the local perspective I feel is so critical. Our city would not be well-served by having our local, daily newspaper controlled by absentee managers of huge conglomerates whose only commitment to our city is financial."

Some Bend supporters provided financial backing, including The Bend Foundation. Trustee Mike Hollern, said the nonprofit views this as a worthy investment in a

company with a long history in Oregon delivering valuable news.

"That's a really important part of the whole American dream to have an unbiased local press," he said.

He also said he could not speak for other investors, but the Bend Foundation does not have an editorial stake in this action.

Steve Forrester, EO Media Group president and CEO, said the purchase marks more than the beginning of a new publishing venture.

"For our family ownership, acquisition of the *Bend Bulletin* also carries emotional and historical meaning," he said. "The friendship between the Chandler family and the Forrester-Bedford-Brown families goes back more than 50 years. Our essential challenge is to bring new life to Bend's storied daily newspaper."

Adams Publishing owns more than a hundred small dailies, weeklies and shoppers, including the *Herald & News* in Klamath Falls and

the *Lake County Examiner* in Lakeview.

Emily Cureton with Oregon Public Broadcasting reported Rhode Island Suburban Newspapers Inc., or RISN, owns newspapers in Rhode Island, Arizona and California, and dozens of the businesses use the same address on regulatory paperwork — an office suite in a strip mall in rural Illinois.

Corporate filings show the humble office space is connected to Horizon Publications, a subsidiary of bankrupt conglomerate Hollinger Inc., once one of the largest media companies in the world. Hollinger became infamous in the mid-2000s for the scale and scope of theft committed by its executives, according to OPB. An investigation on behalf of shareholders and submitted to the U.S. Securities and Exchange Commission found Hollinger executives siphoned more than \$400 million from their companies, largely by collecting fees on bogus non-compete contracts.

That led to fraud convictions in 2007 for Hollinger leaders Conrad Black and F. David Radler. A key Hollinger executive implicated in some of the transactions, Roland McBride, is the vice president of RISN.

According to court documents, RISN negotiated a \$67,500 "break-up fee" with Western Communications to induce RISN to submit a bid within a certain time frame, and RISN as the first bidder "acted as a catalyst or 'stalking horse' to attract higher and better offers" for the Bend newspaper and thus deserves payment for maximizing the sale. The sale proceeds will cover the cost of the fee.

The bidding started with the EO Media Group's \$2.5 million. Wright helmed the company's bidding against Mark Adams, president and CEO of Adams Publishing. RISN sent no one to the auction.

Brown said most of the bids went up in \$50,000 increments, and at \$3.65 million Adams was out and told the EO team congratulations. U.S. Bankruptcy Court Judge Trish Brown approved the sale during a hearing following the auction. She also gave until Aug. 12 for unsecured creditors to oppose RISN's break-up fee. If no one comes forward, the company collects the money.

The purchase includes the printing press and equipment in Bend but not the building or property. Kathryn Brown said EO Media would lease the site for the time being and look for new space. She also said EO Media will look at how to fold the Central Oregon papers into the organization and soon will reach out to the employees at the *Bulletin* and *Spokesman*.

Kathryn Brown said they aim to close the deal by the end of August.

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