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Dilworth Paxson Helps Client Make Acquisition a Reality within a 30-Day Window

In a move that keeps two Philadelphia icons under local ownership, the law firm of Dilworth Paxson LLP, has assisted in the purchase of the *Philadelphia Inquirer* and *Philadelphia Daily News* by Interstate General Media, LLC (“IGM”), a company formed by a group of successful business leaders and philanthropists in Philadelphia and South Jersey, led by business magnates Lewis Katz and George E. Norcross, III.

Dilworth Paxson represented IGM, which on April 2, 2012, acquired the stock of Philadelphia Media Network (“PMN”), the owner of the two newspapers and Philly.com, the region’s largest and most popular online news source. The purchase price for PMN was approximately \$55 million.

During the bidding process, Dilworth Paxson drew on its experience and knowledge of the Philadelphia newspapers’ operations, most notably the *Inquirer*, accumulated over the course of more than 50 years. The firm first represented the *Inquirer* and its long-time owner, media legend Walter Annenberg, whose father had purchased the newspaper in 1936. Dilworth later served as legal counsel to Knight-Ridder, the media conglomerate that acquired the papers from Annenberg in 1969, and the investor group led by Brian Tierney, which acquired the papers from the McClatchy Company in 2006.

PMN, a company comprised mostly of hedge funds, began fielding inquiries about a possible sale in January 2012. However, Dilworth Paxson was retained as counsel to IGM at the beginning of March, 2012, barely 30 days before the sale was completed.

Facing a series of challenges and a very tight sale deadline, Dilworth was well prepared to serve the needs of its client. The firm quickly deployed attorneys from among its 23 practice groups to review and evaluate the exposures and risks related to the proposed acquisition.

PHILADELPHIA INQUIRER, DAILY NEWS AND PHILLY.COM ACQUISITION

Within a day of its engagement, Dilworth had a team of a dozen specialists fully engaged in the process of due diligence. Led by the mergers and acquisition team, attorneys from the tax, real estate, environmental, labor and employment, benefits, intellectual property, and litigation practice groups, began analyzing the many issues raised by the proposed acquisition. For example, the real estate and banking groups examined the issues related to the planned move of the media group's operations from its long-time home in an iconic office tower at 400 N. Broad St. to a location with 125,000 square feet of office space at 801 Market Street, home to the former Strawbridge & Clothier department store.

"We worked seven days a week under tight timelines," says attorney Roger Wood, the head of Dilworth's Mergers and Acquisitions Group. The company was in auction mode, so there was constant pressure to move rapidly to meet deadlines established by the sellers. In addition, since the seller group was made up of several hedge funds, in negotiating the acquisition terms we had to decipher the motivations of the parties on their side and deal with the changing dynamics and competing interests that were in play." The negotiations proceeded on a very fast track, one that ultimately led to the closing of the purchase of PMN within 30 days of Dilworth being retained as counsel.

The Dilworth Paxson team that represented IGM in its acquisition of PMN was led by senior corporate partners Joseph Jacovini and Stephen Harmelin, the Chair and Co-Chair of the firm, and senior M&A lawyers Roger Wood and Graham Laub. Other team members included:

Partners:

- Joseph Freudenberg (environmental)
- Rosemary Loverdi (real estate)
- Marjorie McMahon Obod (labor and employment)
- John Goldschmidt (intellectual property)
- John Schmehl (tax)
- Matthew Whitehorn (employee benefits)

Associates:

- Aidan Hatch (corporate)
- Fenita Moore (corporate)
- Richard Smolen (tax and benefits)

PHILADELPHIA INQUIRER, DAILY NEWS AND PHILLY.COM ACQUISITION

Members of the new ownership group, Interstate General Media, LLC, have deep ties to Philadelphia. Business magnates Lewis Katz and George E. Norcross, III are the managing members of the ownership group. Katz has been a minority owner of the National Basketball Association's New Jersey Nets, Major League Baseball's New York Yankees, and the National Hockey League's New Jersey Devils. He also owned Kinney Parking Systems and is a philanthropist who is active in his hometown of Camden, NJ. Norcross is Board Chairman of Cooper Health System in Camden, and Executive Chairman of Conner Strong and Buckelew, a leading insurance brokerage and consulting firm, with headquarters in Marlton, New Jersey, and Philadelphia.

The group's remaining members include H. F. "Gerry" Lenfest, the former Lenfest Communications founder and one of the nation's leading philanthropists; William P. Hankowsky, Chairman and CEO of Liberty Property Trust, and Chairman of the Greater Philadelphia Chamber of Commerce; Dr. Kris Singh, President and CEO of Holtec International, an internationally recognized nuclear energy technology company founded in Marlton, NJ; and Joseph Buckelew, Chairman of Connor Strong and Buckelew.

IGM will own and operate the two newspapers and Philly.com under the PMN name. The group, consisting of the two newspapers and Philly.com, will continue to trade under the PMN name.

"These newspapers have been a part of our lives in Philadelphia for as long as any of us can remember," says Lenfest, who will serve as Chairman of IGM's Board. "In fact, I got my start in this business from the late Walter Annenberg, so coming back to purchase the company that he built is like coming home again."

"We all recognize that the newspapers hold a unique position of public trust throughout the Philadelphia region, and as owners we are stewards of that trust," Lenfest says. "In a very real sense, we view the purchase as a civic investment for Philadelphia's future, and we are committed to upholding the great journalistic tradition that has been the hallmark of the newspapers and philly.com."

The new owners have stated that they are committed to a policy of non-interference with newsroom operations, and will sign a pledge to that effect. The pledge was drafted with the participation of the newsroom leadership.