Case No. 80511

In The Supreme Court Of The State Of Nevada

NEWS+MEDIA CAPITAL GROUP LLC, a Delaware limited liability company; and LAS VEGAS REVIEW-JOURNAL, INC., a Delaware limited liability company,

Appellants/Cross-Respondents,

v.

LAS VEGAS SUN, INC., Nevada corporation,

Respondent/Cross-Appellant.

Electronically Filed Apr 06 2020 07:53 p.m. Elizabeth A. Brown Clerk of Supreme Court

District Court Case No. A-18-772591-B

RESPONDENT/CROSS-APPELLANT'S MOTION TO EXPEDITE APPEAL

LEWIS ROCA ROTHGERBER CHRISTIE LLP

E. LEIF REID, SBN 5750 KRISTEN L. MARTINI, SBN 11272 NICOLE SCOTT, SBN 13757 One East Liberty Street, Suite 300 Reno, Nevada 89501

PISANELLI BICE PLLC

JAMES J. PISANELLI, Bar No. 4027 TODD L. BICE, Bar No. 4534 JORDAN T. SMITH, Bar No. 12097 400 South 7th Street, Suite 300 Las Vegas, Nevada 89101

Attorneys for Respondent/Cross-Appellant Las Vegas Sun, Inc.

NRAP 26.1 DISCLOSURE

The undersigned counsel of record certifies that the following are persons and entities as described in NRAP 26.1(a) and must be disclosed. These representations are made in order that the Justices of this Court may evaluate possible disqualifications or recusal.

1. Respondent/Cross-Appellant Las Vegas Sun, Inc., is owned entirely by Greenspun Media Group, LLC. Neither Las Vegas Sun, Inc., nor Greenspun Media Group, LLC, is publicly owned or traded.

2. Las Vegas Sun, Inc., was represented in the underlying district court proceedings by E. Leif Reid, Esq., Kristen L. Martini, Esq., and Nicole Scott, Esq., of Lewis Roca Rothgerber Christie LLP, and James J. Pisanelli, Esq., Todd L. Bice, Esq., and Jordan T. Smith, Esq., of Pisanelli Bice PLLC.

Las Vegas Sun, Inc., is represented by the same counsel in this appeal.
Dated this 6th day of April, 2020.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

By: <u>/s/ E. Leif Reid</u>

E. LEIF REID, SBN 5750 KRISTEN L. MARTINI, SBN 11272 NICOLE SCOTT, SBN 13757 JAMES J. PISANELLI, Bar No. 4027 TODD L. BICE, Bar No. 4534 JORDAN T. SMITH, Bar No. 12097 PISANELLI BICE PLLC Attorneys for Respondent/Cross-Appellant Las Vegas Sun, Inc.

I. INTRODUCTION

In the Newspaper Preservation Act, the United States Congress observed the harsh economic realities of the print media industry and recognized the role that newspaper joint operating agreements ("JOAs") can play to save reportorial diversity in communities across America. Congress allowed struggling newspapers to combine operations through JOAs so long as the outlets maintained editorial independence. Congress envisioned JOAs as a mechanism to ensure the survival of struggling newspapers. But since the Las Vegas Review-Journal was purchased in 2015 by Appellant/Cross-Respondent News+Media Capital Group LLC, the new ownership has used the JOA with Respondent/Cross-Appellant Las Vegas Sun, Inc., for the opposite purpose. The Review-Journal has abused the JOA's accounting provisions to silence the Sun by choking off the funds that the Sun needs to survive. The Sun has not been paid any money from the joint operation for over three years.

The Sun was forced to sue to enforce compliance with the JOA, and an arbitrator found that the new owner and operator, the RJ,¹ owed millions of dollars to the Sun as a result of the RJ's improper accounting tactics. The arbitrator ordered the RJ to pay the identifiable portions of the arrearages and ordered an audit to uncover additional damages hidden by the RJ's financial practices. The district court

¹ Appellants/Cross-Respondents News+Media and Las Vegas Review-Journal, Inc., and referred to herein as the "RJ."

^{110885200.1}

confirmed the arbitration award in its entirety. But rather than pay the amounts owed or comply with the JOA's required accounting procedures, the RJ continues to delay payments to drive the Sun out of business.

If this appeal proceeds in the ordinary course, the Sun is at serious risk of going out of business. Not only will delay inflict devastating financial harm on the Sun, but Southern Nevada's citizens will also suffer irreparable harm from losing the only competing editorial viewpoint in the local print newspaper industry. Congress declared the public importance of maintaining multiple editorial voices in a community through JOAs, and without funds for its newsroom, the Sun's voice will disappear. An order expediting the briefing schedule (without extensions) and resolution of this appeal is necessary: the continued existence of the Sun is precariously balancing on the expediency of resolving this appeal.

II. FACTUAL AND PROCEDURAL BACKGROUND

The Sun and News+Media each own one of two morning newspapers of general circulation in Las Vegas, Nevada. The Sun and the RJ, currently and through their predecessors-in-interest, have been producing and distributing both newspapers in the form of a joint operation using a single platform (the Review-Journal's plant and equipment), through a JOA since 1989.

The JOA was formed under the Newspaper Preservation Act of 1970 ("NPA"). See 15 USC §§ 1801-04. Congress's purpose in creating the NPA was to

allow the survival of multiple daily newspapers in a given market where circulation was declining, and to protect at least one of the newspapers in that market from ceasing operation, a paramount public policy:

In the public interest of maintaining a newspaper press editorially and reportorially independent and competitive in all parts of the United States, it is hereby declared to be the public policy of the United States to preserve the publication of newspapers in any city, community, or metropolitan area where a joint operating arrangement has been heretofore entered into because of economic distress or is hereafter effected in accordance with the provisions of this chapter.

15 U.S.C. § 1801.

In 2005, the Sun and the RJ's predecessors amended and restated their original 1989 agreement ("Amended JOA") and agreed to produce and distribute the newspapers as a jointly packaged but separately branded product. While the Review-Journal controls the joint operation, the Sun has a unilateral right to audit the Review-Journal's books and records to confirm the RJ's compliance.

In March 2015, the Sun initiated an action seeking a declaratory judgment as to the meaning of Section 4.2 of the Amended JOA, which requires each party to bear its own editorial costs.² The Sun initiated the action after it discovered News+Media's predecessor, DR Partners d/b/a Stephens Media Group ("Stephens"), improperly charged its separate editorial costs against the *parties*' joint operation,

² See Compl., Las Vegas Sun, Inc. v. DR Partners, No. A-15-715-008-B, (Nev. Dist. Ct. Mar. 10, 2015).

which reduced the joint operation EBITDA, and therefore the amounts due to the Sun for its "Annual Profits Payments." *See* Ex. 1 \P 4. Charging these costs to the joint operation was contrary to the express language of Section 4.2 and Appendix D of the Amended JOA.

After the district court denied Stephens' motion to compel arbitration, Stephens appealed to this Court. This Court heard the appeal on an expedited basis, upon motion by the Sun. On May 19, 2016, this Court entered its Order of Reversal and Remand ("Order"). *See DR Partners v. Las Vegas Sun, Inc.*, No. 68700, 2016 WL 2957115 (Nev. May 19, 2016). This Court construed the arbitration provision broadly, explaining that "the otherwise unqualified language of the agreement and the strong [] policy in favor of arbitration suggest that the current dispute is subject to arbitration." *Id.* at *3 (internal quotation and citation omitted). Because the Sun was disputing whether each newspaper should bear its own editorial costs, the dispute went to the "amounts owed to [the Sun] under the JOA," and therefore fell within the scope of the arbitration provision. *Id.* at *6.

As a result of this Court's Order, the Sun and Stephens arbitrated the editorial cost dispute before the American Arbitration Association ("AAA"). The arbitration resulted in a confidential settlement agreement effectuated between those parties (and others not named in this lawsuit) up to the date of News+Media's purchase of the Review-Journal.

But since the RJ's succession on December 10, 2015 (which was during the legal proceedings with Stephens), the RJ has continued to employ its predecessor's improper accounting practices (even after the settlement of the prior arbitration), and has violated other material provisions of the JOA. The Sun met with multiple successive management teams brought in by the new owners hoping the clear language of the contract would be embraced by reasonable RJ leadership. Nonetheless, the RJ rejected the Sun's efforts and instead recorded a negative EBITDA every year since fiscal year ending March 31, 2017, a first during the parties' decades' long business operations.

In January 2017, the RJ attempted to force the Sun to sell to the RJ at a fire sale price, stating that the joint operation would not make any profit in the future and the Sun should sell to the RJ. Ex. 1 ¶ 7. No amount offered by the RJ was sufficient to maintain the Sun as an independent editorial voice. *Id*.

In an effort to uncover some of the RJ's accounting malfeasance, the Sun began submitting audit requests to the RJ in May 2016 and through 2017. For months the RJ pretended to cooperate, only to hinder and delay responding to the Sun's requests, and ultimately reject the Sun's audit in January 2018.

The Sun filed an arbitration demand, raising several accounting disputes, including the Section 4.2 and audit disputes. The RJ participated in the AAA proceedings until it objected to AAA's jurisdiction (despite this Court's previous Order), forcing the Sun to initiate the underlying action in April 2018. The district court relied on this Court's previous Order and compelled arbitration of the arbitrable claims.

The Sun raised three accounting disputes in arbitration. The first dispute was the unresolved Section 4.2 editorial cost dispute. The RJ has continued to improperly charge the Review-Journal's editorial costs against the joint operation, thereby reducing the joint operation EBITDA and amounts due to the Sun. The second dispute was the promotional activity and expense dispute under Section 5.1.4 of the JOA. The RJ has admittedly failed to promote the Sun in a commercially reasonable manner and, like its editorial cost accounting practices, the RJ has improperly charged the Review-Journal's *individual* promotional expenses against the joint operation in violation of the JOA. These improper charges also reduce the joint operation EBITDA. The third dispute raised by the Sun was the audit dispute—the RJ breached the Amended JOA by refusing to participate in the Sun's audit requests. Both parties requested attorney fees and costs under Appendix D of the Amended JOA.

The RJ lost in arbitration. On July 3, 2019, the arbitrator issued the arbitration award, in part finding that the RJ improperly charged its editorial expenses to the joint operation in violation of Section 4.2. These improper deductions reduced the joint operation EBITDA and caused improperly low or nonexistent Annual Profit Payments to the Sun. Similarly, the arbitrator found that the RJ could not charge its individual promotional expenses to the joint operation. The arbitrator ordered the RJ to cooperate in the Sun's audit to uncover how much more is owed to the Sun.³ Last, the arbitrator ordered the RJ to pay the Sun the AAA administrative and arbitrator fees and expenses based on the positions asserted and determinations made.

The district court confirmed the arbitration award in its entirety. The RJ now appeals the district court's confirmation order (and the Judgment entered thereon); the Sun has only cross-appealed the attorney fees limitation imposed by the arbitrator in conflict with the JOA. The RJ received a stay of execution of the Judgment in the underlying action.

The RJ has delayed paying the amounts lawfully owed to the Sun. Resolving this appeal in the ordinary course will impose catastrophic economic hardship on the Sun and could cause the community to lose the sole alternative editorial voice to the Review-Journal. The public desperately needs two editorial voices, especially now with the current COVID-19 crisis and presidential election looming.

III. Expedited Review is Warranted Under NRAP 2

Pursuant to NRAP 2, a party may move to expedite the Court's decision "or for other good cause—suspend any provision of these Rules in a particular case and

³ After the arbitration award, the RJ sought to terminate the 2005 JOA or declare it unenforceable in the underlying action, paradoxically complaining about the quality of the Sun's newspaper.

order proceedings as it directs, except as otherwise provided in Rule 26(b)." This Court has granted such relief and ordered expedited resolutions in cases of economic hardship or when issues have been fully briefed in the court below. *See, e.g., Bd. of Cnty. Comm'rs v. Las Vegas Disc. Golf & Tennis, Inc.*, 110 Nev. 567, 568-69, 875 P.2d 1045, 1045-46 (1994) (expediting appellate briefing schedule because of hardship to appellants and because the issues were fully briefed in the court below); *see also Las Vegas Review Journal v. Eighth Judicial Dist. Court*, No. 75073 (2018) (directing answer to writ petition in 24 hours and issuing published decision granting the writ 15 days after the Court docketed the matter); *Wynn v. Eighth Judicial Dist. Court*, No. 74063 (2017) (requiring completion of briefing within seven days of the petition being filed and deciding matter within three months).

This case can be likened to the *Las Vegas Discount Golf* case where this Court ordered an expedited appeal process "because of the economic hardship to appellants and because the issues presented in this appeal were fully briefed in the court below." 110 Nev. at 568-69, 875 P.2d at 1045-46. This Court ordered an expedited briefing schedule because the County estimated that it would cost approximately \$686,385 for a one-year delay of a golf concession at McCarran Airport. *Id.* at 568 n.3, 875 P.2d at 1046 n.3. This Court further recognized the "loss in additional revenues at McCarran Airport also causes harm to the general public because it forces the airport to maintain its current landing fees, which could be substantially reduced if the golf

concession goes through." Id.

Similar, albeit more dire, considerations exist here. Like the County in *Las Vegas Discount Golf*, the Sun has been facing severe economic hardship for years and will continue to do so while this matter is pending on appeal. Ex. 1 ¶¶ 14-16. Under the current owner's management and accounting practices, the RJ has recorded operating losses for the last three fiscal years. *Id.* ¶ 8, 14. The Sun has not received any funds from the joint operation to fund its newsroom since April 2017. *Id.* ¶ 14. To date, the Sun has survived solely from elective capital infusions of its owner, made to the detriment of other business operations. *Id.* ¶ 15. The Annual Profit Payments are needed for the Sun's continued survival.

The RJ's ultimate goal is no secret. The RJ itself publicly announced its desire to sever the JOA, through publications in its own paper and court filings. As the RJ knows, severing the JOA would end the Sun. The RJ initiated and continued employing illegal accounting practices as its first tactic to starve the Sun out of existence, and has more recently added delays, obstruction, and procedural gamesmanship in litigation to its strategy. The inevitable delays in this appeal will not only exacerbate the Sun's injuries, but it will be "game over." A belated affirmance of the district court's order from this Court will not make the Sun whole if the Sun does not exist to collect it.

This is a matter of public importance. Multiple editorial voices are so vital in

this country that Congress enacted the NPA just to ensure their survival. The NPA expressly provides that it is in the "public interest" to "maintain[]" diverse editorial voices. 15 U.S.C. § 1801. Additionally, the arbitration award under review on appeal merely concerns contract interpretation issues, which have been fully briefed. The parties tried these issues before the arbitrator during the eight-day hearing, and again briefed and argued these issues before the district court. While they have great public significance, the issues are not novel.

Finally, an expedited schedule will not cause hardship to either party. The parties' JOA establishes a 60-day timeframe to resolve any accounting disputes, but the RJ has successfully prolonged this dispute for years. The parties did not envision that it would take four years to resolve a straightforward accounting issue, and expressly contracted otherwise. Expediting the appeal enforces the parties' benefit of their bargain. The Sun has not received any payments in three years, and any delay threatens to cease the Sun's publication.

V. CONCLUSION

The Sun respectfully requests this Court expedite briefing, without extensions, and the resolution of this appeal. Counsel will comply with any expedited briefing schedule set.⁴

⁴ On March 3, 2020, the Sun asked the RJ whether it would agree to an expedited appeal schedule. On March 16, 2020, the RJ refused.

DATED this 6th day of April, 2020.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

By: <u>/s/ E. Leif Reid</u>

E. LEIF REID, SBN 5750 Kristen L. Martini, SBN 11272 Nicole Scott, SBN 13757

JAMES J. PISANELLI, Bar No. 4027 TODD L. BICE, Bar No. 4534 JORDAN T. SMITH, Bar No. 12097 PISANELLI BICE PLLC

Attorneys for Respondent/Cross-Appellant Las Vegas Sun, Inc.

CERTIFICATE OF SERVICE

Pursuant to NRCP 5(b), I certify that I am an employee of Lewis Roca Rothgerber Christie LLP and that on this date, I caused the foregoing **RESPONDENT/CROSS-APPELLANT'S MOTION TO EXPEDITE APPEAL** to be served by electronically filing the foregoing with the Clerk of the Supreme Court of Nevada by using the ECF system, which will send notice of electronic filing to the following:

> J. Randall Jones, SBN 1927 Michael J. Gayan, SBN 11135 Mona Kaveh, SBN 11825 KEMP, JONES & COULTHARD, LLP 3880 Howard Hughes Parkway, 17th Floor Las Vegas, Nevada 89169

Richard L. Stone Amy M. Gallegos David R. Singer JENNER & BLOCK LLP 633 West 5th Street, Suite 3600 Los Angeles, California 90071

DATED this 6th day of April, 2020.

<u>/s/ Autumn D. McDannald</u> Employee of Lewis Roca Rothgerber Christie LLP

INDEX OF EXHIBITS

Exhibit No.	Document	No. of Pages
1	Declaration of Brian L. Greenspun in Support	9
	of Respondent/Cross-Appellant's Motion to	
	Expedite Appeal	

EXHIBIT 1

EXHIBIT 1

Case No. 80511

In The Supreme Court Of The State Of Nevada

NEWS+MEDIA CAPITAL GROUP LLC, a Delaware limited liability company; and LAS VEGAS REVIEW-JOURNAL, INC., a Delaware limited liability company,

Appellants/Cross-Respondents,

v.

LAS VEGAS SUN, INC., Nevada corporation,

Respondent/Cross-Appellant.

DECLARATION OF BRIAN L. GREENSPUN IN SUPPORT OF RESPONDENT/CROSS-APPELLANT'S MOTION TO EXPEDITE APPEAL

I, BRIAN L. GREENSPUN, do hereby declare under penalty of perjury that the following assertions are true and correct to the best of my knowledge:

1. I currently serve as the Chief Executive Officer of The Greenspun Media Group and Publisher and Editor of *Las Vegas Sun*, a daily morning newspaper in Las Vegas, Nevada. *Las Vegas Sun* is one of the publications owned by The Greenspun Media Group through Las Vegas Sun, Inc. (the "Sun"). I have held the

position of Editor of Las Vegas Sun since 1989 and the position of Publisher since

2010.

2. The Las Vegas Sun is published with the Las Vegas Review-Journal as

a jointly packaged but separately branded newspaper product in southern Nevada. The Sun and Appellant/Cross-Respondents (the "RJ"), currently and through the RJ's predecessors-in-interest, have been producing and distributing both newspapers in the form of a joint operation using a single platform (the Review-Journal's plant and equipment), pursuant to a joint operating arrangement ("JOA") since 1989. The JOA was formed under the Newspaper Preservation Act of 1970, 15 U.S.C. § 1801. From 1989 to 2005, the newspapers were produced and delivered separately, with the Review-Journal being a morning paper, and the Las Vegas Sun being moved to an afternoon paper. Starting in 2005, the Sun and the RJ's predecessors agreed to produce and distribute the newspapers in the dual-product format that currently exists, amending their original 1989 agreement and executing the Amended and Restated Agreement on June 10, 2005 ("Amended JOA"). While the RJ controls all non-editorial business operations like distribution, advertising, and promotions, the Amended JOA provides the Sun a unilateral right to audit the Review-Journal's books and records.

3. In March 2015, the Sun initiated an action in the Eighth Judicial District Court, District of Nevada (Case No. A-15-715-008-B), seeking a declaratory judgment as to the meaning of Section 4.2 of the Amended JOA, which requires each party to bear its own editorial costs. The Sun initiated the 2015 action after it discovered that News+Media's predecessor, DR Partners d/b/a Stephens Media

Group ("Stephens"), improperly charged its separate editorial costs against the *parties*' joint operation, which reduced the joint operation EBITDA, and therefore the amounts due to Sun for its "Annual Profits Payments" under the Amended JOA.

4. The Annual Profits Payment is the only source of income the Sun receives under the Amended JOA, and that payment is used to fund the news operations for the Sun. The calculation for the Sun's Annual Profit Payments is found in Appendix D to the Amended JOA. This compensation arrangement for the Sun required the Review-Journal to pay the Sun an initial \$12 million Annual Profits Payment, payable monthly, in the first fiscal year (starting on April 1, 2005). The amount of subsequent Annual Profit Payments would adjust in direct correlation with the amount of the joint operation EBITDA. Higher operating expenses under the new compensation arrangement, or the charging of disallowed expenses (such as editorial costs), therefore work to reduce the joint EBITDA and, consequently, lead to lower Annual Profits Payments to the Sun.

5. After the district court in the 2015 action denied Stephens' motion to compel arbitration of the 4.2 dispute, Stephens appealed that order to this Court (*DR Partners v. Las Vegas Sun, Inc.,* No. 68700, 2016 WL 2957115 (Nev. May 19, 2016)). This Court heard the appeal on an expedited basis, upon motion by the Sun. On May 19, 2016, this Court entered its Order of Reversal and Remand ("Order"). As a result of this Court's Order, the Sun and Stephens arbitrated the editorial cost

dispute before the American Arbitration Association ("AAA"). The arbitration resulted in a confidential settlement agreement effectuated between those parties (and others not named in this lawsuit) up to the date that the RJ succeeded ownership of the Review-Journal.

6. Since the RJ's succession on December 10, 2015 (which was during the legal proceedings between the Sun and Stephens), the RJ has continued to employ its predecessor's improper accounting practices (even after the settlement of the prior arbitration), and has violated other material provisions of the Amended JOA.

7. In or about January 25, 2017, during a meeting to preview financial results for the end of the fiscal year (March 31, 2017), RJ representatives, Publisher Craig Moon and Adelson consultant Frank Vega, told me that the Sun's Annual Profits Payments were expected to significantly decrease and that the RJ did not project *any* profits going forward for the joint operation. The RJ representatives then informed me, "Patrick [Dumont] says the JOA will never be worth more than it is now and [I] should call Patrick to make a deal." The terms of a possible deal were discussed, but no offer made by the RJ was sufficient to maintain the Sun as an independent editorial voice.

8. The RJ's improper accounting practices have resulted in the RJ recording a negative EBITDA for the joint operation every year since fiscal year ending March 31, 2017, a first during the parties' decades' long business operations.

110912594.1

Because the RJ has recorded a negative EBITDA, the Sun has received no income and is at risk of closure.

9. To determine why the RJ had dramatically reduced the joint operation EBITDA, and ensure that the RJ was properly complying with the Amended JOA requirements, in May 2016 and through 2017, the Sun began submitting audit requests to the RJ. Despite the Sun's repeated attempts for an amicable solution, for months the RJ pretended to cooperate, only to hinder and delay responding to the Sun's requests, ultimately informing the Sun's representatives in January 2018 that the RJ would not allow an audit. The Amended JOA provides the Sun the right to audit the RJ's books and records annually, but the RJ refused to be audited.

10. The Sun filed what was now its second arbitration demand in February 2018 and raised several accounting disputes, including the unresolved Section 4.2 and audit disputes.

11. The RJ participated in AAA proceedings for nearly two months until it objected to AAA's jurisdiction, including its jurisdiction over the Section 4.2 dispute, on the eve of the arbitrator selection. The RJ argued that none of the disputes were arbitrable, ignoring the plain language of the arbitration provision contained in the Amended JOA and this Court's previous ruling interpreting the scope of the arbitration provision (which expressly held that the Section 4.2 dispute, and all other disputes concerning the calculation of the Sun's Annual Profits Payments, were

subject to AAA arbitration). The Sun was forced to initiate the underlying action in April 2018 as a result. The RJ opposed the Sun's motion to compel arbitration (despite the previous ruling from this Court). The district court ultimately ordered arbitration for those arbitrable claims almost a year later.

12. The RJ lost in arbitration. On July 3, 2019, the arbitrator issued the arbitration award, in part finding that the RJ's charging of its editorial expenses to the joint operation violated Section 4.2 of the Amended JOA. These improper deductions reduced the joint operation EBITDA and caused improperly low or nonexistent Annual Profit Payments to the Sun. Similarly, the arbitrator found that the RJ could not charge its individual promotional expenses to the joint operation. The arbitrator ordered that the RJ cooperate and participate in an audit with the Sun's chosen representative, and noted that a corresponding audit would uncover how much more is owed to the Sun, including (but not limited to) those amounts improperly charged for the RJ's individual promotional expenses. Last, the arbitrator ordered the RJ to pay the Sun the AAA administrative fees and arbitrator fees and expenses.

13. The district court confirmed the arbitration award in its entirety, and entered a judgment consistent with these findings (almost \$2 million for improper editorial charges for a two-year snapshot ending March 31, 2018). The RJ owes the Sun millions, and, more importantly, is required to change its improper accounting

110912594.1

tactics going forward. Instead of paying any amounts owed to the Sun, the RJ has appealed and moved to stay execution of the Judgment.

14. The Sun has been facing severe economic hardship for years as a result of the RJ's illegal accounting practices. The Sun will continue to suffer while this matter is pending on appeal. Under the current owner's improper accounting practices and management, the RJ has recorded operating losses for the last three fiscal years of the Amended JOA. This is unprecedented. The Sun has not received any money from the joint operation to fund its newsroom since April 2017. To date, the Sun is surviving only from the capital infusions that I have elected to make.

15. The RJ's improper accounting practices, as confirmed by the arbitrator, have deprived the Sun of millions of dollars that have had to be replaced to keep the Sun alive. This has forced me to make difficult decisions in other business operations to support the Sun—none of which would have to be made if the RJ was engaging in proper accounting and abiding by the terms of the Amended JOA. The RJ's accounting violations have already cost and will continue to cost the Sun millions of dollars each year, which will necessitate further difficult decisions in order to keep the Sun afloat. The RJ's actions have affected the Sun's operation in its entirety, and continues to damage the publication.

16. The Sun management, including myself, consistently and for years sought to avoid the need for arbitration and legal action, and engaged in extensive

110912594.1

efforts to work collegially with the RJ to resolve differences and ensure that the Sun was paid the lawful amounts due. We met with multiple successive management teams brought in by the new owners in the hopes that the clear language of the contract would be embraced by reasonable RJ leadership. Not only did the immediate predecessors of the RJ (GateHouse Media) agree with the Sun's interpretation of the Amended JOA and acknowledge that amounts were due to the Sun, but the RJ's initial management team also agreed that the RJ owed the Sun money. However, that initial RJ management team was removed by the new owners after a month. Unfortunately, the RJ was determined to engage in a campaign to destroy the Sun, and installed a new management team that likewise wanted to damage the Sun and would follow the RJ's owner's directives.

17. The RJ is trying to starve the Sun out of existence with its continuing accounting practices in violation of the Amended JOA, coupled with its delays, obstruction, and procedural gamesmanship. The Amended JOA calls for a 60-day arbitration process to resolve accounting disputes: the RJ's delays have forced the Sun to wait more than two years for relief.

18. By specific design, in every court action involving the RJ, the RJ weaponizes the legal process to further its end goal of bleeding the Sun and to silence the Sun by forcing it out of the JOA, which entails the inevitable cost to the community of destroying an alternative editorial voice. An expedited hearing before

110912594.1

this Court is imperative. The RJ's inevitable delays in this appeal will aggravate the Sun's injuries exponentially. Every day that this appeal drags on brings the Sun closer to its demise.

19. The current COVID-19 crisis also illustrates the urgent need to have multiple editorial voices in matters of public interest.

20. The advertising crisis brought on by the COVID-19 virus exacerbates the already exigent situation because the advertising revenues historically used to maintain the Sun's operations pending the RJ's unlawfully withheld payments is deteriorating, which, in turn, makes the urgency of an expedited hearing by this Court even more important and unequivocally necessary. The continued existence of the Sun is precariously balancing on the expediency in which this appeal is resolved.

DATED this <u>6</u> day of April, 2020.

Bil Ang

Brian L. Greenspun