

POTTSTOWN CITIZENS FOR Enlightened LEADERSHIP

Wealth, civic duty, honor

Last month the Reading Eagle Company filed for bankruptcy protection. The *Reading Eagle* has been Berks County's primary newspaper for decades, with a current print circulation of more than 37,000 daily and 50,000 Sunday.

The newspaper has been owned by the same family since its founding in 1868.



Commentary by
Tom Hylton

Motions filed in U.S. Bankruptcy Court last week propose to sell the Reading Eagle Company in mid May. Bidders will have to demonstrate the financial capacity to operate the newspaper.

The company has total assets of \$15.2 million and liabilities of \$38.5 million.

In recent years, the *Eagle's* advertising revenues have declined significantly. In 2009, the company defaulted on a \$25 million bank loan. To prevent foreclosure, *Reading Eagle* president and chief executive officer Peter D. Barbey bought the company's debt from the bank through a limited liability company he controls.

Last year, the company lost \$4 million, and Barbey's LLC has been loaning the *Eagle* an average of \$250,000 a month to keep operating, the newspaper reported.

A bankruptcy filing is necessary when a company is unable to service its debt or pay its creditors.

The Barbey family is reportedly one of the wealthiest in the nation, with assets estimated by *Forbes Magazine* in 2015 at \$6.1 billion.

One billion dollars is a 1,000 million dollars, so it would seem the

Barbey family could operate the *Eagle* at a substantial loss for years to come if it chose to do so.

The bankruptcy filing indicates it chooses not to do so.

Back in 2013, the *Washington Post* was hemorrhaging money when its longtime family owners sold it to Jeff Bezos of Amazon, the world's richest man. There's been a remarkable financial turnaround, and for the last two years, the *Post* has been profitable.

Likewise, the *New York Times* was struggling in 2009 when it received a \$250 million loan from Mexican billionaire Carlos Slim Helú.

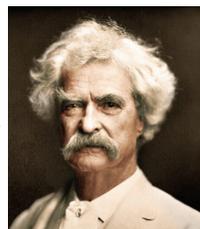
Today, the *Times* is profitable once again, as digital-only subscribers provide more revenue now than advertising. Slim has been amply repaid for his investment.

Unhappily, local journalism is not doing nearly as well. The continuing sales of local, family-owned newspapers to rapacious chains has decimated hometown journalism from coast to coast.

Let's hope the *Eagle* avoids that fate.

Consider the example of the great American author, Mark Twain. Unwise investments forced Twain into bankruptcy in 1894. However, as he recovered financially over the next few years, he repaid all his pre-bankruptcy debts, even though he had no legal obligation to do so. It was a matter of honor.

Does the Barbey family have a debt — a civic obligation — to Reading?



MARK TWAIN

**PROMOTING
sales of the
Reading Eagle
at the Pottstown
Post Office, Au-
gust 2015**

