

Vegas newspaper stands up to its newly unveiled owner, casino giant Sheldon Adelson

By NIGEL DUARA and LISA MASCARO DEC 23, 2015 | 5:40 PM | LAS VEGAS



Reporters for the Las Vegas Review-Journal broke the story about the buyers of their own newspaper. (John Locher / Associated Press)

"Get ready to write a story about this," Las Vegas Review-Journal Deputy Editor James Wright told his two best reporters as newspaper employees gathered for a mysterious staff meeting this month.

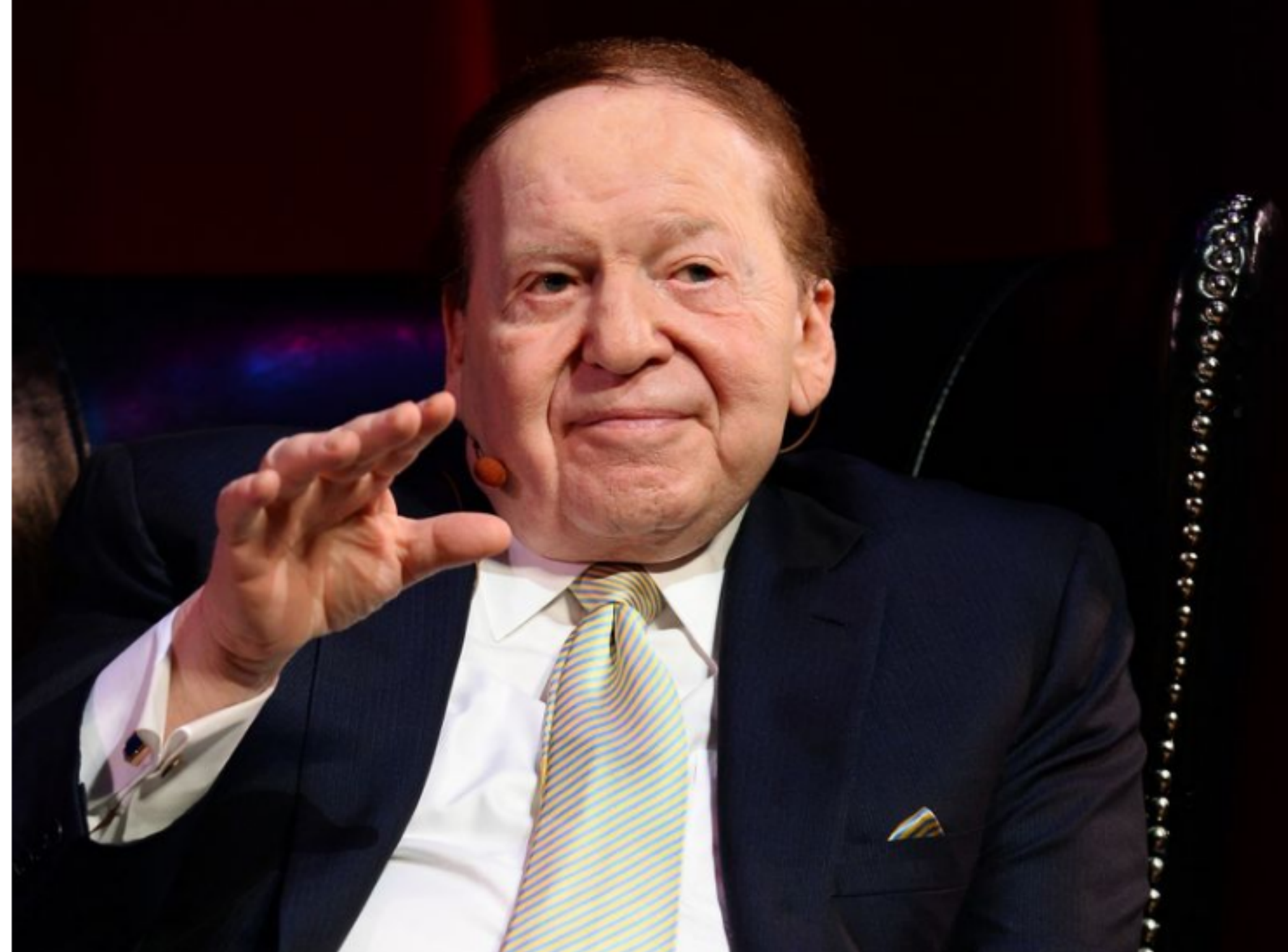
Sitting on folding chairs in a cavernous, largely empty brick building, the journalists, ad salespeople and executives listened for nearly 40 minutes as Publisher Jason Taylor droned on about recent hires, quarterly results and the new company polo shirts he wanted everyone to start wearing.

What's the big deal? wondered business reporter Jennifer Robison, a diminutive 10-year veteran who had won awards for exposing the state's faulty healthcare website.

Then Taylor introduced a stranger named Michael Schroeder and broke the news: The paper had been sold for \$140 million, nearly \$40 million above the price when it changed hands just eight months earlier. Schroeder, as a representative of an investor-backed media company called News + Media Capital Group, assured everyone they would have a "long future" with the paper.

The newspaper's editor in chief, Michael Hengel, stood up. "So who are these investors?"

"Don't worry about who they are," Schroeder shot back.



Las Vegas Sands Corp. Chairman and CEO Sheldon Adelson, one of the Republican Party's biggest donors, is behind the purchase of the Las Vegas Review-Journal. (Ethan Miller / Getty Images)

Stunned and demoralized in front of his staff, Hengel was speechless. Groans and sarcastic laughter echoed off the high ceilings.

"It was chaos," recalled a reporter who, like half a dozen others, spoke to The Times on the condition of anonymity for fear of endangering their jobs.

Even before Schroeder could adjourn the meeting, Robison and other reporters had begun furiously thumbing through their phones' Web browsers, looking for business records related to the Delaware-based News + Media Capital Group or the backgrounds of their new owners.

"They look like they were registered just to buy us," Robison whispered to Howard Stutz, the other business reporter tasked to cover the story.

Stutz leaned over and whispered back one word: "Sheldon."

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What followed is one of the most bizarre chapters in U.S. journalism in years, and it's still unfolding.

On Tuesday night, Hengel, after rallying his staff for days, abruptly announced he was leaving. Meanwhile a succession of back-and-forth front-page editorials has left readers of Nevada's largest newspaper wondering exactly who is in charge.

On one side is casino mogul Sheldon Adelson, 82, who looms so large over Sin City that everyone from cabdrivers to showgirls knows him simply by his first name. The surprise purchase by Adelson, a major GOP benefactor, raised a flurry of questions about why the billionaire would be interested in a 167,000-circulation daily newspaper.

On the other side is a newly re-energized staff of Las Vegas journalists whose aggressive, defiant reporting on the sale has won widespread accolades even though it may cost some their jobs. "I'm reporting now just out of angst," Robison said in an interview.

It's a pretty odd business decision if you turn it into a newspaper version of Fox News Channel.

— MITCHELL STEPHENS, NEW YORK UNIVERSITY JOURNALISM PROFESSOR, ON THE RISK OF TARNISHING THE LAS VEGAS REVIEW-JOURNAL IF IT WERE TO BE USED AS A POLITICAL MOUTHPIECE

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The newspaper broke the first detailed account exposing Adelson as the mystery buyer, despite his initial efforts to hide his role. Since then a string of stories has reported on Adelson's purchase. One suggested he was behind a strange assignment recently handed down by the paper's corporate management to investigate a Las Vegas judge who had clashed with Adelson during an unrelated business dispute lawsuit against him.

In a front-page editorial Sunday, the paper's editors, in soaring rhetoric, told readers they would remain vigilant to ensure coverage was not slanted and that any potential conflicts with Adelson's businesses and political interests would be fully disclosed.

"You can be assured that if the Adelsons attempt to skew coverage, by ordering some stories covered and others killed or watered down, the Review-Journal's editors and reporters will fight it," the editorial read. "We will fight for your trust. Every. Single. Day. Even if our former owners and current operators don't want us to."

They had reason for concern. On the night of Dec. 10, Taylor, the publisher, had stopped the presses to delete a quote from Schroeder in the paper's first story about the sale. Taylor, who did not respond to a request for an interview, apologized the next morning for his action, two employees said.

By Tuesday night, Adelson's new management team had begun to take the reins, firing back in their own editorial, which ran on Wednesday's front page, that they would "publish a newspaper that is fair, unbiased and accurate."

The editorial mentioned that Hengel had accepted a "voluntary buyout." But in an interview Wednesday, Hengel said he first learned of his acceptance of the buyout when someone from the newspaper read the editorial to him over the telephone Tuesday night. At the same time, he received an email with a formal offer.

Adelson's representatives declined an interview request.

The deal makes Adelson, the up-by-the-bootstraps chairman of the sprawling Las Vegas Sands Corp., the latest billionaire to jump into the flailing newspaper industry. But even by Nevada's often elastic civic standards, having the state's premier daily in the hands of one of the Republican Party's biggest donors has pushed journalistic boundaries into unfamiliar territory.

"I do have to admire the courage of those reporters from Las Vegas who insisted if they're going to be demanding transparency of the people they cover, then the people that employ them have to be just as transparent," said Fred Brown, who teaches journalism at the University of Denver and is a member of the Society of Professional Journalists' committee on ethics. "They could get fired."

Adelson's interest in acquiring media properties is surprising given his past confrontations with journalists. Adelson has sued reporters personally, including one well-known case against Review-Journal columnist John L. Smith, who was driven into bankruptcy while fighting a libel lawsuit from Adelson that was eventually dismissed.

The Review-Journal purchase expands Adelson's media investments, which include two conservative Israeli newspapers, an Israeli website and — according to a report in the New York-based Jewish weekly the Forward — sizable contributions to JNS.org, a U.S.-based news agency that provides content to Jewish newspapers around the country. The editor of JNS referred questions to the agency's publisher.

Adelson is best known for launching Israel Today, a free paper that has grown to become one of the country's most-read newspapers. Its reputation is as an unapologetic supporter of conservative Israeli Prime Minister Benjamin Netanyahu.

Dubbed "Bibiton" — a mash-up of Netanyahu's nickname Bibi and the Hebrew word for newspaper, "iton" — the daily is seen as so pro-Netanyahu that the prime minister's political opponents have said it should be counted as a campaign contribution.

But reporters at Israel Today insist Adelson's role in day-to-day coverage is overstated. "I have never felt a guiding hand or demands for a certain tone," said columnist Emily Amrousi, a pro-settlement hard-liner who has sometimes attacked Netanyahu for being too liberal. "I challenge Netanyahu from the right. I criticize him for steps such as a settlement freeze and other policies, and have never encountered any demand or instruction to temper or change my tone, not even discreetly."

Adelson's purchase of the Las Vegas paper may turn out to be more of a billionaire's fancy — the whimsy of a self-made businessman with a mixed record of using his fortune to advance political pursuits.

Adelson rivals the Koch brothers for known financial contributions to candidates, pouring an estimated \$100 million into the 2012 presidential campaign. Top Republican presidential candidates are courting his support for 2016.

But Adelson has suffered his share of electoral losses. He rose to national prominence by keeping Newt Gingrich's 2012 presidential bid afloat, though Republican voters never warmed to the former House speaker. Adelson poured more money into Republican nominee Mitt Romney's losing campaign against President Obama.

Some suggest the Review-Journal could provide a new platform for Adelson's conservative views or give him leverage in what is likely to be a swing state in the 2016 race.

The purchase, arranged by his son-in-law Patrick Dumont, also a Sands executive, may also give him greater influence in local and state issues, including the future of online gaming, the legalization of marijuana and an expansion of the Las Vegas convention center. (Adelson owns a competing private convention center.)

"He hasn't really been a kingmaker in Nevada politics simply because he follows his own personal interests and agenda," said Eric Herzik, chair of the political science department at the University of Nevada, Reno. "It's a far more kind of personal agenda with Sheldon Adelson."

After the purchase was announced, the Review-Journal began investigating what it described as an "unprecedented" mandate from management weeks earlier. Three of the newspaper's reporters were ordered to spend two weeks monitoring Clark County judges, particularly District Judge Elizabeth Gonzalez. They were to observe "whether [the judges are] even or not, if they favor one lawyer over another, whether they're over- or under-worked — even whether they show up for work on time, or not," the newspaper reported.

None of the 15,000 words the reporters filed ended up in the Review-Journal, but instead a Dec. 1 story highly critical of Gonzalez was published on page 12 of a small Connecticut newspaper, the New Britain Herald, which had been saved from extinction by Schroeder, the man who days later would be introduced as the new owner's representative at the Review-Journal.

The Review-Journal's account noted that Gonzalez had clashed with Adelson when he took the witness stand in a wrongful-termination suit. When Adelson refused to answer a question, Gonzalez admonished him: "Sir, you don't get to argue with me. You understand that?" the Review-Journal reported.

Nevada has a long history of partisan newspaper ownership dating back to the Wild West days. The founder of the rival Las Vegas Sun, Hank Greenspun, was known in the 1950s for confronting anti-communist Sen. Joe McCarthy. His son, Brian, is now the paper's publisher and a contributor to Bill and Hillary Clinton.

But if Adelson tries to turn the Review-Journal into his mouthpiece, he risks tarnishing the paper's brand, said New York University journalism professor Mitchell Stephens. "It's a pretty odd business decision if you turn it into a newspaper version of Fox News Channel," Stephens said.

On Wednesday, the Review-Journal newsroom was still reeling from Hengel's buyout and what it would mean for their pursuit of the story. Reporters have resumed out to other newspapers or for jobs in other industries. But many said they would not back down.

"It takes the wind right out of their sails," said columnist Smith. "But this is a group that lives with their sleeves rolled up."

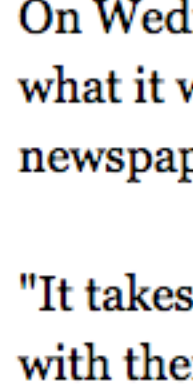
Duara reported from Las Vegas and Mascaro from Washington. Times research librarian Scott J. Wilson and correspondent Batsheva Sobelman in The Times' Jerusalem bureau contributed to this report.

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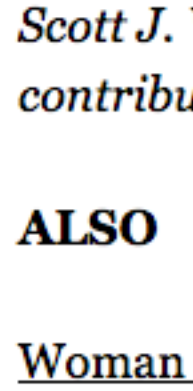
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