

State Senator "Appalled" by Newspaper Lobbying Tactics

BY JIM DOOLEY - The Honolulu Star Advertiser's bid to keep monopoly control of non-judicial foreclosure newspaper ads has failed at the Legislature and a key state senator said she was "appalled" by the newspaper's lobbying tactics.

Dave Kennedy, marketing vice president for the Star Advertiser, told Sen. Roz Baker that a bill creating competition for the ads would cost the Star Advertiser \$4 million in revenue and force it to lay off employees, Baker said.

"I was appalled," said Baker, D-5th Dist. (West Maui).

Baker said she told executives of the newspaper to "go ahead and compete" for the advertisements.

"I asked them, 'don't you believe in a free market?'" she said.

Kennedy did not respond to a request for comment emailed to him yesterday.

Few of the ads are being published now and, while they will increase under expected changes to state foreclosure law, the newspaper hasn't lost any money yet and can still compete for the work, Baker said.

Changes to the publication law are contained in a small section of HB1875, a large omnibus bill that implements changes to state foreclosure laws recommended by task force created by the Legislature in 2010.

The bill changes a section of the law that now requires publication of the notices in a daily newspaper of general circulation published in the county where the foreclosures occur.

Baker said lawmakers “made a mistake” with language in the law last year and “now we want to remedy that inadvertent monopoly.”

The new changes would allow weekly publications to compete for the work.

In trying to head off the changes last week, Star Advertiser publisher Dennis Francis told lawmakers that the newspaper was immediately cutting its rates in half – from \$90 per column inch to \$45 – for the non-judicial foreclosure ads.

He asked for changes in the bill’s language that would have kept the Star Advertiser's monopoly position in the Honolulu market.

Baker said the newspaper hired lobbyists to represent it and tried unsuccessfully to enlist the support of the powerful ILWU labor union, which represents some employees of the Star Advertiser.

But the union said “no way,” according to Baker and other legislators.

A company based in Bellevue, WA, Rim Publications, publishes foreclosure notices in several western states and has established a weekly an online publication here called Island Sun Weekly that apparently intends to compete for the ad market here.

An attorney affiliated with Rim Publications founder Stephen Routh testified at the Legislature this year that the Star Advertiser has imposed “dramatic increases” in its foreclosure ad rates.

The lawyer, Michael Wong, recommended the changes now included in HB1875 that would allow small weekly publications to bid on the foreclosure ad business.

HB1875 still must be approved by the entire Legislature and Gov. Neil Abercrombie