

Business

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Former publisher clears the ledger



Photo for The Tribune by AP

Gary Hides, chairman of Delaware Bay Co., outside New York's Rockefeller Center. Hides is paying off debts he ran up while operating a weekly newspaper as a teen.

Though 16 years late,
creditors find checks
finally are in mail

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By Charles Storch
Chicago Tribune

NEW YORK—Gary E. Hides was 19 years old when he started the Oak Forester weekly newspaper in April, 1970. By September, 1971, the boy publisher had become the boy bankrupt, having shut the south suburban Chicago paper and filed to liquidate its assets under

U.S. Bankruptcy Court supervision.

Soon after, Hides moved from Oak Forest. He was written off in the memories of most people there, just as his newspaper's debts were written off by creditors who received nothing from the liquidation proceeds, which just covered Hides' legal bills.

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But Hides never forgot the debts. It took a while, Oak Forest, but Hides' checks finally are in the mail.

"It may sound hokey," he said, "but I felt I had an obligation that wouldn't go away because of a legal technicality called bankruptcy."

Hides, now 36 and the head of a small midtown Manhattan investment firm, said he has repaid in full most of the creditors he has been able to locate and that still want to be reimbursed. For those that, for accounting or tax reasons, choose not to be paid or that can't be located, Hides said he will donate amounts equal to their claims to a charity.

To locate those last, small claimants, Hides ran a full-page advertisement in the Oak Forest edition of the Star weekly newspaper. In the ad, he refreshed memories about the Oak Forester and gave an address where claimants might contact him. The ad ran on April 16, which was 17 years to the day of the Oak Forester's first issue.

During a recent interview near his Rockefeller Center office, Hides acknowledged that the bankruptcy proceedings extinguished his paper's debts and left him under no legal obligation to repay any of the \$17,000 in claims, mostly by vendors, listed on the bankruptcy petition.

Another \$10,000 was owed to office workers, stringers and paper boys and wasn't listed on the petition. Hides said that debt was paid off two years ago.

He knows the bankruptcy can't be erased from his credit record, yet he said it hasn't hurt

his ability to borrow money or been an impediment in his business career or his brief fling in politics.

He dismissed a suggestion that his business failure led to his current specialty: investing in financially distressed companies.

"Maybe there's a deep psychological tie-in, but I doubt it," he said. "It's just coincidental."

Coincidence or not, Hides has found his place among Fallen Angels—which is the name of the investment fund managed by his firm, Delaware Bay Co.

The Fallen Angels Fund, with assets of about \$15 million, invests in formerly investment-grade, troubled companies, including some reorganizing under Chapter 11 of the U.S. Bankruptcy Code.

Hides developed the specialty a few years ago as a broker at Morgan Stanley & Co. There, he made a name for himself and a sizable profit for the firm by investing in preferred stock of Continental Illinois Corp., the parent of the government-rescued Continental Illinois National Bank and Trust Co. of Chicago.

Hides believes there are "a lot of hidden values" in companies in, or in peril of, Chapter 11, if investors are patient and confident that the companies will straighten themselves out or be bailed out by creditors.

All this is a long way from Oak Forest of 1970.

Hides was then attending a junior college and stringing for a nearby weekly. Believing that Oak Forest was large enough to support its own paper, he launched the weekly Oak Forester with about \$100 of his money and the support of several vendors.

Charles Richards, president of Regional Publishing Corp., the Palos Heights firm that printed the Oak Forester, recalled having no qualms in 1970 about working with the teenage publisher.

"Gary had a serious demeanor

and worked hard, and he seemed to have all the right stuff to make it," Richards said.

But Richards and others vendors became uneasy after Hides expanded the weekly into Country Club Hills, Markham and Hazel Crest.

Hides said he believed he needed to expand to compete for advertising with multiple-editioned papers that served Oak Forest and surrounding communities. The paper's circulation grew to about 40,000, but advertising was still weak. When a major advertiser pulled out of the paper, Hides filed to liquidate the Oak Forester in September, 1971.

After the paper's collapse, Hides worked as a reporter and news editor, first at the Edmond (Okla.) Sun and then the Delaware State News in Dover. He left newspapering to become an aide to some Delaware politicians. In 1978, he ran unsuccessfully for U.S. Congress on the Democratic ticket, a race in which he was heavily outspent by his opponent.

"I decided it was time to stop fiddling around and make some money," Hides said. "Not having money lost me an election and a business."

Hides became a stockbroker, working in brokerage firms in Philadelphia before going to New York in 1983 for Morgan Stanley. In 1985, he joined a small investment firm, which he left last year to form Delaware Bay.

He began contacting and sending checks to many Oak Forester creditors a few months ago. Some responded with letters in which they said the checks restored their faith in human nature.

One letter writer said he would have to remain anonymous because he took a tax deduction on the bad debt years ago and wasn't planning to report the repayment to the government. "Besides," he wrote, "I'm taking the missus and me to Hawaii on the check."

Richards said he "takes debts very seriously. When somebody sticks me, I don't forget it or the amount."

Richards said he was pleased to receive a check from Hides for the full amount of his original claim. Still, Richards said he would have been happier if Hides had kicked in another few thousand dollars for interest.