Thompson Publishing files for Chapter 11

The Associated Press

Thompson Publishing Group Inc., whose books focus on regulatory compliance advice for professionals in health care, human resources and other industries, has filed for Chapter 11 bankruptcy protection.

The company's filing Tuesday in U.S. Bankruptcy Court for the District of Delaware lists $10 million to $50 million in assets and $100 million to $500 million in estimated liabilities.

Its biggest equity stakeholder is listed as Avista Capital Partners, a private equity firm.

Avista was in the news Tuesday for another reason: It agreed to pay $780 million to buy a division of Clorox Co. that makes the car-care brands Armor All and STP.

Avista's investments focus on the media, energy, health care, industrial and consumer industries.

An earlier Avista media investment that went sour was the company's $530 million purchase of Minnesota's Star Tribune newspaper in 2007. The Star Tribune filed for bankruptcy protection last year, saddled by the debt Avista took on to finance the deal, and Avista got nothing when Star Tribune emerged from the reorganization and the newspaper's main lenders took control.

Another holder of Thompson's equity is James Finkelstein, one of Avista's founding partners and before that the longtime CEO of a company focused on legal publications, according to FactSet Research Systems Inc.

A message left after-hours with Avista by The Associated Press was not immediately returned Tuesday.

Thompson, which is based in Washington, D.C., said in its filing that it has reached an agreement with a "stalking horse bidder" — PNC Bank — that has agreed to buy the company's assets and assume some of its obligations in connection with the bankruptcy proceedings, and to provide up to $3 million in "debtor in possession" financing.

A "stalking horse" is an initial bidder for a company in a bankruptcy. It's usually expected that a higher bidder will step forward.

Thompson claims more than 70,000 subscribers and said in a document in support of its filing that it had $56.7 million in revenue last year and expects that to fall to $49.0 million this year. The company said it is having trouble borrowing money and is burning through its cash.

Like many other publishers, Thompson said its revenue and profitability have suffered as more content has become available for free online. It added that it was hurt by additional factors, such as the crisis in the financial services industry, which supplied a large part of the company's revenue, and "a relative lack of new regulations in recent years," which has led to declining interest in the company's publications.

The company has 282 employees.