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Leader/Times Settle Lawsuit

WICHITA, Kan. (AP) -- A 121-year-old newspaper and an upstart rival published by its former employees have settled a federal lawsuit, ending an unusual battle over newspaper cutbacks.

The newspapers reached a settlement after two days of mediation, according to documents filed Wednesday in U.S. District Court in Wichita. The terms were not disclosed. The papers planned to announce the deal in their Friday editions.

Publisher Earl Watt and 15 other employees of The Southwest Times walked off their jobs last year after out-of-town owners scaled the daily newspaper back to three days a week, raised fees and cut staff and content.

Then Watt and his cadre of co-workers captivated the floundering newspaper industry by buying a $150,000 printing press and launching a daily newspaper, the High Plains Daily Leader, in May 2008.

In December, the Southwest Times' parent company sued the new newspaper's publishing company, Watt, his wife and four other former employees. The lawsuit accused the former employees of computer fraud, deceit, defamation and interfering with business relations, among other things.

Watt has denied all the allegations and called the lawsuit a last-ditch effort to force his new paper out of business.

Neither side, by court order can discuss details of the settlement Thursday.

James Gutzmer, publisher of The Southwest Times, issued a brief written statement acknowledging the lawsuit had been settled and saying parent Liberal Publishing Co. had accepted the deal "in satisfaction and payment of all of its claims set forth in the litigation."

Liberal Publishing is owned by Gadsden, Ala.-based Lancaster Management Inc., which has 18 newspapers in nine states.

Larry Phillips, managing editor of the High Plains Daily Leader and one of the defendants in the lawsuit, said attorneys for the newspapers' insurers were the ones who really cut the deal.

"We are tickled to death," Phillips said. "It was settled. We are here. We are getting after doing our job every day. We don't have to worry about that. We are excited."

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