

# Radio Business Report™

Voice Of The Radio Broadcasting Industry®

June 3, 2002

Volume 19, Issue 21

## Andersen out, E&Y in at Radio One

Embattled Arthur Andersen is no longer the auditor for Radio One (O:ROIA). Ernst & Young took over those duties as Andersen sold its Baltimore office's corporate auditing and tax services operations to E&Y.—JM

## FCC says Yes to 196 more LPFM apps.

The FCC says 196 new LPFM applications are not in conflict others pending and is giving the public 30 days to file protests/comments about the proposed new stations. The applications are from the LPFM filing window that open from 6/11-6/15. Petitions to deny must be on file by 6/24. —CM

## Sirius adds nine states

Sirius Satellite Radio announced 5/30 that beginning 6/1 the service will be available in an additional nine new states including Delaware, Florida, Illinois, Maryland, upstate New York, North Carolina, Pennsylvania, South Carolina, Virginia and Washington, DC. This brings Sirius' availability to 37 states. Sirius will be national on 7/1. —CM

## Fergie to launch US Talk show?

The *NY Post* reports 5/24 that **Sarah Ferguson**, the UK duchess, is considering hosting her own daily talk show in the US. "I can confirm she has been approached and that there are discussions going on now," her spokeswoman told *The Post*. "She is considering it, but it is not a done deal." —CM

## Clear Media expands in China

Clear Channel's Clear Media plans to buy 240 outdoor faces from the government of Shenyang China for close to \$2M. The deal also gives Clear Media rights to the development of bus-shelter advertising. —CM

## AP names Executive Editor

AP President/CEO **Louis Boccardi** has named **Kathleen Carroll** to Executive Editor 5/29: "Kathleen brings a broad array of skills and experience to the direction of the AP news report. At AP, she has helped fashion our coverage in Texas, New Jersey, California and in Washington D.C., for both print and broadcast members. At Knight Ridder, she has directed Washington and international coverage for newspapers and multimedia." —CM

## Harris launches more IBOC products

Harris is offering more equipment for the transition to IBOC. Products include Dexstar AM and FM IBOC exciters, the Z-IBOC line of FM transmitters and a plug-in IBOC module for the Intraplex STL Plus digital link. —CM

## FCC approves Ackerley sale

The FCC has given its blessing to Clear Channel's (N:CCU) \$800M acquisition of The Ackerley Group (N:AK). The 5/29 order gives Clear Channel 12 months to spin off excess stations to comply with the radio-TV crossownership limits in the Binghamton, NY; Rochester, NY; Syracuse, NY; Utica, NY and Santa Maria, CA markets.

In response to complaints by Buckley Broadcasting and Rep. **Sam Farr** (D-CA) that Ackerley (and Clear Channel post-closing) had an attributable interest in a second TV station in the Monterey-Salinas, CA market, the FCC found that Ackerley had been in compliance with conditions previously imposed by the FCC staff regarding the joint sales agreement and LMA of less than 15% of the station's daily programming. However, the FCC said its staff had not gone far enough and required further modifications to limit the JSA to apply only to revenues provided by programming under the LMA. The Commission didn't penalize Ackerley, since it had complied with the FCC staff's previous interpretation of the attribution rule.



Michael Copps

Commissioner **Michael Copps** (D) dissented from approving the transfers in the five markets where the temporary waivers were granted. "The television markets in which Clear Channel will acquire stations in violation of our local ownership restrictions are not among the largest or most diverse in the nation. Indeed, they range from Syracuse, NY, the 71<sup>st</sup> largest market, to Utica, the 168<sup>th</sup> largest. Our ownership rules, as well as the statute on which those rules are based, permit ownership of multiple stations in a direct relationship to the size of the market—the larger the market, the more stations one owner may own. Congress and the

Commission set those limits to ensure diversity in those markets. I do not see where a waiver of those limits served the public interest," Copps said.

**RBR observation:** Although the Ackerley merger creates numerous TV-radio market overlaps for Clear Channel (*RBR* 10/15/01, p. 6), it adds only five radio stations to CCU's tally—all in the Seattle market, where CCU previously had none.

Although the easiest way for CCU to get into compliance in its five waiver markets is to sell off a few small radio stations (10 at most), there's still a good possibility that the company will shop around some of the Ackerley TV stations as well. In either case, look for tax-free swaps to be preferred over cash sales.—JM

## Honig blasts broadcasters on EOE

The Minority Media and Telecommunications Council and a host of civil rights groups have charged at the FCC that broadcasters are blatantly shirking their Equal Opportunity Employer responsibilities. In reply comments on whether the FCC should reinstitute some sort of equal employment rules for broadcasters (after two previous attempts were shot down by the courts), MMTC Executive Director **David Honig** said the group's research found that broadcasters aren't taking seriously their claim to hire without regard to race, sex or ethnicity.

"Probably the biggest surprise is our finding that of the 837 job listings on the 35 state broadcasters' websites, 348 (42%) did not have EOE notices. For over 30 years, virtually all broadcasters held out to the public that they were equal opportunity employers by putting 'EOE' or a comparable tag at the end of their help wanted ads. Now, however, a very substantial number of broadcasters have actually gone to the trouble to take down their self-identifications as equal opportunity employers. In our view, this pretty much demolishes the argument of the NAB and the state broadcast associations that broadcasters will abide by nondiscrimination requirements even without FCC oversight," Honig said.—JM



Kathleen Abernathy

## KROQ fine upheld

The FCC has upheld a \$2K fine for indecency against Infinity's KROQ-FM Los Angeles, even though the complaining listener was unable to provide a tape or transcript of the allegedly indecent broadcast. Infinity had said it was doubtful that an unedited version of the song "You Suck" was broadcast at 9:10 pm on 3/28/97, the listener insisted that she heard the unedited version, not the edited-for-radio version that was in the station's normal rotation. Infinity had appealed the FCC staff's decision to accept the listener's claim, although there was no evidence to corroborate her memory. For its part, the station did not maintain a tape of the broadcast and could not prove which version actually aired. In an order issued Friday (5/24), the four Commissioners voted unanimously to uphold the FCC staff and affirmed the \$2K fine.

As far as Commissioner **Kathleen Abernathy** (R) is concerned, it doesn't really matter which version aired. "Furthermore, I would have been inclined to impose a forfeiture even if we found the station aired the edited version. Since the parties in this

proceeding were not put on notice of this issue, the order does not speak to the edited version. If it had, I would have been hard pressed to find that the edited version does not also contain indecent material that describes sexual activities in patently offensive terms," she said.

Commissioner **Michael Copps** used the occasion to renew his call for all broadcasters to maintain tapes of all broadcasts, insisting that the FCC had "clarified" its position—- that tapes or transcripts were never required for indecency complainants, but that asking for them was merely "a procedural practice" that's no longer being adhered to in all cases.

"This step should help correct some broadcasters' erroneous view that without tapes they cannot be found liable on an indecency complaint and that the retention of tapes can only serve to buttress claims against them," Copps said. "This case also makes clear that the retention of tapes would be a valuable tool in determining what was broadcast and when, information essential to the Commission's enforcement of the indecency law. I am very pleased to see the Commission begin to respond to the increasingly clear call of the American people for more responsive enforcement of the indecency laws. Today's decision should serve as a wake-up call for those who have been fueling programming's disturbing race to the bottom."

**RBR observation:** What's the FCC's indecency policy this week? Who knows? This is hardly the first time that the Commission has retroactively changed its rules on indecency without either a public rulemaking or a court order—and it probably won't be the last. Small wonder that the FCC always cuts and runs whenever it faces the prospect of actually having to defend one of its decisions in court.—JM

**New Format**

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**Sexton gets to the Point as COO**

Point Broadcasting LLC has named **Miles Sexton** COO, putting him in charge of day-to-day operations at 11 stations in two California markets. Point, which operates as Gold Coast Broadcasting and High Desert Broadcasting, owns six stations in Oxnard-Ventura and five in Palmdale-Lancaster.



Miles Sexton

"We are delighted to have someone with Miles' vast experience in radio station management to head up the current and future operations of the Point Broadcasting stations," said President & CEO **John Hearne**.

Sexton had previously been GM of McDonald Media Group's stations in Oxnard-Ventura and Santa Barbara.—JM

**Phoenix move-in in the works**

American Media Services (Ed Seeger, Frank McCoy) is working with KVNA-FM 97.5 Flagstaff to do a move-in to Phoenix, to the town of Dewey near Prescott. The 100-kW station, currently owned by W. Grant Hafley/Yavapai Broadcasting (he bought it from Regent) wants to relocate to a mountaintop location in the area of Crown King. It will remain 100-kW non-directional. This will require the forced short spacing or a channel change of stations near Phoenix, including KRXS-FM 97.3 (a C2). McCoy tells *RBR* there's a good chance the FCC will approve the CP and that more will be known about the deal in a week or two.—CM

**Citadel sells Interactive Services to MediaSpan**

MediaSpan, a media services provider for radio and newspapers, announced it has purchased the website and e-mail technologies developed by Citadel Interactive for Citadel's 150

station websites. Terms of the deal were not disclosed. MediaSpan will continue to provide the services to some Citadel stations. Terms of the deal were not disclosed. Citadel's website design, publishing and hosting services allow stations to define the look and feel of their sites. The e-mail services enable stations to efficiently manage listener databases and e-mail transmittals.—CM

**Slager Radio to pay \$1M in overdue fees**

Emmis' Slager Radio in Hungary announced 5/29 it is ready to pay around \$1M, a part of its overdue broadcasting fee, to prove that it was committed to fair play in the commercial radio market. The broadcaster said it had initiated talks with other commercial broadcasters and the ORTT to tailor broadcast fees to revenues. Slager Radio executives had said the broadcast fee was unrealistically high, because radios' share on the advertising media market has dropped from 9% to 5% since 1997, and the number of commercial stations has increased.—CM

**Jim Murphy upped to Jones VP/Integrated Country Media**

**Jim Murphy** has been promoted from Director/Integrated Country Media for Jones Media Networks to VP/Integrated Country Media. In addition to overseeing all programming decisions for the three of Jones' 24-hour Country formats, he will now oversee cross-platform utilization of country music content for all JMN entities, including cable Great American Country and Countrystars.com. He will also act as the company's ambassador to the Nashville recording industry and oversee artist relations. Murphy joined Jones in 1994 as OM of the 24-hour Country format.—CM

**Ex-dancer to join KDND-FM morning drive**

Entercom's (N:ETM) KDND-FM Sacramento has hired **Christina Silvas**, a 24-year-old nude dancer, to join the CHR station's "Morning Rave" crew beginning 5/31. She became a local celebrity when she had to quit dancing to keep a church-run private school from expelling her daughter from kindergarten.

"We haven't figured out exactly what she's going to do," GM **Steve Weed** tells the *Sacramento Bee*. "We're going to have her answer some phones and participate in dis-

**Washington Beat**



Ernest Hollings

**Hollings latest to request consolidation investigation**

Only days after the news surfaced that Sen. **Russell Feingold** will be introducing a bill to reform industry practices (*RBR.com* 5/24), Senate Commerce Committee Chairman **Ernest Hollings** (D-SC) wrote to FCC Chairman **Michael Powell** 5/24 asking him to examine if consolidation, especially in the television industry, has made programming less diverse.

From the letter: "The effort to promote diverse voices has been undermined over the last decade by extensive media concentrations and changes to FCC rules governing media outlets." —CM

cussions on-air, and we'll see how much she's capable of doing." —CM

**KORB-FM/Cumulus hit with \$150K suit over tattoos**

Two Quad-Cities men say Cumulus' KORB-FM made a promise of \$30K a year for five years before for having a logo of the station permanently tattooed across their foreheads. The lawsuit in Scott County District Court filed by the men says the station not paid them yet as promised. **Richard Goddard Jr.** and **David Winkleman** are suing Cumulus and DJ **Ben Stone** (Stromberg). **Craig Levien**, attorney for Cumulus, said the company is "vigorously contesting" the suit: "Stromberg made the false promise as a practical joke, so that persons who responded to the announcement with the intention of receiving tattoos could be publicly scorned and ridiculed for their greed and lack of common good sense," the lawsuit states.

Stromberg announced on air 11/29/00, that the station would provide backstage passes and concert tickets to anyone who put a temporary 93 Rock tattoo on their forehead, and then made the tattoo offer. Winkleman and Goddard called the and were told the promise was legitimate, the lawsuit states. The men then met with officials at the radio station. The two then went to a local tattoo parlor, where a individual who said he was with KORB paid for the tattoos, documents state. The radio station took pictures of the tattoos and placed them on its Web site. Winkleman and Goddard are suing for breach of contract, fraud and negligence. A trial date has not yet been set.—CM

**RIAA sues AudioGalaxy**

The Recording Industry Association of America (RIAA) and the National Music Publishers Association have filed suit against AudioGalaxy.com (5/24) for copyright infringement,

claiming the online music file sharing site "willfully and intentionally encouraged and facilitated millions of users to copy and distribute copyrighted work of artists." AudioGalaxy, with 15M users, is similar to Napster, which was shut down by the courts almost a year ago. AudioGalaxy claims it was taking measures to prevent copyrighted music from being illegally shared, but RIAA officials complained that the measures were insufficient.—CM

**The Source, Excelsior launch "The Source Radio Network"**

The Source Entertainment, a division of The Source Enterprises announced a multi-year contract with Excelsior Radio Networks to co-produce, distribute and market "The Source Radio Network," programming and prep service content for Hip-Hop stations. The network launches 7/1. Ad inventory for will be sold by Excelsior's Dial Communications-Global Media. The launch will feature "The Daily Dose" hip-hop prep service, with up-to-the-minute text and audio content covering the latest news and trends in music, culture, politics, sports and fashion. Also featured will be "The Source Street Beat," a three hour music/interview show airing live Sundays. It will be hosted by The Source's **David "Go-Go Dave" Mays** and **Ray "Benzino" Scott**, with deejay Jeff 2X. The programs and services will be produced in NY at The Source's HQ and at XRN's production studios.

Said **Larry Kahn**, Excelsior VP/GM: "Because The Source is the most respected brand in hip-hop, we could think of no better partner for this exciting radio content project. By combining the name recognition of The Source with top quality content, we have created a valuable offering for radio stations nationwide and are able to provide a powerful edge to each affiliate in their local ratings races." —CM

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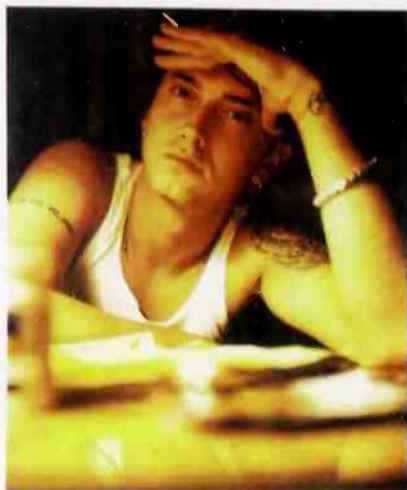
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## 30 injured at "HFStival" in DC

30 people were injured 5/26 at Infinity's WHFS "HFStival" in DC at the Robert F. Kennedy Memorial Stadium. One person suffered a cardiac arrest, in fact, as members of the tightly packed audience rushed the stage during a performance by **Eminem**. Most of the injured suffered



Eminem

cuts, bumps or bruises and were at the scene. Five were taken to hospitals. The all-day concert featured a mosh pit, and 20 rows of people, wedged closely against each other who had been pushing forward and swaying from side to side in anticipation of Eminem's appearance. When the artist came onstage, nearly 100 concertgoers lost footing near a barrier placed a few feet in front of the stage. A man who was critically injured was found there, in an apparent cardiac arrest. He survived after a rescue team shocked his heart back to life. —CM

## Peter King joins CBS Radio News

CBS Radio News announced 5/28 award-winning journalist Peter King is the most recent "full-time" addition to its broadcast team. King will cover the southeastern United States as a correspondent. For the past eight years he has provided CBS Radio News with freelance coverage of the latest NASA missions, the Florida presidential vote recount, hurricanes and natural disasters in the southeast. —CM

## K-Frog stations \$500K for St. Jude's

Infinity's K-Frog tri-mulcast in Riverside/San Bernadino announced 5/23 it exceeded expectations for the first annual K-Frog "Country Cares for St. Jude Kids" Radiothon, held on earlier this month. In the two days K-Frog broadcasted from Ontario Mills, it raised \$540,119. —CM

## Traffic Pulse signs ABC Radio-Dallas

Traffic Pulse Networks (TPN) announced 5/28 it will begin providing traffic information to three ABC Radio stations in Dallas beginning 6/24: WBAP-AM, KSCS-FM and KMEO-FM. TPN reports traffic incidents, events, alerts and traveler advisories from its Dallas ops center. TPN, a unit of Mobility Technologies, provides Internet-delivered reports that producers and announcers read as needed. —CM

## New Jersey price is \$8.3M

Greater Media has filed its purchase contract for WJRZ-FM Manahawkin, NJ with the FCC,

revealing that the price for the previously announced purchase (RBR.com 5/7) is \$8,305,850. The station has been LMA'd as part of Greater Media's Monmouth-Ocean and Morristown cluster since 4/26. Although this is Greater Media's fifth station in the two adjacent Arbitron markets, the FCC filing indicates that WJRZ has no city-grade contour overlap with any other Greater Media station. —JM

## Crown Castle names new Chairman

Tower Co. Crown Castle (N:CCD) announced 5/24 J. Landis Martin has been named non-executive Chairman of the Board. He succeeds Crown Castle's co-founder, **Ted B. Miller, Jr.**, who remains on the board as a director. Martin, 56, has been a Crown Castle board member since Crown's inception in 1995 through November 1998 and from November 1999 to present. He currently serves as the chairman and CEO of Titanium Metals Company and the President/CEO and director of Houston-based NL Industries, Inc. (NL), both public companies. —CM

## Home Depot, Disney ink \$100M deal

Home Depot has signed a \$100M cross-platform deal with Disney's ABC Unlimited. The three-year pact, beginning 1/03, will involve advertising on ABC-TV, ESPN, Lifetime and other Disney properties. Also part of deal will be the development of "The Disney Paint Program," a room decorating program featuring the creation of Disney-branded children's paint. Plans also call for Disney to purchase other Home Depot products for a variety of its operations. The agreement will be the largest of its kind in Home Depot's history.



Bob Iger

Said **Bob Iger**, Disney President/COO: "The combination of Disney's, ESPN's and ABC's brand strength and broad scope provides unparalleled reach and opportunity for The Home Depot. I am confident that ABC Unlimited will provide tremendous added value. We are pleased to work with Home Depot, whose commitment to customer service and innovation are commendable." —CM

## Radio One chooses Lawson for enterprise solutions

Lawson Software (O:LWSN) announced it recently signed a new contract with Radio One (O:ROIA) to license its Lawson Financials and Human Resources packages. Radio One also licensed Hyperion Planning through Lawson's reseller agreement with Hyperion Solutions. ROIA will use the

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## Internet ad revenues totaled \$1.7B in Q4 '01

According to the Interactive Advertising Bureau (IAB), Internet advertising revenue in the U.S. declined 7.5% in Q4 '01, totaling \$1.7B. Internet advertising for all of 2001 totaled \$7.2B, down 12% versus '00. The IAB sponsors the Internet Ad Revenue Report, which is conducted independently by the New Media Group of PricewaterhouseCoopers.

The IAB says the overall weak revenue results were not unexpected, and continues to mirror the experience of the entire advertising environment. The IAB and PwC also announced they will now issue a "top-line" report covering the first and third quarters, followed by detailed findings provided in the semi-annual full reports. The 2002 first quarter results will be announced at the end of May 2002. —CM

## FCC levies record fine of \$3.6M

No broadcasters were involved, but the sheer size of this fine makes it newsworthy for any industry subject to the FCC's jurisdiction. The Commission announced that SBC Communications (N:SBC)—a Baby Bell based in San Antonio—had agreed to pay a record fine of \$3.6M for submitting false information to the FCC. SBC had insisted that it never intentionally submitted false data to win approval of its applications to provide long distance service in Texas and Missouri, nor intentionally deceived the FCC about the information it made available to competing phone companies about local availability of lines for advanced services. SBC did not explain why it decided to drop its appeals and pay the \$3.6M fine.—JM

## Saga declares 6<sup>th</sup> stock split

Saga Communications (A:SGA) has declared its sixth five-for-four stock split since its October 1992 IPO. The newest split will be payable 6/15 to shareholders of record last Friday (5/31). If you were one of those original investors who bought shares in the original IPO, your effective IPO price (post-split) will be \$2.71. Saga's stock closed 5/30 at \$26—or \$20.80 post-split.—JM

## Music industry coalition letter delivered

The music industry coalition's letter to the FCC and Congress asking for a probe of radio airplay issues was delivered 5/24 (RBR.com 5/24). The letter, signed by the RIAA, AFTRA, NARAS, NARM and a handful of other groups, questions the practice radio groups owning concert promotions companies (ie. Clear Channel and CC Entertainment); and of "legal payola," where independent promoters get money from the labels and deliver it to radio stations in the form of promo support in exchange for airplay.



Howard Berman

From the letter:

1. We request that payments made to radio stations which are designed to influence playlists (other than legitimate and reasonable promotional expenses) be prohibited, unless such payments are announced over the air, even when such intent is subtle and disguised. This includes payments made through independent radio promoters.

2. We request an investigation of the impact of recent unprecedented increases in radio ownership consolidation on citizens and the music community.

3. We request an examination of the way vertical integration of ownership in broadcasting, concert promotion companies and venues decreases fair market competition for artists, clubs and promotion companies.

4. We request that policies that protect non-commercial space in the radio bandwidth and in the emerging webcasting models be enacted, securing the benefits of programming diversity for the music community and citizens."

The LA Times quotes Clear Channel Radio CEO **Randy Michaels'** response: "Clearly, the [record] labels are in trouble these days, but it's not our fault. We didn't create the independent promotion system. They did. We're just dealing with the animal that exists. For us to be cast as the bad guy here is ridiculous. The fact is we've done more than anyone else in this business to try to clean up what everyone knows was an ugly and corrupt system."

Also included in the LA Times article are statements from Rep. **Howard Berman** (D-CA): "What's happening here is a process that the record labels once thought helped facilitate getting radio airplay has now become so coercive and expensive ... that they've finally decided to ... come forward publicly to expose a practice they participated in for a long time." —CM

## RBR Industry Chatter

**Q:** Do you know the difference between your neighborhood McDonald's and a Clear Channel radio station?

**A:** The voice behind the microphone at the McDonald's is live and local.



Randy Michaels response to the joke "Supersize it"

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**Dick Ferguson**  
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# THE NAB RADIO SHOW®

## Case study:

### Buying and planning working together from separate agencies



While the age-old discussion about whether planning and buying should be under one roof goes on, we took a look at one example, one case study if you will, and found they definitely don't need to be, especially when the client finds the right agencies and people. Red Lobster is the example, with Zenith Media's VP/Manager Radio, National Broadcast **Matt Feinberg** on the buying side and **Jennifer Devens**, Account Director MPG Media (formerly Tatham) for the planning side. While Feinberg is in NY and Devens in Chicago, the two have diligently worked the account for five years and found when buying and planning work together—for months and months ahead of the buy—the end result is something to really be proud of. We also spoke with **Ken Thewes**, Red Lobster's Director of Marketing.

Whether or not there's a trend of buying and planning being unbundled, Devens definitely sees a trend in separating the media function itself. The challenge of having planning and buying at different agencies and locations, whether it be Chicago or NY or down the block is you have to be very communicative, she adds. "You should try and be as in-sync as humanly possible for that client. We never want our client to feel, even though they made the decision to go with two different agencies—one buying and one planning—the end result of that should not feel like there's two separate entities at work on behalf of the client. It should feel like a united front to the client. The planning group is typically with the research planners and with the creative [Tatham handles both research planning and creative for Red Lobster]. So that I as a strategist and media planner get the benefit of sitting in on all the creative strategy meetings, I get the benefit of hearing all of the brand strategy meetings. So as long as I'm meeting the challenge of communicating with our buyer, it behooves the client to have me in this location."



Ken Thewes

Five years ago, Red Lobster had absolutely no radio in its advertising budget. "Five years ago when we got the Red Lobster account, there was no radio in the plan. And we worked very closely with Zenith to build test plans," Devens tells *RBR*. "When you embark on any new media, if the planner-buyer isn't the same person, then you have to start off right out of the gate having a very close relationship because that's going to deliver the best product for the client. The test delivered excellent results and we've been working with Zenith closely ever since."

First of all, why did Red Lobster choose two different agencies for planning any buying? "I think we looked to the strengths of both companies. MPG falls under our ad agency Euro RSCG/Tatham partners and because the MPG group is closely aligned with the account group, I think we saw great synergies there that they could be well in the know with our strategies that we're trying to achieve. And Zenith has just incredible strengths and we get efficiencies from them from a buying perspective as well. Our sister, The Olive Garden, uses them also. We feel extremely lucky that we've got two great strategic agencies that are extremely buttoned up, and they work well together. I mean they're our partners, but they partner up as well and I think we just view it as a great working relationship."



Matt Feinberg

"I think we have one of the best synergy team-working relationships of anybody in the business," Feinberg continues. "And it doesn't matter if it's under one roof or at separate agencies. When the planning and buying people work together, I firmly believe you should have experience in the other's realm. I have some planning experience and some of the planners I work with have some buying experience. So we have empathy for what each other does. At MPG/Tatham, I work on their plans with them; they help me with the buy. We're in contact almost weekly—it's a great sounding board for me. Strategically, logistically, how we're going to approach things. By the time we get to the marketplace, we have been talking for almost six months—just about the buy we're about to do. We've researched it, we've talked it out."

Thewes tells *RBR* how MPG and Zenith brought radio to the table and convinced the client to give it a shot. "We're in the media because we feel it meets our needs. There's some confidential stuff that I don't really want to get into, but we tested it and we feel like it's a great supplement to our national media plan, which consists of TV and radio for the most part (there are other media vehicles that we use tactically when there's a need). MPG really came to us and challenged us, got us to test it and to look at the results. And the way we're using it is definitely helping us build the business."

By working together, working out and addressing the wrinkles and kinks throughout the months of discussions, there are no surprises with what is delivered to the client. "Strategists and planners working in a silo for nine or ten months and literally handing over a piece of paper and saying, 'OK, buyer, execute' is not how we operate," explains Devens. "We are so in sync and we've had so many discussions that at the end of the day, it feels seamless to the client and it feels seamless to Matt and me in particular. Because we've had conversations, because it's not just one conference call a week before he has to go into the marketplace. That would feel very disjointed, very disconnected. And potentially, it could be fraught with surprises and parts of the buy that would be off-strategy. So, the fact that we start months in advance makes the end result that much more seamless and strategic."



Jennifer Devens

## More sophisticated

The sophistication of the planning-buying process today is incredible. Feinberg explains a bit of the process, working with MPG: "We look at how the buy delivers nationally, how it delivers locally, how we're going to approach the buy strategically each year, how our creative message and media message are going to be aligned, what other media—TV, print—are going to work in tandem with radio; what we're saying to the reps, what we're looking for from the reps. I give proposals, they give proposals, we share them with each other and talk about strengths and weaknesses of them; how to go about handling them. We always talk about how we feel about, say ten second networks, traffic, and added value. At the end of the day, here's what I've got all along the process. And as I'm looking at the buy, I'm like, 'What do you guys think?' And they ask the same of me. So they don't plan something that's absurd, and I don't buy something that they're not expecting. It's a real team effort."

"I don't know if I would use sophisticated to describe it as much as I would say that it's been an educational process for all involved. Especially the folks from the sellers' point of view," explains Devens. "The sellers' side of the table has come to recognize that the strategists, meaning the planners, are as important as the buyer is. It's no longer about just having contact with the buyer and what the

rate is going to be. In our case, because we work together so well, I think that our radio partners know that it's not just about the CPM or the CPP, it's about the properties that they bring to the table to meet our specific strategic objectives. And I've had more than one of our partners say that we really and truly have pushed them to work at a different and a higher level, in terms of servicing the piece of business that Matt and I work on together. It's been challenging, quite honestly, because I think they are held to a higher standard now that the planning and buying teams are working together. Because, again, certainly our list of criteria is a lot longer than it once was. It used to be just a buyer asking for a CPP and potentially a couple of other pieces of criteria."

She adds, "So I think the bar has been set. In terms of how the process has become more sophisticated, or has improved, I think with education, with how we do things from a planning and buying perspective, the bar has been set much higher than it ever has been in the past."

"We continually challenge them, and they challenge us. That's what we like about it," observes Thewes. "They're not sitting back waiting for direction. They're the experts in their field—on the buying side, Matt, and on the planning side Jennifer. Jennifer from a planning perspective, will bring us new and different opportunities across all media vehicles. But from a radio perspective, it's constantly, 'How do we improve upon our plans?; how do we get more efficient?; How do we get more effective?' And then on the buying side, Matt and his team bring us value-added ways to build the business as well. We've got lots of various partners in different agencies we work with, and I'd say both of these are at the top in terms of the value they deliver for us."

## Sellers and planners at the same table

As Devens mentioned, in the case of Red Lobster, the sellers/vendors are smart to stay in contact with her, as well as Feinberg. "I think we would all agree that it is as important to get in to see me and the planning group as it is to see the buyers," she explains. "I have meetings—we're just going into the upfront right now for our radio plans—with all of the radio partners/sellers. We have two-day meetings in New York, face-to-face. The client comes in, we go in, Matt Feinberg is there, and we have two days of just, 'come in and let's talk.' Let's talk strategy, let's talk about what we want to deliver for the client. And then on an ongoing basis, our reps here in Chicago (they obviously have NY counterparts) make sure that I am covered off on everything as well."

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## Cumulus adds Kentucky rimshotter

Cumulus Media (O:CMLS) has a \$770K deal to add a sixth station to its Lexington, KY superduopoly—WCYN-FM Cynthiana, KY. The seller, WCYN Radio Inc., will retain WCYN-AM Cynthiana, KY. It's owned by **Anna, Richard and Linda Anderson** and the Estate of **Gary Anderson**. **Broker: Ed Henson**, Henson Media

**RBR observation:** Although this is technically an expansion of Cumulus' Lexington cluster, WCYN-FM sits so far north of Lexington that its signal has a city-grade overlap only with WVLC-FM. What's really going on here is that Cumulus is buying WCYN-FM so it can reduce its coverage toward Lexington on 102.3 MHz, which will allow Cumulus to move the transmitter for WLTO-FM Nicholasville, KY on 102.5 MHz so that it can city-grade pretty much all of Lexington.

## Cumulus confirms Macon buy

RBR readers knew about it weeks ago (RBR 5/13, p. 13), but Cumulus Media (O:CMLS) confirmed last week (5/28) that it is buying US Broadcasting's eight-station superduopoly in Macon, GA for \$35.5M (exactly the mid-point of our projected \$35-36M). Sellers **Doug Grimm** and **Don McCoy** will receive \$34M in cash and \$1.5M in Cumulus stock.

"At market rank #152, Macon is a solid fit with our stated growth strategy and complements our other 13 clusters in the rapidly growing Southeast," said Cumulus CEO **Lew Dickey**.

Cumulus will use some of the proceeds from last month's \$199M stock sale to pay for the Macon acquisition. **Broker: Tom McKinley** and **George Reed**, Media Services Group

## Media One is back in radio

**James Embrescia** has reactivated his Media One Group LLC to buy a combo in the Jamestown, NY market. He's paying \$4.85M for WJTN-AM & FM. The seller is Michael Goldman's James Broadcasting Co. Embrescia's partners are veteran broadcaster **Lee Zapis** and brother **Thomas Embrescia**, who has several broadcast investments and is a director of ACME Communications (O:ACME), a TV group owner. **Broker: Ray Rosenblum**

## Keister expands Hoosier empire

**Dave Keister's** 13-station Mid-America Radio group (plus a CP) doesn't extend outside the state of Indiana—and that won't change with his latest acquisitions. He's paying **Mark Lang's** The original Company a total of \$1.16M for WREB-FM Greencastle, IN and WSKT-FM Spencer, IN. The latter will create a duopoly with Keister's CP for a new FM in Bloomfield, IN—just south and west of Keister's three-station cluster in his home market, Martinsville-Nashville, IN, on the outskirts of the Indianapolis market. **Broker: Ed Roehling**, Roehling Broadcast Services

**RBR observation:** The Greencastle station is famous (or infamous) for having launched the radio career of our Executive Editor, **Jack Messmer**.

## Small Town now STWI

Small Town Radio Inc. began trading 5/29 on the over-the-counter bulletin board with a new stock symbol, STWI, after shareholders overwhelmingly approved a name change, reincorporation and one-for-18 reverse stock split.

The former Worldwide PetroMoly (O:MOLY) ended trading 5/28 at eight cents, so the stock was theoretically worth

\$1.44 per share post-split. Small Town Radio had an up day in its first day of trading. Only 200 shares changed hands, but all at prices above the previous day. The day's trades 5/29 ranged from \$2 to \$3, with the latter the closing price.

Worldwide PetroMoly had operated as Small Town Radio since last summer, when it divested its oil products lines and began signing deals to acquire small market radio stations. Shareholders 5/28 approved a formal name change and reincorporated the company in Nevada from Colorado. Its headquarters will remain in Alpharetta, GA. Shareholders also approved the one-for-18 reverse stock split, which was supposed to boost trading interest in the company's stock.

"This is a very positive step for the Company, it will give us a consistent branding opportunity for the stations we operate, the communities we serve, our acquisition pipeline, and our investors," said Chairman **Daniel Hollis**.

"Our message in the radio industry has been well received but the name change will allow us to be much more easily recognized," added President **Don Boyd**.

Small Town Radio also announced 5/30 that it has LMA'd two more stations—WULA-AM & WRVX-FM Eufaula, AL—bringing its total to four. It has deals pending to buy WRVX and several other stations.

## Swaggart buys Mississippi FM

Rev. **Jimmy Swaggart's** Family Worship Center Church Inc. is in a station-buying mood this year. In his latest deal, Swaggart is buying WTGY-FM Charleston, MS for \$300K from Tommy Darby's Charleston Broadcasting Company Inc. An LMA began 4/22.

**RBR observation:** Charleston is a few miles off I-55 in northern Mississippi—and nowhere near any Arbitron market.

## \$750K creates Arkansas duop

**Jay and Teresa Bunyard** are creating a duopoly with a pair of acquisitions in Arkansas. In the first deal, their Clark County Broadcasting is buying KVRC-AM & KDEL-FM Arkadelphia, AR from **Lloyd Graham's** Graham Broadcast Company Inc. for \$400K. They will then pair that combo with KYXK-FM Gurdon, AR, which they're buying from **Phil Robken's** PGR Communications Inc. for \$350K. **Broker** (both deals): MGMT Services

## Johnson cashing out some Viacom shares

BET founder **Robert Johnson** is diversifying his portfolio. He's filed with the SEC to sell slightly over 1.5M of his Viacom (N:VIAB) shares, worth nearly \$75M. Forbes magazine recently estimated Johnson's total wealth, most of it in Viacom stock, at \$1.3B.

## Fields sell \$26M of Entercom stock

A recent SEC filing says Entercom (N:ETM) Chairman **Joe Field** has filed to sell 166,668 Class A common shares, valued at \$9.2M. CEO **David Field** filed to sell 100,001 shares, worth \$5.5M; and director **Marie Field** (wife of Joe and mother of David) filed to sell 105,145 shares valued at \$5.8M. A trust for David and Marie Field also filed to sell 100K shares worth \$5.5M. CS First Boston was listed as the broker.—CM

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## Granite celebrates success and sale



Don Cornwell

Granite Broadcasting (O:GBTVK) CEO **Don Cornwell** reported what he called "phenomenal first quarter results"—with net revenues up 62.2% to \$43.5M and broadcast cash flow up 2,006% to \$14.4M.

Most of those Q1 gains, however, were from the debut of KNTV-TV as the NBC affiliate in San Francisco—a station sold to GE's (N:GE) NBC early in Q2 (4/30). KNTV provided \$19.8M of Granite's Q1 net revenues and \$10.2M of BCF.

Focusing on its remaining station group, Granite said net revenues rose 6% at its six medium and small market NBC/CBS/ABC affiliates to \$16.8M and BCF gained 31% to \$5.1M.

The quarter's weak point was Granite's pair of big market WB affiliates in San Francisco and Detroit—both of which have been on the auction block for months. Net revenues dropped 19% to \$6.9M and negative BCF increased to \$859K from \$192K a year earlier.

"When the markets are down and you are the fifth or sixth ranked station, you suffer," COO **Bob Selwyn** told analysts in his 5/15 conference call. "We are seeing some improvement in the second quarter, due to what we see as overall

improving business conditions." He indicated that the two WB stations are able to get higher rates for their spots because market-leading stations in their markets are leading the way on rates.

For Q2, Granite is expecting its WB station revenues to be down again, but not as much as the 19% drop in Q1. Its big three affiliates are expected to be up, but not as much as in Q1, since part of that 6% Q1 gain was from \$1.6M in Winter Olympics-related advertising on its three NBC stations and \$1.3M in political advertising (with little expected in Q2).

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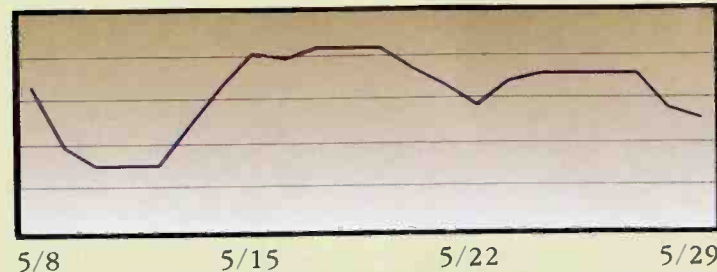
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1.306 from a week earlier.

285  
280  
275  
270  
265  
260



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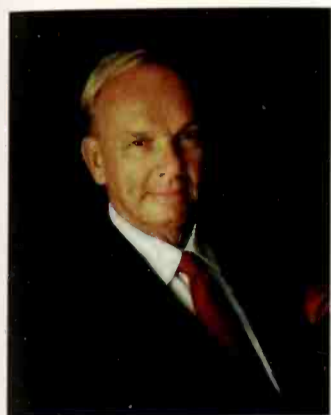
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# Television Business Report™

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Bud Paxson

## FCC delays auction; Paxson won't appeal

In an order issued after-hours (5/24) as the Commission closed for the Memorial Day weekend, the FCC postponed until next January 14 part of the spectrum auction that had been scheduled for June 19. The auction delay affects TV Channels 60-69. However, the auction of Channels 52-59 will still take place June 19 as planned. All four commissioners voted for the delay. However, Commissioner **Kevin Martin** (R) dissented from going ahead with the partial auction on June 19. He wanted the entire thing delayed.

The Commission said the delay would give Congress time to decide what it wants to do. Although the House of Representatives passed a bill which would have forced the FCC to delay the auction indefinitely and study its spectrum management procedures, the legislation faced an uncertain

future in the Senate. The Bush Administration had also called for the auction to be put on hold.

Although the FCC is more than two years past the deadline set in law for holding the Channels 60-69 auction, **Bud Paxson** told *TVBR* that Paxson Communications (A:PAX) and the Spectrum Clearing Alliance won't be going to court over the FCC's latest delay. "We're not happy about it, for all the obvious reasons, but the other side of the coin is you've gotta know when to hold 'em and when to fold 'em," he said.

Even if the broadcasters were to go to court and win a writ of mandamus, Paxson said the earliest the auction could probably take place would be around November—nearly as long a delay as the 1/14/03 date the FCC has set for the auction if there's no new law forthcoming from Capitol Hill. "We've taken it away from the FCC and put it back in the hands of Congress," Paxson said of the auction issue. "We'll have to wait and see what the Senate does."

Under the FCC's 5/24 order, the auction of the spectrum now occupied by UHF Channels 52-59 will still take place 6/19, but there's less at stake for TV broadcasters than there would be with the delayed auctions for Channels 60-69. "There can be no band-clearing in that one (52-59)—there's over 300 and some odd stations," Paxson noted. He said the bidders, including some broadcasters who have signed up for the auction, "will sit and wait for years for it to be cleared."

The FCC had said that allowing the Channel 52-59 auction to go forward would benefit some rural areas, which would receive new communications services, but it's unclear whether it will be viable to actually build such scattered telecommunications systems.

Paxson, whose company has 19 analog stations on Channels 60-69, and other members of the Spectrum Clearing Alliance, had hoped to be paid by the winning bidders for that spectrum to clear out their 98 analog stations and 30-some digital allocations.

Univision (N:UNV), with eight stations (but in larger markets than Paxson's 19), stood to be the other big payoff recipient in any spectrum-clearing operation, but many other broadcasters with a station or two in the Channel 60-69 band had teamed up with the two in the Spectrum Clearing Alliance to press for the auction to take place this Summer. But they were opposed by the Cellular Telecommunications and Internet Association (CTIA), which wants to avoid paying anything to the broadcasters by putting off the auction until there's a clear date when the analog stations will have to surrender their licenses under the DTV conversion. "They had a better lobbyist group than we did, that's all," Paxson said of CTIA's successful effort to delay the auction.—JM

## TV News Briefs

### NBC prepares for anchor shift

The 2004 election will mark the end of the **Tom Brokaw** era at NBC News. GE's (N:GE) NBC unit announced 5/28 that Brokaw will step down as anchor of the "NBC Nightly News" with the 2004 election, turning the chair over the **Brian Williams**.—JM

### CBS signs new affiliation deals with Landmark Communications

CBS Television announced 5/22 it has signed new long-term affiliation agreements with Landmark Communications for WTVF Nashville and KLAS-TV Las Vegas.—CM

### Broadcasters among spectrum bidders

As **Bud Paxson** noted (see "FCC delays Auction"), telephone companies aren't the only ones who've registered as bidders for the Channel 52-59 spectrum auction still on tap for 6/19. Although phone companies are the overwhelming majority of those who've signed up, there are some broadcasters as well. Sinclair Broadcast Group (O:SBGI) and Univision's (N:UNV) Telefutera have registered to bid for every market being auctioned. LIN Television (N:TVL) has registered to bid for 135 licenses.—JM

### Comment deadlines set for DTV rulemaking

The FCC has set comment deadlines for the Notice of Proposed Rulemaking (NPRM) on penalties for stations which don't meet DTV conversion deadlines. Comments on the proposed penalties will be due 7/8 and reply comments will be due 7/23.—JM

### Add five more DTVs

The NAB announced 5/29 that five more television stations have begun transmitting a digital signal: WHDT-TV West Palm Beach, FL, singly-owned independent; WKRN-TV Nashville, TN Young-owned ABC affiliate; KTWB-TV Seattle, WA, Tribune-owned WB affiliate; WFME-TV New York, NY Family Stations-owned independent; and KRQE-TV Albuquerque, NM, Emmis-owned CBS affiliate.

This brings to 415 the number of stations broadcasting in digital. DTV signals are now being transmitted in 125 markets that include 86.5% of U.S.—CM

### Hollywood coming to DC

Actors **Judd Hirsch** and **Joan Van Ark** will be award presenters at the 6/10 National Association of Broadcasters Education Foundation's fourth annual Service to America Summit in Washington, DC. They join previously announced presenters **Mary Hart** from "Entertainment Tonight" and former NYC Mayor **Rudy Giuliani**.—JM

## Liberty TV stations to provide free air time to candidates

The Liberty Corporation (N:LC) announced 5/23 that its 15 television stations, all network affiliates, will provide free air time to federal political candidates for the purpose of establishing an open forum to discuss the issues important to the electorate in liberty markets. The stations will provide up to 30 minutes of airtime per week in key dayparts during the 30 days prior to the general election, in the form of interviews, debates, forums, town hall meetings and point-of-view interviews where the viewers have the opportunity to ask the key questions.—CM

## Hollings latest to request consolidation investigation

Only days after the news surfaced that Sen. **Russell Feingold** (D-WI) will be introducing a bill to reform industry practices (*RBR.com* 5/24), Senate Commerce Committee Chairman **Ernest Hollings** (D-SC) wrote to FCC Chairman Michael Powell 5/24 asking him to examine if consolidation, especially in the television industry, has made programming less diverse.

From the letter: "The effort to promote diverse voices has been undermined over the last decade by extensive media concentrations and changes to FCC rules governing media outlets."—CM

## Cox Communications sued by EEOC

The US Equal Employment Opportunity Commission (EEOC) announced (5/29) that it had filed a lawsuit against Cox Communications (N:COX), accusing the company of creating a "hostile working environment" for Hispanic employees in its Georgetown, TX operation. The lawsuit also charged that the cable company failed to take appropriate corrective action and didn't halt retaliation against employees who filed the EEOC complaint.

Cox Communications is controlled by Cox Enterprises, which also owns TV and newspaper properties and a controlling interest in Cox Radio (N:CXR).—JM

## NBC sweeps the sweeps

NBC claimed victory in the May ratings sweeps, which ended last week. "Friends" drew 35M viewers for its episode of the birth of Rachel's baby.

It's the first time the show finished as TV's most popular series. CBS finished second with "CSI: Crime Scene Investigation," also the second most popular show behind "Friends." ABC lost 23% of its audience this season, and Fox also declined, from 9.6M to 9.2M. The top four nets saw ratings decline by 7%.

During the week that ended 5/19, the last full week of the season, NBC averaged 14.5M viewers (9.5 rating, 16 share), CBS averaged 14.1M (8.8, 15), ABC 9.6M (6.1, 10), Fox 8.5M (5.3, 9), WB 4.2M (2.8, 5), UPN 4M (2.6, 4) and Pax TV 1.1M (0.8, 1).—CM

## UPN and FOX to switch affiliates in Minneapolis

KMSP UPN 9 and WFTC FOX 29 will switch network affiliations 9/8 to become KMSP FOX 9 and WFTC UPN 29. The announcement was made 5/24 by KMSP and WFTC VP/GM Carol Rueppel: "This change aligns the best of both FOX and UPN with two strong TV stations to provide distinct options for viewers in the Twin Cities, through innovative programming and an on-going commitment to local news and sports programming."

The affiliation switch comes as KMSP and WFTC prepare to combine operations at KMSP's newly-remodeled facilities.—CM

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