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June 12, 1992

Donna R. Searcy, Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Hand Delivered

Dear Ms. Searcy:

Transmitted herewith, on behalf of Great American Television and Radio Company, Inc., are an original and eleven copies of its "Comments" in MM Docket No. 92-51, in the matter of review of the Commission's regulations and policies affecting investment in the broadcast industry.

In the event there are any questions, please communicate with this office.

Very truly yours,

Arthur B. Goodkind

Arthur B. Goodkind

Enclosure

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Review of the Commission's	)	MM Docket No. 92-51
Regulations and Policies	)	
Affecting Investment	)	
in the Broadcast Industry	)	

COMMENTS OF GREAT AMERICAN
TELEVISION AND RADIO COMPANY, INC.

Great American Television and Radio Company, Inc. (Great American), the licensee of 23 radio and television stations, files herewith by its attorneys, its comments in response to the rule making portion of the above-captioned Notice.

Great American's comments are limited to a single aspect of this proceeding, namely the proposal to raise the ownership attribution bench marks from 5% to 10% for individuals and from 10% to 20% for bank trust departments, insurance companies and mutual funds. The Notice also proposes to extend application of the higher bench mark to Small Business Investment Companies (SBICs) and Minority Enterprise Small Business Investment Companies (MESBICs).

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List A B C D E

Great American supports these proposals, but urges that the higher attribution bench mark also be extended to other passive investor entities such as pension funds, and to the parent companies and investment advisors of entities such as mutual funds that are themselves subject to the higher bench marks.

All of the institutional entities noted above can provide important sources of financing for both minority and non-minority broadcast acquisitions. Such institutional investors are almost always passive, their business being investment, not management. In any event, these entities must play a passive role in order to be considered under the higher ownership attribution bench mark, because a licensee is required to certify that an institutional investor seeking to qualify for the passive investor attribution standard does not influence management or policy of the licensee, and does not include any representative among the licensee's officers or directors.

The importance of a higher passive investor attribution standard has become increasingly important during this period of economic recession. Deteriorating economic conditions have forced many broadcast companies to restructure preexisting debt, and such restructuring has frequently involved the conversion of debt into equity. The role of institutional investors that thus increase their equity positions ordinarily remains a passive one. Notwithstanding that fact, the conversion of a non-attributable debt interest into attributable equity may well impair the ability of an institutional investor to provide financing for broadcast and cable entities owing to conflicts with the Commission's broadcast multiple ownership rules and cable/broadcast cross-ownership prohibitions. In addition, the acquisition of attributable broadcast or cable interests by passive investors triggers burdensome new obligations to report to the Commission other media interests and various types of litigation. The burden of this reporting falls on both the broadcast licensees involved and on the institutional investors, and provides another significant disincentive to investment in broadcast and cable companies.

Great American's parent corporation, Great American Communications Company (GACC), provides an illustration of this phenomenon. Several mutual funds controlled by Kemper Financial Services, Inc. (KFS) presently own an aggregate total of 18.4% of GACC's stock as a result of conversion of debt into equity in 1991. While KFS shares voting power over GACC stock held by these funds, it plays no role in the management or operation of GACC or its licensee subsidiary, and it is not represented on the board of Great American, GACC or any other company in Great American's chain of ownership. Under the present rules, KFS's ability to provide equity financing to other broadcast entities is nonetheless inhibited by its ownership interests in GACC. Because Great American owns 23 radio and television stations in 13 large markets, there is a significant likelihood of a multiple ownership rule or cable cross-ownership conflict in one or more markets in the case of many other multiple broadcast or cable owners. Since KFS's role in GACC is a completely passive one, as KFS has certified to the Commission in Great American's periodic ownership report filings, no public interest is served by continuing that inhibition.

Accordingly, Great American strongly supports an increase in the institutional ownership bench mark from 10% to 20%. It also urges the Commission to extend applicability of the 20% standard to additional passive institutional investors or parties associated with such passive investors, including pension funds and entities that own or act as advisors to institutions subject to the higher attribution bench marks.

Respectfully submitted,

GREAT AMERICAN TELEVISION
AND RADIO COMPANY, INC.

By /s/ Arthur B. Goodkind
Arthur B. Goodkind

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Its Attorneys

June 12, 1992