

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

In the Matter of	)	
	)	
Applications of Sinclair Broadcast Group	)	MB Docket No. 17-179
and Tribune Media Company	)	
For Consent to Assign or Transfer	)	
Control of Licenses and Authorizations	)	
	)	

**Reply of  
Communications Workers of America  
National Association of Broadcast Employees and Technicians – CWA  
The NewsGuild – CWA**

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The Communications Workers of America (CWA), the National Association of Broadcast Employees and Technicians-CWA (NABET-CWA), and The NewsGuild-CWA (TNG-CWA) submit this reply to Sinclair’s Second Consolidated Opposition to Petitions to Deny.<sup>1</sup> CWA represents 700,000 workers in telecommunications and information technology, the airline industry, news media, broadcast and cable television, education, health care and public service, manufacturing, and other fields. CWA, NABET-CWA, and The News Guild-CWA have an interest in this proceeding as representatives of Sinclair and Tribune employees, as workers in the broadcast and media industries, and as consumers of broadcast media.

The Commission should deny the Sinclair-Tribune transaction. As it has throughout this proceeding, Sinclair’s Second Consolidated Opposition to Petitions to Deny dismisses the numerous, serious public interest harms raised by many parties. Applicants have a responsibility to demonstrate “the public interest, convenience, and necessity will be served by the transfer.”<sup>2</sup> However, Applicants once again fail to refute overwhelming evidence that the merger does not meet the burden of the Commission’s public interest analysis. As merger opponents have convincingly demonstrated, the merger between Sinclair and Tribune will result in significant job loss, harm localism, and violate the congressional mandate that caps national audience reach at 39 percent.

Despite Sinclair’s reference to “speculation, exaggeration and outright misstatement to conjure alleged harm,”<sup>3</sup> CWA and others raise detailed and meaningful concerns regarding the merger’s impacts. Following the proposed merger, New Sinclair would be the largest broadcaster

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<sup>1</sup> See Media Bureau Establishes Consolidated Pleading Cycle for Amendments to the June 26, 2017 Applications to Transfer Control of Tribune Media Company to Sinclair Broadcast Group, Inc., Related New Divestiture Applications, and Top-Four Showings in Two Markets, MB Docket No. 17-179, *Public Notice*, DA 18-530 (rel. May 21, 2018); Applications of Sinclair Broadcast Group and Tribune Media Company for Consent to Transfer Control of Licenses and Authorizations, Comprehensive Exhibit, (filed July 19, 2017). (Sinclair-Tribune Application); Applicants’ Second Consolidated Opposition to Petitions to Deny, MB Docket No. 17-179 (filed July 5, 2018). (Second Opposition)

<sup>2</sup> 47 USC §310(d).

<sup>3</sup> Second Opposition, p. ii.

in the country, owning, operating, programming, and providing sales and advertising services for 223 television stations in 108 markets, including 39 of the top 50 markets. Even with Sinclair's latest divestiture amendments, New Sinclair would own or operate 215 stations in 102 markets, reaching 59 percent of television households and violating the cap by 20 percent.<sup>4</sup> Moreover, as CWA has repeatedly pointed out, Sinclair's history of job cuts and widespread use of joint service agreements (JSAs) and shared service agreements (SSAs) will harm localism, competition, and viewpoint diversity with fewer stations competing to produce local news.<sup>5</sup>

CWA and numerous parties have explained that Sinclair's most recent divestiture proposal does not resolve these merger-related harms.<sup>6</sup> While Sinclair claims it will sell 23 stations, a careful look at the proposal reveals that the company will maintain control over at least six of those stations. Sinclair proposes selling six stations to companies with close ties to Sinclair. In four of these six locations, Sinclair will enter into joint service agreements and shared services agreements, effectively allowing Sinclair to retain control of these so-called divested stations. In four of these six locations, Sinclair will enter into joint service agreements and shared services agreements, effectively allowing Sinclair to retain control of these so-called divested stations.

- **WGN-TV in Chicago**, the third largest media market in the country reaching 3.3 million households, will be sold to Steven B. Fader, a business partner of David Smith, Sinclair's executive chairman.<sup>7</sup> Sinclair plans to enter into sidecar agreements with WGN, effectively allowing Sinclair to retain control of this station.

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<sup>4</sup> See Sinclair Broadcasting Group, *Amendment to Comprehensive Exhibit* (Apr. 24, 2018). Fifty-nine percent is a generous calculation, since, as we discuss below, the proposed divestiture will still leave Sinclair with effective control over at least six stations reaching 6.9 million households.

<sup>5</sup> See Petition of Deny of Communications Workers of America, National Association of Broadcast Employees and Technicians—CWA, The NewsGuild—CWA, MB Docket No. 17-179 (filed June 20, 2018), p. 8-10.

<sup>6</sup> *Ibid.*, p. 10-12.

<sup>7</sup> Joe Flint and John McKinnon, "Sinclair Faces Federal Resistance Over Proposed Purchase of Tribune Media," *Wall Street Journal* (Apr. 10, 2018). Available at: <https://www.wsj.com/articles/sinclair-faces-fcc-resistance-over-tribune-purchase-1523387359>; Holden Willen, "Sinclair CEO Expects Decisions Soon on Long-Awaited Tribune Acquisition," *Baltimore Business Journal*, (June 7, 2018). Available at: <https://www.bizjournals.com/baltimore/news/2018/06/07/sinclair-ceo-expects-decision-soon-on-long-awaited.html>

- **KUNS in Seattle, KMYU in Salt Lake City, and KAUT in Oklahoma City** will be sold to Howard Stirk Holdings (HSH), which is owned by Armstrong Williams, a friend of Sinclair’s owners.<sup>8</sup> Sinclair plans to enter into sidecar agreements with each of these stations, effectively allowing Sinclair to retain control. Seattle, WA is the twelfth largest media market in the country, reaching 1.9 million households. Salt Lake City, UT is the thirtieth largest media market in the country, reaching 950,000 households. And Oklahoma City, OK is the forty-first largest media market in the country, reaching 705,000 households.

Moreover, Sinclair will sell HSH these three stations for \$4.9 million, a fraction of the \$50-60 million an industry analyst expected.<sup>9</sup> The “sweetheart” deal should raise serious concerns about whether this divestiture is a legitimate, arms-length transaction.

- **KDAF in Dallas and KIAH in Houston** will be sold to Cunningham Broadcasting, which is owned and controlled by Michael Anderson, an investment banker with close ties to Sinclair’s owners. Cunningham currently owns, and Sinclair operates, KTXD in Dallas. Acquiring KDAF will give Cunningham Broadcasting a duopoly in Dallas, TX.

More than 90 percent of comments in this proceeding call on the Commission to deny the merger. Members of the general public,<sup>10</sup> state attorneys general,<sup>11</sup> members of Congress,<sup>12</sup> labor unions,<sup>13</sup> civil rights organizations,<sup>14</sup> consumer and public interest groups,<sup>15</sup> companies in the

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<sup>8</sup> Jason Schwartz, “Armstrong Williams Got ‘Sweetheart’ Deal from Sinclair,” Politico (June 13, 2018). Available at: <https://www.politico.com/story/2018/06/13/sinclair-broadcasting-armstrong-williams-642997>

<sup>9</sup> *Ibid.*

<sup>10</sup> Lorraine Mirabella, “Opponents of Sinclair Broadcast takeover of Tribune Media protest outside shareholders meeting,” *The Baltimore Sun* (June 7, 2018).

<sup>11</sup> See Amended Petition to Deny of the Attorneys General of the States of Illinois, California, Iowa, Oregon, Rhode Island, and the District of Columbia MB Docket No. 17-179 (filed June 26, 2017). In addition, attorneys general from eight states called on the Commission to maintain strict national audience reach limits. The attorneys general argued that maintaining the UHF discount is “unjustified and arbitrary,” and cited the Sinclair-Tribune transaction as a threat to media diversity. See Revised Comments of the Attorneys General of the States of Illinois, California, Iowa, Maine, Massachusetts, Pennsylvania, Rhode Island, and Virginia, MB Docket 17-318 (filed Feb. 27, 2018).

<sup>12</sup> See Letter from Tony Cárdenas et al. to Ajit Pai, FCC Chairman, on the transaction between Sinclair and Tribune. (June 12, 2018). (US House Letter). See also, Letter from Hon. Bill Nelson et al. to Ajit Pai, FCC Chairman, (Apr. 26, 2018). (The Commission should “not approve any pending transfers of control of broadcast licenses as part of proposed mergers or acquisitions . . . until the agency has conducted and completed a holistic look at the state of broadcasting and the media and waited for a ruling from the US Court of Appeals for the DC Circuit.”)

<sup>13</sup> See Petition to Deny of Communications Workers of America, the National Association of Broadcast Employees and Technicians, and The NewsGuild, MB Docket No. 17-179 (filed Aug. 29, 2017). The International Cinematographers Guild also opposes the merger as a member of the Coalition to Save Local Media. See also, Letter from Lonnie R. Stephenson, International President of the International Brotherhood of Electrical Workers, to Michelle M. Carey, FCC Media Bureau Chief, MB Docket No. 17-179 (Aug. 7, 2017).

<sup>14</sup> See Comments of the American Civil Liberties Union, MB Docket No. 17-179 (filed June 19, 2018); Petition to Deny of National Hispanic Media Coalition, Common Cause, and United Church of Christ, OC Inc., MB Docket No. 17-179 (filed June 20, 2018).

<sup>15</sup> See Petition to Deny Divestiture Applications, MB Docket No. 17-179 (filed June 20, 2018); Petition to Deny of Herndon Reston Indivisible, MB Docket No. 17-179, (filed June 19, 2018).

industry,<sup>16</sup> and independent news and entertainment outlets stand united in opposition to the merger.<sup>17</sup>

More than a year has passed since Sinclair and Tribune announced their merger, and yet, in all this time, Sinclair and Tribune have failed to demonstrate that any purported merger-related benefits exceed the substantial public interest harms. Sinclair's most recent divestiture proposal – its fifth related to this transaction – contains significant problems that strain the meaning of the word “divestiture” and does not resolve merger-related harms. Sinclair may dismiss these real concerns, but the Commission must not. The Commission should act in the best interest of the public by denying the Sinclair-Tribune merger.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Brian Thorn', with a stylized flourish at the end.

Brian Thorn  
Communications Workers of America

July 12, 2018

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<sup>16</sup> See Petition to Deny of DISH Network, LLC, MB Docket No. 17-179 (filed June 20, 2018); Petition to Deny of American Cable Association, MB Docket No. 17-179 (filed June 20, 2018).

<sup>17</sup> See Petition to Deny of Newsmax Media, Inc., MB Docket No. 17-179 (filed June 20, 2018); Petition to Deny of Cinemai et. al, MB Docket No. 17-179 (filed June 20, 2018).