

ONE HUNDRED FIFTEENTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
2125 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6115

670

Majority (202) 225-2927
Minority (202) 225-3641

August 27, 2018

The Honorable Ajit V. Pai
Chairman
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Dear Chairman Pai:

The Federal Communications Commission (FCC) has found there are substantial and material questions as to whether Sinclair Broadcast Group, Inc. (Sinclair) made misrepresentations or lacked candor in its applications to the Commission.¹ The Tribune Media Company's (Tribune) allegations in its complaint further validate and expand upon those claims.² Given the severity of the allegations, we believe that the FCC's Chief Administrative Law Judge (ALJ) should not terminate the proceeding and should instead investigate and resolve the allegations of misrepresentation. If the ALJ decides to terminate the hearing proceeding, it is incumbent on the Commission to get to the bottom of these allegations.

Accordingly, if the ALJ terminates the hearing proceeding, we write to urge you to direct the FCC's Enforcement Bureau to review Sinclair's conduct in the merger proceeding to determine whether Sinclair violated the Communications Act and the Commission's rules. Such a review should specifically examine whether Sinclair violated the law prohibiting licensees from making false material statements or omissions to the FCC.³

¹ Federal Communications Commission, *Applications of Tribune Media*, Hearing Designation Order, MB Docket No. 17-179, FCC 18-100 (Rel. July 19, 2018).

² Verified Complaint, *Tribune Media Co. v. Sinclair Broad. Grp., Inc.*, No. 2018-0593 (Ch. Del. filed Aug. 9, 2018).

³ See 47 U.S.C. § 312(a); 47 U.S.C. § 308; 47 C.F.R. § 1.17(a)(1) ("In any investigatory or adjudicatory matter within the Commission's jurisdiction (including, but not limited to, any informal adjudication or informal investigation but excluding any declaratory ruling proceeding) and in any proceeding to amend the FM or Television Table of Allotments (with respect to expressions of interest) or any tariff proceeding, no person subject to this rule shall in any written or oral statement of fact, intentionally provide material factual information

As you are aware, the FCC's hearing designation order alleges that Sinclair may have been dishonest with the Commission regarding who was the real party in interest in several transactions during Sinclair's previously pending merger with Tribune.⁴ To conceal the nature of Sinclair's sham transactions during its previously pending merger, Sinclair appears to have attempted to hide from the Commission the existence of a \$53 million debt guarantee.⁵

In addition, Tribune's recently filed complaint asserts that Sinclair repeatedly and purposefully sought to mislead the federal government in an attempt to win approval of its previously pending merger. Tribune states that "Sinclair fought, threatened, insulted, and misled regulators in a misguided and ultimately unsuccessful attempt to retain control over stations that it was obligated to sell."⁶

If accurate, such conduct may violate the Communications Act, and raises doubts as to whether Sinclair is sufficiently qualified to retain its FCC licenses. We understand that Sinclair wishes to withdraw its merger transaction from review⁷ and that the Enforcement Bureau does not oppose.⁸ Nevertheless, it is important for the integrity of the institution that an investigation into Sinclair's alleged misrepresentations and lack of candor be conducted. It must be clear to Sinclair, and other licensees, that there are severe consequences for lying to the FCC. For those reasons, we request that you direct the Enforcement Bureau to investigate this matter, if the ALJ does not.

that is incorrect or intentionally omit material information that is necessary to prevent any material factual statement that is made from being incorrect or misleading.").

⁴ See note 1.

⁵ *Id.* at ¶ 25.

⁶ See note 2 at ¶ 8; See also *id.* at ¶ 23 ("When Sinclair's applications were subject to public comment, opponents of the divestitures revealed facts that Sinclair had failed to disclose to the FCC and that underscored Sinclair's capacity to control the stations it was purportedly divesting. For example, Sinclair had not told the FCC, in its applications, that [David] Smith owned the controlling interest in Fader's car dealership company, and that Cunningham's controlling shares had been sold at a suspiciously low price only months earlier to a Sinclair associate with repurchase options held by Smith's family members.").

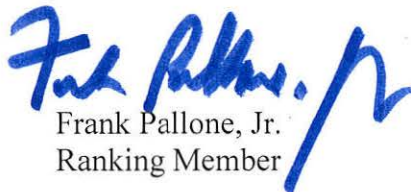
⁷ Sinclair Broadcast Group, *Applications of Tribune Media*, Notice of Withdrawal of Applications and Motion to Terminate Hearing, MB Docket No. 17-179, at 1 (Aug. 9, 2018).

⁸ Enforcement Bureau, *Applications of Tribune Media*, Enforcement Bureau's Response to Notice of Withdrawal of Applications and Motion to Terminate Hearing, MB Docket No. 17-179, at ¶ 3 (Aug. 10, 2018).

The Honorable Ajit V. Pai
August 27, 2018
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We appreciate your attention to this important matter. Please provide an update regarding any and all FCC activity related to this request by September 13, 2018. Should you have any questions, please contact Gerald Leverich of the Democratic Committee staff at (202) 225-3641.

Sincerely,



Frank Pallone, Jr.
Ranking Member



Mike Doyle
Ranking Member
Subcommittee on Communications
and Technology



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

September 7, 2018

The Honorable Frank Pallone
Ranking Member
Committee on Energy and Commerce
U.S. House of Representatives
2322A Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Pallone:

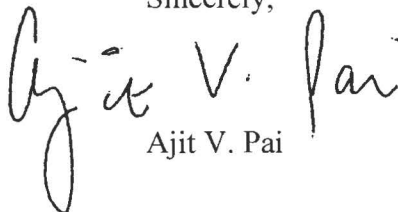
Thank you for your letter sharing your thoughts regarding the previously proposed transaction between Sinclair Broadcast Group and Tribune Media Company.

As you note, the evidence the Commission received suggested that certain station divestitures that had been proposed to the FCC would have allowed Sinclair to control those stations in practice, even if not in name, in violation of the law. Accordingly, I circulated a Hearing Designation Order to my colleagues, who unanimously approved it on July 18, 2018. Given the seriousness of the issues presented, the order directed the Media Bureau to hold in abeyance all other pending applications and amendments thereto related to the overall proposed Sinclair-Tribune transaction until the issues that are the subject of this order have been resolved by the Administrative Law Judge.

That hearing proceeding is still pending in front of the Administrative Law Judge. Once he finishes with this matter, we will consider next steps depending on that resolution. At this time, I believe it would be premature to speculate on what they might be.

Thank you for your continued interest in this matter. Please let me know if I can be of any further assistance.

Sincerely,


Ajit V. Pai



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

September 7, 2018

The Honorable Mike Doyle
Ranking Member
Subcommittee on Communications and Technology
Committee on Energy and Commerce
U.S. House of Representatives
2322A Rayburn House Office Building
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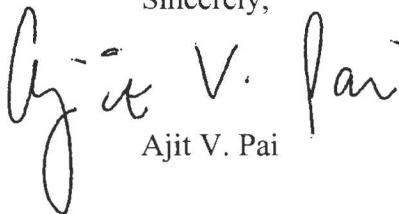
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