

REVOLT

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VIA ECFS

Marlene H. Dortch, Esq.
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

RE: *Commercial Availability of Navigation Devices*, MB Docket No. 16-42, MB Docket No. 15-64, CS Docket No. 97-80.

Dear Ms. Dortch:

In 2008, President Obama floated two of America's largest auto manufacturers billions of dollars in loans – on the condition that they follow a rigorous set of guidelines that were designed to get them back on course. GM and Chrysler accepted the terms, borrowed the funds, and got to work on repairing the damage and preparing for the future.

The President did not want to get into the car business. However, faced with the prospect that the auto industry could fail, and take with it millions of jobs and billions in tax revenue for communities all over the country, the President had little choice. He made the best decision for the auto industry, but more importantly for the country as a whole. Jobs were saved. The economy rebounded. The loans have been repaid, with interest. And all of it is happening ahead of schedule.

But know this. It wasn't the loan that saved the auto industry – it was the plan the President and his economic team developed to work with these companies that brought back the American auto industry from the brink of disaster.

Today, the media and cable industries are facing a similar crisis. We have many of the earmarks of an industry that is going through rapid change. The existing business models are under unprecedented stress. The audience for our business is changing and their expectations are rising. Without a proper response, there is little doubt that we will reach a

crisis point before long. The temptation would be to look for a quick solution – a loan if you will – to put things back on track.

The short-term and shortsighted solution being proposed takes the form of the new FCC rules for set-top boxes. The rules would force existing TV companies to hand over the programs they create to companies like Google to use and monetize without negotiating with, or paying, creators anything for the rights to that programming. These deals are the foundation of the economics of modern programming. We would lose the ability to negotiate for promotion, valuable channel placement, digital and on-demand rights, advertising restrictions and more. This kind of economic exploitation will devalue the work of all creatives and allow others to poach their value.

And while this will hurt all TV artists, the first victims will be diverse and independent voices – as I [explained](#) earlier this year, “Independent and minority networks, who are already last in line, would simply get no resources, no opportunity, and no path to the audiences we serve.” We are the canaries in the coalmine for this radical experiment to reshape the video market by FCC fiat – and you know what happens to the canaries.

As we learned from the lesson of the auto bailout, the simple answer is not the right one. Costs are rising. But, cost is not the issue. We need innovation and transformation. We need to create more opportunities for networks – like REVOLT – to bring new energy and competition into the market. Cost won’t get you that – all it does is create inefficiency. Cost doesn’t increase competition or fuel change. Apps, the cloud and virtual storage are the real opportunity that must be explored and embraced.

What we need is a plan. And that plan needs to address the following:

- The FCC proposal ignores the bedrock principles of content acquisition and value; the deals that we make are enforceable contracts that enable us to get distribution deals.
- We must expand competition in navigation devices so as not to diminish existing privacy protections for multichannel video programming subscribers.
- In taking action to expand consumers' video navigation choices, it is also important to consider the potential effect on specialized and minority programmers that lack the finances or audience to attract the attention of competing navigation providers.

President Obama has always supported America’s creative community – and the White House has never known such a committed advocate for true and meaningful diversity – in government, in business, and in the arts. But we need a plan that matches that support and clearly outlines a structure to move things forward.

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Let's start with something that will benefit everyone involved in this conversation. The President and the FCC should pause the set box proceeding to allow either the Congressional Research Service or the GAO to conduct a study to measure the impact on minority programmers and consumers.

The issues here are complex and unfortunately the FCC's political-style "Unlock the Box" campaign has distorted them. The goal of increasing competition for set top boxes is laudable – although the rise of new apps, services and devices like Roku and Apple TV suggests competition is coming without the need for federal intervention. And this rule goes much further than simply goosing the market for converter boxes, something the White House may have better appreciated had they reached out to those questioning the judgment of the FCC.

Thus far, the FCC has taken a position at odds with fundamental values that President Obama holds quite dear – innovation, creativity, and diversity in business and the arts. It's time for the FCC to acknowledge the reality and take steps to make things right. Making the simple choice isn't always the right one; and in this case could cause major damage to media and cable industry well into the future.

And so, I call on President Obama to take another look. On closer review, I am confident he will recognize the deficiencies of the FCC's Pandora's set top box proposal, and oppose its flawed and destructive rules.

At every turn, this President has been a leader, and has worked well with his advisors and cabinet to get things right – even under the most challenging circumstances. We need that to happen again, without delay.

A handwritten signature in black ink, appearing to be "Barack Obama", on a light-colored background.

C: President Barack Obama
Chairman Tom Wheeler
Commissioner Mignon Clyburn
Commissioner Jessica Rosenworcel
Commissioner Ajit Pai
Commissioner Michael O'Rielly

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