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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of	)	
	)	
Cross-Ownership of Broadcast Stations and Newspapers	)	MM Docket No. 01-235
	)	
Newspaper/Radio Cross-Ownership Waiver Policy	)	MM Docket No. 96-197
	)	

To the Commission:

REPLY COMMENTS OF SCHURZ COMMUNICATIONS, INC.

Schurz Communications, Inc. ("Schurz"), by its attorneys and pursuant to Section 1.415 of the Commission's Rules, hereby submits these reply comments in response to the above-captioned Notice of Proposed Rule Making, which questions whether the Commission should eliminate or modify its rule restricting the common ownership of a daily newspaper and a broadcast station that serves the newspaper's home community. 1/

In 1975, the Commission prohibited any daily newspaper owner from acquiring a television station that provided Grade A coverage to the newspaper's home community. As a regulatory postscript to this newspaper-television cross-ownership ban, the Commission adopted a similar ban on the common ownership of daily newspapers and same-market radio stations, albeit with no specific supporting evidence

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1/ *In the Matter of Cross-Ownership of Broadcast Station and Newspapers; Newspaper/Radio Cross-Ownership Waiver Policy*, Order and Notice of Proposed Rule Making, MM Docket Nos. 01-235 & 96-197 (released September 20, 2001) (the "Notice").

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and only minimal discussion. A quarter century later, there is still no evidence that the newspaper-radio cross-ownership ban benefits the public. Of the hundreds of comments in this proceeding, only the Media Access Project and the United Church of Christ provide studies that attempt to suggest that the ban has served its purpose of promoting diversity. Ironically, those studies indicate that, since the newspaper-radio cross-ownership ban has been implemented: i) ownership diversity among both newspapers and radio stations has declined; and ii) most radio stations, regardless of their ownership, subscribe to a single source of news. 2/

These findings do not support retention of the ban. To the contrary, radio ownership diversity is likely to increase if newspaper publishers are not subjected to greater regulatory obstacles than other potential radio station owners. 3/ In addition, Schurz's own experience demonstrates that the common ownership of a newspaper and a local radio station may afford radio stations improved access to multiple sources of news: despite Schurz's separate radio, television and newspaper operations, Schurz's radio stations have, by far, the largest and most extensive news gathering operation of any radio operation in Schurz's home market of South Bend, Indiana.

The recent consolidation in the radio industry provides an additional reason to lift the ban. UCC speculates that a combination of a local newspaper with an

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2/ *See* Comments of Consumers Union, Consumer Federation of America, Civil Rights Forum, Center for Digital Democracy, Leadership Conference on Civil Rights and Media Access Project ("MAP Comments") at 81-88; Comments of the Office of Communication, Inc., of the United Church of Christ, National Organization for Women and Media Alliance (together, "UCC" or "UCC Comments") at Attachment 2.

3/ *See* Schurz Comments at 16-18. Increased newspaper ownership diversity also may result from the elimination of the current ban. *See* Schurz Comments at 17-18.

existing dominant radio station cluster could dominate a local media market. But UCC does not explain how, in a regulatory context in which a television station owner can acquire up to 6 radio stations in even smaller markets, and still presumptively serve the public interest, any new newspaper-radio combination should continue to be flatly prohibited as a threat to the public interest. Moreover, elimination of the ban will better enable an existing local news presence – a community's daily newspaper – to become a viable direct competitor to existing radio station clusters. Conversely, the retention of any restriction on newspaper-radio cross-ownership when all other media owners can operate up to six or even eight radio stations in many markets will only diminish the ability of the existing newspaper-radio operations to compete against other radio or radio-television combinations, with a resulting loss of both broadcast ownership diversity and the unique quality of local programming that these newspaper-radio operations are able to provide.

Schurz has the unique experience of having both operated and competed against a broadcast-newspaper combination in its home market of South Bend, Indiana. During the past 25 years, as these two newspaper-broadcast combinations operated in the 87th-ranked DMA in the country, the local media market has become more competitive, with nearly twice as many local radio stations, much higher rates of cable penetration, additional television outlets, and four new Sunday newspapers (in addition to the competition now presented by the Internet, DBS and satellite radio). But, despite the increased competition, Schurz – a company with a proud legacy of localism and

separate staffs for each of its distinct media operations – cannot acquire a single additional radio station.

In this age of the Internet, where local daily newspapers must compete against newspapers from around the globe as well as the up-to-the-minute web sites of, among others, local broadcast stations, the Commission should not continue to regulate local newspaper publishers more strictly than any other media enterprise. Accordingly, the Commission should relax the existing newspaper-television cross-ownership ban and eliminate any regulation, including the newspaper-radio cross-ownership ban, that treats newspaper publishers differently from other potential radio station owners.

Respectfully submitted,

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February 14, 2002

CERTIFICATE OF SERVICE

I, Charlene Jones, a secretary in the law firm of Hogan & Hartson LLC hereby certify that on this 14th day of February, 2002, a copy of Reply Comments of Schurz Communications, Inc. was sent by first class mail, postage prepaid, to the following:

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