

DOROTHY LEAVELL

TESTIMONY &amp; REMARKS BEFORE FILE COPY ORIGINAL

FEDERAL TELECOMMUNICATIONS COMMISSION PUBLIC HEARING  
September 20, 2007  
Office of the Secretary

SEPTEMBER 20, 2007, CHICAGO – DOCKET # 06-121

JAN 15 2008

06-121

Good evening Mr. Chairman and to the commissioners, panelists and people represented here today. I am Dorothy Leavell, publisher and editor of the Crusader Newspaper Group, which publishes the oldest African American weekly newspapers in both Chicago and Gary, Indiana. In addition I am chairman of the National Newspaper Publishers Association (NNPA) Foundation in Washington, D.C., the advocacy and philanthropic arm of the Black Press in the United States. Our organization represents the country's largest concentration of African American owned media in this country, represented in more than 145 cities, and reaching every Black household in America. For over 180 years, the Black Press has been the voice and pulse of our people allowing them greater participation in our democracy.

It is in this heritage that I come before you today to encourage the FCC to re-examine media rules which have created an environment of unchecked disregard for its minority listenership and viewership. The FCC's deregulations have produced zero benefit for the African American community as a whole. It has impaired our broadcast media--forcing many Black broadcasters into smaller, less profitable markets, or pushing them off the air altogether. The 1996 Telecommunications Act issued a death blow to smaller, minority-owned firms that cannot afford to advertise on the very airwaves on which their customers listen. All of these Big Media companies, Clear Channel, Disney, CBS, General Electric, and so forth, are making a profit off of the African American community, but the people themselves, profit very little. We don't want crumbs; we want meaningful participation, ownership, access to the airwaves and more responsible programming.

Given our history in this great nation of ours, African Americans are not surprised by a "changing of the rules." Once we are in a position to compete, gain access, equity or justice, suddenly we find the rules changed. We are no longer on a level playing field. We aren't even in the same ball park. In 1996 the FCC hosted an "all you can eat buffet"

and the American people were not invited to dine. It is even more disheartening to know the FCC relaxed its rules during a time when research was available to the Commission and to Congress which clearly indicated that African American broadcasting firms lacked the necessary capital to compete in such an environment. In Chicago, Blacks and Browns are over half the population, but own less than 5 percent of media ~~ownership~~. Further, the FCC has not adequately addressed the market entry barriers for entrepreneurs and other small businesses in the provision and ownership of telecommunications services and information services [Section 257]. The level of Black ownership of broadcast media, ~~which~~ has fallen by 30 percent over the past nine years and Commissioner Copps, is accurate in calling this a "national disgrace."

In Chicago, Black broadcasters are represented solely by WVON, which has heroically fought to stay on the air. But now the community is left to wonder what will become of the market's only African American owned radio station, given it now has a local market agreement (LMA) with Clear Channel. It is not lost on industry insiders that LMAs are also referred to <sup>as</sup> "losing my ass" agreements for the lesser end. We don't want to lose WVON to Clear Channel--we want strong, profitable African American broadcast media in Chicago and throughout the country.

We understand that <sup>on</sup> the one hand big media operates more efficiently and are able to synergize its programming among its media partners. Yet, on the other hand these corporations deprive the American people of meaningful input on the very airwaves we are supposed to own. There is increased bias, hardly any diversity of voices and persistent, misguided media coverage of communities of color. There are very little checks and balances.

The media consolidation giants have freely exploited the public airways for billions of dollars in ad revenue yet these companies are accountable to no one—not the American public, not even the FCC. Because of the Commission's rule changes the American people must wait seven years to even challenge a broadcaster's license! Seven years...[which allows the broadcaster six and a half years to violate our trust and gives them six months to embark upon a phony community service charade with high-profile

*individuals to stave off any serious FCC threat.] Therefore I encourage the FCC to reconsider this rule and revert to an annual renewal process. Doing so will ensure greater accountability.*

Local radio and television lack quality, relevant news and information that accurately depict the diversity of African American lifestyles. Instead of complementing the Black Press, which often lacks the resources to reach our people on a daily basis, these broadcasters repeatedly ignore the urgent need for quality news and information. Nearly 100 percent of what is broadcast on American airwaves is created, produced and authorized by Christian, white, aging men. Executives headquartered in Dallas and New York are not connected to what is going on in Englewood, Harvey, University Park, Austin, Country Club Hills, Lawndale, Roseland or Chatham.

Further, the consolidation onslaught has had a devastating impact on African American-owned enterprises. Our small companies cannot compete with the likes of Clear Channel which controls eight radio stations, outdoor billboards, performance venues, and even owns its own advertising firm, Katz Media. The Tribune owns not only the city's largest newspaper, but radio station, TV station, Cable station giving them an unprecedented monopoly on what people in this market see, hear and read. Small businesses have little leverage in negotiating better rates for radio and television with these companies and therefore with limited marketing opportunities, and ultimately without an influx of capital, will be forced out of business—a direct result of the FCC's negligence.

Take the city of Gary, Indiana, for example. Among cities with more than 100,000 people, Gary has one of the highest percentages of African Americans in the country. The city is blighted by a crumbling economic infrastructure. There are two televisions stations noted as the city of license by the FCC. Yet Rupert Murdoch's News Corp., which owns WPWR-Channel 50, is able to keep a FCC license in Gary but instead operates its station in Chicago with its other Fox affiliate, WFLD. Licensed to Gary to serve the people of Gary--but all ad revenues, jobs, tax benefits go to Chicago. Something is woefully wrong with this picture. Imagine the revenue, jobs, and goodwill

that can be created in this major American city, with a station as powerful as a FOX affiliate operating there. With its one or two radio stations, if the power should go out—and it did for nearly two weeks last month, a fact hardly mentioned by the Chicago media market, there is no local radio station. For the people of Gary, the local daily with limited coverage of the city and the Crusader Newspaper remains its most important and consistent sources of news and information.

We are also concerned about 2009 Digital Conversion process and the impact it will have on low-income households. We encourage the FCC to do what it can, along with Congress, to ensure that funds are earmarked to assist low-income households do not lose their signals.

We are tired of the smoke and mirrors these big media companies play with the FCC and within the community. We want to send a clear message to the media monstrosities that the African American community cannot be silenced and bought off with sponsorships of chicken dinners and conventions, 30-second interviews and a couple of radio shows. Local control, more diversity, accountability, the ability to compete—this is what we seek from the FCC.

I am encouraged today that the Commission is committed to hearing the opinions of the American People and has brought its listening tour to our great city. We are especially encouraged by the presence of Commissioner Adelstein and Commissioner Copps, two, outspoken, champions of media democracy. We implore you all to open your eyes and ears to the “quiet Katrinas” ravishing low-income people, African Americans, Latinos, women and others in our country every day. The FCC can make the difference. It can restore the public’s trust. It can level the playing field. It can fight for the little guy. It can stand up for American democracy. Do not abandon your mission.

Thank you.

JAN 15 2008

Federal Communications Commission  
Office of the Secretary**Testimony of Patric M. Verrone  
President, Writers Guild of America, West****Federal Communications Commission  
Hearing on Media Ownership Rules****Chicago, Illinois  
September 20, 2007**

06-121

Chairman Martin, commissioners, fellow panelists, and members of the audience.

I'm Patric M. Verrone, president of the Writers Guild of America, West.

On behalf of 7500 television, film, and new media writers, thank you for holding this hearing and allowing public comment on the topic of media consolidation.

As you know, this is my second appearance before you and I want to avoid the accusation of just producing another late summer rerun.

So I will resist my instinct to restate the fact that, due to the unparalleled vertical consolidation of TV broadcast networks, movie studios, and cable television stations, the number of distinct voices in mainstream TV programming has dwindled to a handful.

I will also resist repeating that 20 years ago there were 29 dominant entertainment firms sharing 100 billion dollars in annual revenue and today there are six conglomerates sharing 400 billion.

And I will resist suggesting once again our remedy to this concentration of ownership – namely a requirement that at least 25% of non-news and non-reality programming must come from independent sources not owned by any of the four broadcast networks.

I will resist all of that. Instead, I would like to draw your attention to a growing advertising practice that severely affects both our work and our audiences. It's called product integration. Embedded advertising. Branded entertainment.

Understand that I am not talking about product placement - the practice in which a bottle of water of a recognizable brand merely sits on a kitchen table as a prop. "Product integration" requires that the wacky next door neighbor announce that this week he is a bottled water salesman and extol the crisp refreshing taste of that particular brand of water.

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The idea behind "branded entertainment" is to integrate commercials into the storyline so as to create "stealth advertising," thus fooling the viewer into thinking they are not watching an advertisement. Most Americans, like the proverbial frogs in the slowly boiling water, may not notice how prevalent it has become. Yet Nielsen media research tells us that product integration has occurred more than 4,000 times on network primetime television in 2006.

Once only a mainstay of reality television it has crept steadily into all programming. On NBC's Emmy-winning *The Office*, characters spend entire episodes working at Staples. On CBS's highly rated *CSI*, characters promote the features of a General Motors Denali. Oreo cookies were a major part of the plot in two episodes of the CW family drama *Seventh Heaven*. On *Smallville*, contact lenses prompted a crime fighter to say, "Acuvue to the rescue" proving that even Superman is immune to neither Kryptonite nor product integrations.

NBC has gone so far as to hire a high ranking executive in charge of "strategic marketing and content innovation." "Content innovation?" I naively thought that that's what writers did.

We understand why advertisers want to find new ways of presenting their products to a wide audience. The rise of digital video recorders such as TiVo with their ability to allow viewers to fast forward through commercials has advertisers and networks nervous about how to sell their wares in a historically advertisement-supported medium. But there is a huge problem with their doing so without oversight. And it can be stated with a very short and very powerful word.

Integrity. When writers are told we must incorporate a commercial product into the story lines we've written, we cease to be creators. We become advertisers ourselves. Actors are subjected to forced endorsement when their character must shill the products without compensation or consultation. Consumers are required to watch commercial messages that are no longer identified as commercial messages. And in our experience people want (and deserve to be) told when they are being sold.

Product integration exploits the emotional connection viewers have with shows and their characters in order to sell merchandise. At the very least, we believe that writers and actors as creators of television should be consulted about potential product integrations as early as possible in the creative process and have the opportunity to refuse integrations if they believe it will harm the integrity of the program.

Continued....

But to protect viewers (and this is where the FCC comes in), we support disclosure. Disclosure that adequately reveals product integration, is legible, and is held on the screen long enough to be read. The FCC should require a crawl or subtitled "chyron" to run at the bottom of the screen during the integration. The crawl would identify the product, its promoter, and the fact that the writers and actors do not personally endorse its use. This would be no more intrusive than the warnings broadcast on pharmaceutical ads or the phrase "paid advertisement" that appears in magazines or the incessant headlines that underscore all news channel broadcasts or the distracting promotions for what's coming on next that are now a mainstay of our TV visual field.

To conclude, I will repeat one line from my earlier testimony relevant to these proceedings. "Homogenization is good for milk, but bad for ideas." I hope you'll appreciate that I neither mentioned a brand of milk, nor raved about its creamy freshness and wholesome good taste.

Thank you for your attention.

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JAN 15 2008

Communications Commission  
Office of the Secretary

**Testimony of Merry Green, Principal of Merry Green  
Promotions Group Before the Commissioners  
of the Federal Communications Commission  
Thursday, September 20, 2007 at 4:00 pm  
At the National Headquarters of the  
Rainbow PUSH Coalition  
930 East 50<sup>th</sup> Street, Chicago, Illinois 60615**

06-121

Good Evening! My name is Merry Green. For the record, Merry is spelled M\_E\_R\_R\_Y. I am the Founder, President and Chief Executive Officer of Merry Green Promotions Group. Fifteen years ago I created and was the founding producer for the Expo for Today's Black Woman for local radio station WVAZ, [102.7] FM. Since this time, the radio station has had five different owners and general managers. The current owner is Clear Channel.

The Expo is a three-day public show that features seminars, entertainment and vendor booths, all dedicated to celebrating the achievements of African-American women, while providing a platform for their businesses, as well as their needs and concerns. The production of the Expo takes place over a six month period. It requires close cooperation by my firm with the staff at the radio station including general management, sales, promotion, programming, accounting and legal. It also requires substantial interaction with the clients of the radio station who are sponsors of the Expo. Lastly, beyond the Expo, my firm has worked with WVAZ and its affiliates on other promotions over this period. It is on the basis of these experiences that I offer my testimony this evening.

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My first observation is that in the beginning, and throughout much of the *history of this event, most of the key decision-makers and the staff involved* in the production of the Expo were persons of color. This observation was true of general management, the sales force, accounting and legal. This is not true today. In fact, the reduction of persons of color, in key roles at the station, has accelerated in recent years under Clear Channel's ownership. Few key decision-makers are persons of color and the staff composition has shifted radically. The few remaining persons of color have impressive titles but it would appear that any substantial decision-making authority has been stripped from local management and consolidated in San Antonio. This shift seems to have left remaining management of color, as little more than local figureheads.

My second observation is that true community programming continues to be diminished, and appears to be on the verge of elimination. The inception of the Expo was as an 'off-air' solution to an 'on-air' problem. When the FCC relaxed its community affairs rules, the then-current management at WVAZ reduced its on-air community affairs programming. There were complaints from the community, particularly African-American women who were the core audience for the station. Given the fierce competition in this market for this audience, the station adopted my idea of an Expo for Black Women to provide an 'off-air' platform to meet the concerns of this audience. As such, particular emphasis was made on providing seminars and speakers relevant to the concerns of this demographic. Coupled with 'on-air' promotion, the Expo proved successful both programmatically and financially.

However, through the years the reduction of community affairs programming, both 'on-air' and 'off-air' has continued. In addition to the relaxed programming rules at the FCC, the relaxation of ownership rules, the subsequent market consolidations and the proliferation of nationally syndicated programming have all contributed to the demise of local community affairs programming. This erosion has progressed to the extent that station management aggressively exercises de facto censorship through *termination of 'controversial' personnel, avoidance of 'controversial' speakers and seminar topics and "selective engagement" of community leaders.* Theoretically, these local 'programming' decisions would be constrained by local competition. Unfortunately, current FCC rules have reduced, if not eliminated, this key market factor.

Lastly, the de-emphasis on community programming has been coupled with a studied obsession with financial performance. This emphasis has accelerated in recent years to the detriment of innovative and creative programming. At the Expo, the budgets have been cut for speakers and seminars; the show was reduced from three to two days; other amenities and perks provided sponsors have been stripped; and, the 'on-air' promotion has been scaled back to free spots for commercial sale. Despite the perennial success of the Expo, every year my firm is challenged to justify its services and implicitly threatened with termination if we didn't reduce our fees. The cumulative effect of which is that our remuneration from the Expo today is less than at its inception in nominal dollars. Viewed in isolation, these results could be considered the product of a successful cost containment effort. However, when coupled with the virtual monopoly position of Clear Channel, these results represent an abuse of market power.

*In summary, based upon my experiences with Clear Channel, viewed from a historical perspective of knowledge of prior ownership and management teams for radio stations now owned and managed by Clear Channel, I strongly believe The FCC should reconsider the relaxation of its ownership rules and reduce the number of stations that can be owned in a market.*

Thank you.