

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of

Review of Technical Policies and Rules	)	RM-11565
Presenting Obstacles to Implementation	)	
of Section 307(b) of the Communications	)	
Act and to the Promotion of Diversity	)	
and Localism	)	

To: The Commission

**COMMENTS OF VENTURE TECHNOLOGIES GROUP, LLC**

Venture Technologies Group, LLC (“VTG”) hereby submits the following Comments in response to the above-referenced proceedings.

VTG has built dozens of LPTV, Class A and full power television stations. As such, it possesses valuable insights into the broadcasting industry and a unique knowledge of the difficulties faced by startup operations.

VTG strongly opposes the MMTC’s proposal to establish an “AM Transition Federal Advisory Committee” to make recommendations for the use of channels 5 and 6.<sup>1</sup>

VTG reiterates its position that taking channels 5 and 6 away from television broadcasters would be a disaster for the operators of those channels. Equally important, is whether adding all these channels would ruin the market for IBOC digital radio. If the radio universe is radically opened up with more stations at a time when existing radio stations are trying to roll out different IBOC channels and the entire radio industry is suffering in a shrinking ad market, such an action could spell disaster for minority and foreign language broadcasters. Foreign-language broadcasters are generally the weakest entity in a given market. If the market is flooded with new entrants, their entire financial model will be ruined. The end result will be greater consolidation, not less; more homogenous radio, not more diverse; less local radio, not more.<sup>2</sup>

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<sup>1</sup> MMTC Radio Rescue Petition for Rulemaking, Pg. 8

<sup>2</sup> Comment filed by VTG in proceeding 07-217, July 31, 2008

## **REALLOCATING CHANNEL 5 AND 6 WOULD HARM MINORITY BROADCASTERS**

VTG strongly disagrees with MMTC's assertion that migrating AM and LPFM broadcasters to channel 5 and 6 would benefit minority broadcasters.<sup>3</sup>

There is overwhelming evidence demonstrating that minority borrowers pay more to access credit than similarly situated non-minority borrowers.<sup>4</sup> MMTC rightly points out that "The broadcasting industry as a whole suffers from a debilitating economic paralysis, and most small, women, and minority-owned broadcasters are on life support ... the current financial crisis has all but destroyed the broadcasting industry's equity value. Lenders have tightened access to capital ... Competition from new technologies and the Internet Challenge broadcasters' economic stability."<sup>5</sup>

Obviously, small, women and minority-owned broadcasters that are already on economic "life support" with impaired access to credit are the least able to afford the financial burden of upgrading their broadcast facilities to operate in the channel 5/6 band. Clearly, the only broadcasters with the financial means to take advantage of this wrongheaded proposal are the major media companies, not small minority-owned broadcasters.

## **REALLOCATING CHANNEL 5 AND 6 WOULD UNDERMINE LOCALISM**

Opening up channel 5 and 6 for aural radio broadcasting will kill localism by dramatically fragmenting the radio marketplace and undermining the economic viability of local broadcasting. If the Commission truly wants to promote localism, it must be cognizant of the fact that flooding the market with new spectrum and new radio stations will seriously undermine the economic viability of existing local broadcasters.

In every local radio market there are a finite number of listeners; too many stations will lead to less localism as different stations fight for ever smaller pieces of the same pie. The more radio stations that exist in a given market, the more fragmented the listening audience becomes. As the audience becomes more and more fragmented, the advertising inventory of each individual radio station becomes less and less valuable.

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<sup>3</sup> MMTC Radio Rescue Petition for Rulemaking, Pg. 9

<sup>4</sup> House Financial Services Committee Hearing; Community and Consumer Advocates' Perspectives on the Obama Administration's Financial Regulatory Reform Proposals; Testimony by Janet Murguia, President and Chief Executive Officer, National Council of La Raza, July 16, 2009

<sup>5</sup> MMTC Radio Rescue Petition for Rulemaking., Pg. 6

It isn't hard to anticipate what will happen if the Commission allows such a radical fragmentation of the market to occur. Small and minority-owned broadcasters who are already on the brink will be forced out of business, and the broadcasters who survive will be forced to cut costs in order to remain economically viable, which means less local programming and more "centralcasting".

In spite of its strong commitment to localism<sup>6</sup> the Commission will unwittingly give broadcasters a very potent economic incentive to abandon localism and centralize their operations if channel 5 and 6 are opened up for aural radio broadcasts.

### **REALLOCATING CHANNEL 5 AND 6 WILL DAMAGE STATIONS THAT ALREADY SERVE MINORITY AND LOCAL AUDIENCES**

Licensees presently broadcasting on channel 5 and 6 would be devastated if those channels were reallocated by the Commission. VTG is the licensee of several channel 5 and 6 television stations that serve minority and local audiences, and they would all be adversely affected by this proposal.

### **REALLOCATING CHANNEL 5 AND 6 MAY BE NEEDLESS IN LIGHT OF RECENT AND PENDING REFORMS**

The re-allocation of channel 5 and 6 may be needless in light of the Commission's recent Amendment of Service and Eligibility Rules for FM Broadcast Translator Stations that allow AM stations to operate FM translators,<sup>7</sup> and the Local Community Radio Act of 2009 which is pending before congress. If passed, the act would "eliminate third-adjacent minimum distance separation requirements between low-power FM stations; and full-service FM stations, FM translator stations, and FM booster stations."<sup>8</sup> At a minimum, the Commission should wait and see what affect these reforms have before entertaining the radical notion of re-allocating spectrum and throwing television stations operating on channel 5 and 6 off the air.

### **"L" CLASS LPFM STATIONS**

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<sup>6</sup> "Broadcasting and Localism", Federal Communications Commission, <[http://www.fcc.gov/localism/Localism\\_Fact\\_Sheet.pdf](http://www.fcc.gov/localism/Localism_Fact_Sheet.pdf)>

<sup>7</sup> MB Docket No. 07-172, RM-11338, Report and Order, June 29, 2009

<sup>8</sup> HR 1147, *Local Community Radio Act of 2009*, Sec. 4

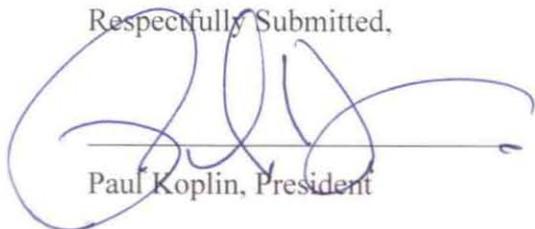
VTG supports MMTC's proposal for "L" Class LPFM stations.<sup>9</sup> However, VTG does not think MMTC's proposal goes far enough, in addition to "L" Class primary status for LPFM stations, VTG urges the Commission to grant the same status to LPTV stations that meet the same criteria.

## CONCLUSION

VTG strongly urges the Commission to reject the Broadcast Maximization Committee proposal to reallocate channel 5 and 6 that MMTC is advocating, and to state unequivocally that channel 5 and 6 will remain solely for television broadcasting.

If the Commission none-the-less adopts the MMTC's recommendation to establish an "AM Transition Federal Advisory Committee,"<sup>10</sup> VTG requests that a 2/3rds majority of the committee be comprised of existing channel 5 and 6 licensees, as these licensees are the most immediately and dramatically effected by the proposal.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Paul Koplin", is written over a horizontal line. The signature is stylized and somewhat illegible.

Paul Koplin, President

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<sup>9</sup> MMTC Radio Rescue Petition for Rulemaking, Pg. 27

<sup>10</sup> MMTC Radio Rescue Petition for Rulemaking, Pg. 8