Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	MB Docket No. 09-182
2010 Quadrennial Regulatory Review – Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996	)	
	)	MB Docket No. 07-294
Promoting Diversification of Ownership In the Broadcasting Services	)	

COMMENTS

The National Association of Media Brokers ("NAMB"), by its counsel, hereby submits these comments in the above-referenced proceeding. These comments are submitted in response to the Commission's request for comments on the data collected from the Broadcast Ownership Report. That request was released by the FCC on December 3, 2012, and set December 26, 2012 as the deadline for initial comments.[1] As set forth below, the NAMB does not believe that the information contained in the Broadcast Ownership Reports justify any delay in the pending proceeding seeking to review and potentially modify the FCC's multiple ownership rules.

NAMB is a national association of business brokers that specialize in the sale of radio and television stations in the United States. Our membership is committed to the ethical and professional representation of both sellers and buyers of broadcast stations in the United States. In addition, the association strives to address issues of concern within the broadcast brokerage community, and to advocate with the Federal Communications Commission for the economic

[1] See, Public Notice DA 12-1946 (released December 3, 2012).

and business interests of our clients. For this reason, NAMB has an interest in this proceeding, and is filing these comments.[2]

The principal issue now before the Commission is whether the information set forth in the Form 323 Ownership Reports, as summarized by the Commission in its release of November 14, 2012,[3] is relevant to the adoption of any revisions to the multiple ownership rules. This inquiry is seeking comments on whether this data somehow demonstrates that minority ownership will be adversely impacted by any such change in the ownership rules. For the reasons set forth below, NAMB does not believe that the changes in the proposed cross-interest rules as set forth in the Notice of Proposed Rulemaking in this proceeding will have any appreciable impact on minority ownership.

The members of NAMB participate in the majority of the sales of broadcast properties that occur each year throughout the United States. As such, they are very familiar with the issues that arise in any transaction, and the factors that figure into whether a particular buyer and a particular seller get together to complete a transaction in a given market. From this vast experience, it is clear that the biggest impediment to minority ownership in broadcasting is not whether or not there is permissible cross-interest between the ownership of a newspaper and a broadcast property in a given market, but instead it is one that faces any new entrant to the broadcast industry – the lack of financing to make an acquisition.

In last five years, since the financial crisis in the US, financing for new acquisitions of broadcast stations has been very difficult to locate – even for the most experienced broadcasters. While there have been broadcast transactions that have taken place during that period of time, the

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[2] As with any membership organization, these comments should not be read to represent the individual views of each and every member. However, as expressed by its governing board, the NAMB believes that these comments are an accurate reflection of the beliefs of the association as a whole.

[3] See, Report on Ownership of Commercial Broadcast Stations, DA 12-1667 (Chief, Media Bureau, released November 14, 2012).

pace of transactions has drastically slowed. This has been particularly noteworthy as there is no shortage of potential sellers of broadcast stations. The plethora of sellers is due to many reasons, including issues with over-leverage that occurred as a result of the financial downturn, and the natural backlog of potential sales that has developed as potential buyers have difficulties locating the money with which to make purchases. For a buyer with access to money, there are practically an unlimited number of transactions that can be had right now.

The prices received for the broadcast stations that have been sold are comparatively lower than what we would have seen in the period before 2007, and the prices being asked for the stations that remain on the market has also moderated substantially in this same period. Where prime radio properties could fetch prices, based on a multiple of cash flow, of well over ten times cash flow in 2007, similar properties on sale today will most likely be for a price far less than in this period when there were more robust market. In many cases, prices for stations are half of what they might have been just 5 years ago. Reluctant sellers of properties have begun to realize that the prices of the early part of the last decade will not be returning in the foreseeable future, and have thus decided to moderate the prices that they are asking for the sale of their stations. For a buyer with access to capital, the prices that are available on many stations are very attractive when compared to historical norms.

Yet, it is the access to capital that remains the biggest issue for any new entrant to the industry, as well as to many existing broadcasters who seek to increase their broadcast holdings. The transactions that have been accomplished in recent years have generally either been done by very large companies relying on resources that are not available to the typical new entrant to broadcast ownership, or through creative financing – either through equity contributions from owners, local or regional banks, seller financing or some combination of these sources.

Assembling such financing is a very difficult process. Any new entrant to broadcasting – whether that entrant is minority-controlled or otherwise – has suffered from this same lack of readily-available capital to make acquisitions.

In looking at the ownership figures released by the Commission last month, NAMB notes that the ownership by certain minority entrepreneurs has in fact increased in the limited period of time surveyed by the FCC – during a period when, as described above, access to capital to make broadcast purchases has been virtually nonexistent. We note, for instance, that the ownership of television stations by Hispanic-controlled owners has increased in the period from 2009 to 2011 from 2.5% of all television stations to 2.9% of all stations. While, the ownership of radio stations by Hispanic-controlled companies has remained essentially flat in this period, the attributable ownership of Hispanics in FM radio companies has increased from 7.9% of all stations to 8.5%. While certainly there are other changes that have gone in the opposite direction, the data by no means evidences a definitive decrease in minority ownership over this limited period of time. Members of the NAMB can attest that the interest in Spanish-language programming is growing in the country as there is a demand for such programming and a belief that it can be profitable. Thus, from our observations, the market is helping to make such minority-targeted programming a reality.

NAMB does note, however, that the information released by the FCC needs to be viewed with caution. The FCC should not infer that, simply because a company is not controlled by a member of a minority group, that the station will be insensitive to the needs of that group. In Spanish-language radio, for instance, NAMB has noted a dramatic increase in interest in providing such programming. Such interest is spread far and wide – covering markets that have traditionally not had Spanish-language programming. Buyers of such stations, while sometimes controlled by Hispanics, also are sometimes controlled by others, but operated with many Hispanic Americans in positions of great responsibility. We note, for instance, Entravision Communications, which was founded by an Hispanic individual who remains the President and CEO and a significant owner, and which programs radio and television stations addressing Hispanic audiences. Yet the FCC information would not classify this company as minority-controlled under the formulas used in the November report. We note that Entravision filed comments in this proceeding on December 17, 2012, expressing concern that any restrictions on joint sales agreements in the television industry would have an adverse impact on its ability to offer Spanish-language programming in some of the markets in which it currently operates.

In connection with the proposals to relax the cross-ownership rules between broadcast stations and newspapers, and between television stations and radio stations, we do not see that such relaxation would have a dramatic impact on minority ownership opportunities. First, we believe that the companies taking advantage of such a relaxation will be few and far between. Again, marketplace forces have already shown that many companies are moving away from such cross-ownership. For instance, the Media General Corporation recently divested itself of its newspaper interests, while retaining television stations. While other companies may move in the other direction, we simply do not anticipate a flood of companies seeking broadcast and newspaper combinations. Similarly, we do not expect that there will be a flood of television-radio combinations. We observe that many of the companies that once operated both radio and television stations have now divested of one set of properties or the other (e.g. Clear Channel sold its television stations, Sinclair sold the radio properties that it once owned). Of the largest publicly traded-radio companies, all but CBS, Saga and Cox are companies that do not own television or newspaper interests. Trade press reports indicate that Cox is interested in selling a substantial number of its radio properties as well. Thus, we have seen more and more companies concentrating on one line of business, not looking to create the media conglomerates of the past.[4] In effect, the market has demonstrated that there is not a large appetite for cross-ownership.

As set forth above, the inventory of stations for sale at this time is great, and NAMB simply does not believe that the number of transactions likely to be triggered by any relaxation in the cross-ownership rules will substantially decrease that inventory. There will continue to be many stations available to any entrepreneur able to come up with an attractive business plan and the financing to make that plan a reality.

Some have also feared that allowing cross-interests to form will result in the buyers of these stations snapping up stations that are currently minority owned, thus decreasing minority ownership in the marketplace. We know of nothing that would indicate that minority owners would be particularly susceptible to selling their stations. In fact, as noted above, we have instead seen that certain minority-targeted stations have in fact been very successful and growing in the recent past. But even if some minority-owned stations do get sold, is this necessarily a bad thing? As media brokers, our job is to help those who are interested in selling their properties find the buyer who is willing to pay the highest price for that property. Should minority owners, who have worked hard to make their business a success, be denied the right to sell their properties for the best possible price, even if that means the temporary decrease in minority ownership in a given market? We do not believe that such owner's ability to sell should be restricted. Moreover, we see very often that today's seller is tomorrow's buyer, and we would assume that, should minority-owned stations be successfully sold, many of their owners will be back in the marketplace looking for other stations in other locations – armed with the capital to make such an acquisition as provided by the purchase price they received for their station.

[4] We note that, of the Big 4 television networks, only CBS is a substantial owner of radio properties.

We note that MMTC has advanced a number of proposals in the past for helping to address the lack of access to capital on the part of potential minority owners of broadcast stations. These ideas have included the resurrection of the tax certificate, the establishment of incubator programs to foster minority ownership, and the relaxation of the alien ownership restrictions, particularly in connection with the funding of new entrants to the broadcast industry. NAMB believes that these kinds of programs will actually address the real issue at hand – whether minorities or any other new entrant can gain access to the capital necessary to purchase a broadcast station – rather than the continuation of long-outdated media ownership restrictions.

In today's media landscape, the cross-interest prohibitions no longer make sense. Many wonder whether the daily newspaper can even survive, as we witness major market daily papers in markets like Detroit and New Orleans limiting publication to only a few days a week. Should the Commission continue to enforce a cross-interest rule against newspaper-broadcast ownership that may well outlive the newspaper itself? The advent of the Internet, and its ubiquity in almost all broadcast markets, has also blurred the lines between radio and TV, as radio broadcasters can provide video on their websites and mobile application, and TV stations can stream their audio. In today's multi-media world, where all the traditional media outlets – whether owned by big companies or small, by minorities or by others - is under the stress of finding ways to compete with new challengers for the attention of the consumer. And most of these new competitors face minimal restrictions on whether they offer audio, video, or printed media content. In this world, all broadcast owners should be not be limited by rules adopted in another era from experimenting to determine what combinations may best preserve their relevance to the modern media market. Such flexibility will benefit all consumers, and all media owners – including minority owners and potential new entrants to broadcast ownership.

As publication techniques become easier using digital technologies, minority broadcast owners themselves may want to experiment with print publications that target issues of importance to their community.[5] Should they distribute any publications widely in a community where they own broadcast stations, and they if do so on a daily basis, they too could run afoul of the cross-ownership rules. Similarly, minority owners may want to operate radio and television stations in the same market without restrictions imposed by the current rules. In today's marketplace, with the inherent diversity of media choices that now exist, the flexibility to experiment with different media mixes should not be impeded by these outdated ownership restrictions.

For these reasons, NAMB submits that the data from the Broadcast Ownership Reports do not require any change in the direction of the FCC in completing the review of its multiple ownership rules in an expeditious fashion.

Respectfully submitted,

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[5] See, for instance, Perry Broadcasting and Publishing of Oklahoma, which owns radio stations in a number of states, including Oklahoma, where it also publishes a weekly newspaper targeting a minority audience.