

If It Looks Like a Merger and It Quacks Like a Merger ...

Last week Free Press and other public interest groups [filed a legal challenge](#) to Gannett's deal to buy 20 Belo TV stations — one of many recent mergers that would further consolidate the local-TV landscape.

And on Monday, we learned that this wave of TV mergers is only accelerating.

Sinclair Broadcasting announced that it [intends to buy nine TV stations](#) from Allbritton Communications, including an ABC affiliate and a 24-hour cable news channel in the heart of Washington, D.C.

This \$985 million deal follows other recently announced mergers that, if approved, would result in Sinclair gobbling up more than two dozen stations from Barrington Broadcasting, Fisher Communications and Titan Television.

This also comes on the heels of Gannett's plan to buy 20 Belo Corp. TV stations to the tune of \$2.2 billion. In addition to nearly doubling Gannett's size, it would rocket the company into the third-place slot for largest local television chain.

Both of these deals depend on a sneaky bit of legal jujitsu to circumvent federal media ownership rules.

The Gannett deal violates Federal Communications Commission media ownership limits in [four separate markets](#). Phoenix is set to get the worst of it, with Gannett securing control of the daily newspaper and three local stations. Sinclair's violations are just as troubling.

The FCC prohibits companies from owning newspapers and television stations in the same market, and also from owning multiple network affiliates in the same market. How can Gannett and Sinclair get away with this?

Simple: by using shared services agreements — otherwise known as “covert consolidation.”

These agreements allow media companies to take over a station without legally owning it. They control programming, finances, advertising and staffing while a shell corporation holds the official station license. Because of this, the company can argue that it doesn't own the station in question — even while assuring investors that the arrangement will [benefit the company's bottom line](#).

Gannett and Sinclair have used covert-consolidation tactics over and over to expand their empires.

The companies have merged the newsrooms of stations they officially own and those they service, relying on skeleton crews of reporters for all their local programming. In Baltimore, Sinclair owns local news station WBFF and [uses joint staff members](#) to operate WBFF, WNUV and WUTB, “competing” stations nominally owned by Sinclair shell companies.

These kinds of deals can be found in at least [83 of the nation's 210 television markets](#). So instead of having two competing stations, many communities see the [exact same broadcast](#) on two

“different” channels. This makes plenty of sense for media companies — twice the ad revenue at half the price! — but it’s hardly the way to satisfy millions of people seeking a variety of viewpoints.

Covert consolidation is also not, as [some media conglomerates have argued](#), the way to save traditional media. These stations raked in millions of dollars from political ads during the 2012 election, but instead of expanding coverage they’re [going on a buying spree](#).

Each of these underhanded deals has resulted in [hard-hitting layoffs](#) for journalists, photographers and production staff. The quality of local programming tends to decline as the reporters who remain struggle to cover more with fewer resources. Without competition, there’s also less incentive to get a scoop or go the extra mile for better coverage.

So instead of saving traditional media, these mergers have cannibalized it.