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

In the Matter of	)	
	)	
2014 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. 14-50
	)	
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. 09-182
	)	
Promoting Diversification of Ownership In the Broadcast Services	)	MB Docket No. 07-294
	)	
Rules and Policies Concerning Attribution of Joint Sales Agreements in Local Television Markets	)	MB Docket No. 04-256

COMMENTS OF STEPHENS CAPITAL PARTNERS LLC

Stephens Capital Partners LLC ("SCP") hereby submits these Comments in response to the *Further Notice of Proposed Rulemaking and Report and Order* in the above-referenced proceedings.[1] SCP manages private equity investments of affiliates of Stephens Inc. ("Stephens"), a full service investment banking firm headquartered in Little Rock, Arkansas. Those investments include a number of daily and weekly newspapers across the country ranging

[1] *In the Matter of 2014 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, 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, Promoting Diversification of Ownership In the Broadcast Services, Rules and Policies Concerning Attribution of Joint Sales Agreements in the Local Television Markets*, Further Notice of Proposed Rulemaking and Report and Order, FCC 14-28 ("FNPRM").

from the Hawaii Tribune-Herald in Hilo, Hawaii, to the Worcester Telegram & Gazette in Worcester, Massachusetts.[2] Within the past year, a Stephens affiliate has acquired an interest in Alpha Media LLC ("Alpha"), a company that currently owns and operates approximately 75 radio stations in small and mid-sized markets throughout the country. As a manager of investments in both newspaper and radio properties, SCP fully supports the Commission's proposal to end the nearly 40-year ban on newspaper/radio cross-ownership.

I. THE BAN ON NEWSPAPER/RADIO CROSS-OWNERSHIP IS UNNECESSARY

The *FNPRM* appears correctly to acknowledge that there is no longer sufficient justification under the legal standards of Section 202(h) for the FCC to continue to restrict newspaper/radio combinations. The ban on newspaper/radio cross-ownership (the "NRCO rule") fails to advance the viewpoint diversity goal that it was designed to promote, and therefore is no longer in the public interest. In addition, the NRCO rule is overbroad and unduly restricts investment that could stimulate newspapers and radio stations alike, enhancing their ability to serve their readers and listeners through upgraded news operations and better content.[3] Consequently, SCP agrees with the Commission's tentative conclusion that the ban on newspaper/radio cross-ownership should be rescinded.

A. The Newspaper/Radio Cross-Ownership Rule Fails to Promote Viewpoint Diversity and Is No Longer in the Public Interest

To evaluate whether its media ownership rules remain in the public interest, the Commission considers the extent to which those rules promote localism, competition, and/or viewpoint diversity. The Commission previously determined, and tentatively re-affirms in the

[2] Other states in which SCP has newspaper investments include Alabama, Arkansas, California, Florida, Iowa, Louisiana, Nevada, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Washington.

[3] SCP believes these same benefits could be achieved by relaxed limitations on common ownership of newspapers and television stations. SCP, however, limits these Comments to newspaper/radio cross-ownership.

FNPRM, that the prohibition on newspaper/broadcast cross-ownership is not necessary to advance its localism and competition goals.[4] Viewpoint diversity thus becomes the lone justification for the NRCO rule. However, the Commission has repeatedly recognized that radio stations are not the primary outlets that contribute to viewpoint diversity. For example, when adopting the newspaper/broadcast prohibition in 1975, the Commission stated that "a radio station cannot be considered the equal of either the paper or the television station in any sense, least of all in terms of being a source for news or for being the medium turned to for discussion of matters of local concern."[5] The Commission reiterated this conclusion in its two most recent ownership orders, and it appears to have no convincing record evidence to the contrary.[6] Without a public policy goal underpinning it, the newspaper/radio cross-ownership rule is no longer in the public interest and should be repealed consistent with Section 202(h)'s mandate.

B. <u>The Prohibition on Newspaper/Radio Cross-Ownership Unnecessarily Limits Beneficial Investment in the Newspaper and Radio Industries</u>

The prohibition on newspaper/radio combinations serves to restrict investment that would benefit newspapers, radio stations, and the readers and listeners they serve. Because the record is

---

4 *See, e.g., 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*, Notice of Proposed Rulemaking, 26 FCC Rcd 17489, 17520-21, ¶ 89 (2011); FNPRM at ¶ 145. The FNPRM observes that radio programming, including news and talk programming, is often nationally syndicated rather than locally produced. FNPRM at ¶ 145. As a result, consumers turn to other media outlets, such as television and the internet, for local news and information. *Id.* Moreover, radio stations and newspapers do not compete in the same product market. *Id.* at ¶ 139.

5 FNPRM at ¶ 147 (citing *Amendment of Sections 73.34, 73.240, and 73.636 of the Commission's Rules Relating to Multiple Ownership of Standard, FM, and Television Broadcast Stations*, Docket No. 18110, Second Report and Order, 50 FCC 2d 1046, 1076, ¶ 104 (1975)).

6 *2006 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*, Report and Order and Order on Reconsideration, 23 FCC Rcd 2010, 2057, ¶ 80 n. 259 (2008) ("2006 Quadrennial Review Order") ("radio is a significantly less important source of news and information than newspapers or television."); *2002 Biennial Regulatory Review – Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996*, Report and Order and Notice of Proposed Rulemaking, 18 FCC Rcd 13620, 13800, ¶ 459 (2003) ("2002 Biennial Review Order") ("broadcast radio generally has less of an impact on local diversity than broadcast television.").

abundantly clear that the NRCO rule fails to advance any of the Commission's tripartite goals of localism, competition and viewpoint diversity, the substantial public interest benefits to be gained from unshackling common ownership of radio stations and newspapers is a factor that militates resoundingly toward elimination of the rule.

The NRCO rule is an unnecessary limitation on Stephens and other investors who see significant value in common newspaper and radio investment. It denies radio broadcasters and newspapers potentially significant sources of capital which, in the case of many stations and papers, is badly needed. Stephens, for example, is forced under the NRCO rule to avoid an attributable radio investment in a market where it has ownership of a daily newspaper. This in turn limits Alpha from potential growth ownership opportunities. Moreover, it denies both Stephens and Alpha the opportunity to explore in-market synergies between Stephens newspapers and Alpha radio stations that would substantially enhance the services provided by *both* platforms.

Even the Commission acknowledges that eliminating the NRCO rule could result in an increase in the amount of local news and other programming available in a given market. As the Commission recognizes in the *FNPRM*, radio programming, including news and talk programming, tends to nationally syndicated.[7] As a result, consumers turn to television, the Internet, and other media outlets for local news and information. Lifting the newspaper/radio cross-ownership ban would create operating efficiencies and economies of scale that would free up the resources necessary to revitalize local news on radio stations. Newspapers would also have a broader base of financial support from which they, too, could increase their local news

---

[7] *See* STEVE WALDMAN AND THE WORKING GROUP ON INFORMATION NEEDS OF COMMUNITIES, FCC, THE INFORMATION NEEDS OF COMMUNITIES: THE CHANGING MEDIA LANDSCAPE IN A BROADBAND AGE 63 (2011), available at http://transition.fcc.gov/osp/inc-report/The-Information_Needs_of_Communities.pdf (indicating that 86% of programming on news/talk radio stations is nationally syndicated rather than locally produced).

gathering activities.[8] SCP believes these benefits can be realized were Alpha permitted to own radio stations and Stephens newspapers in the same market. Because the prohibition on newspaper/radio cross-ownership precludes such opportunities without achieving its underlying policy goal, it should be rescinded.

II. CONCLUSION

The newspaper/radio cross-ownership rule fails to advance the Commission's viewpoint diversity goal, the lone justification for retaining the restriction, while inhibiting financial support and synergies that would provide a boost to the radio and newspaper industries and enhance service to the public. SCP urges the Commission to take prompt action to rescind the NRCO rule and allow the common ownership of radio and newspaper outlets.

Dated: July 14, 2014

Respectfully submitted,

Noel M. Strauss
Managing Director
Stephens Capital Partners LLC
111 Center Street
Little Rock, AR 72201
501-377-2000

8 *See FNPRM* at ¶ 148.