STATEMENT OF
NATIONAL ASSOCIATION OF BLACK OWNED BROADCASTERS, NATIONAL BANKERS ASSOCIATION AND U.S. BLACK CHAMBERS OF COMMERCE ON THE BYRON ALLEN LAWSUIT AGAINST COMCAST-TIME WARNER

March 10, 2015

The recent law suit filed by Byron Allen's company against Comcast and Time Warner Cable raises an important issue that needs to be addressed by the business community. Unfortunately, the law suit attacks a number of leading civil rights leaders and organizations and has therefore received a great deal of media attention for the wrong reason. These attacks have caused the important issue raised in Mr. Allen's suit to be obscured.

The issue that Mr. Allen's suit correctly identifies is the failure of large companies in the entertainment, broadcasting and advertising industries to do business with African American owned businesses. This is an issue which NABOB, NBA and the U.S. Black Chambers have been addressing for years. Our organizations have been pressing the large corporations which dominate these industries to sell to African American owned companies when they divest major business units, to use African American owned banks for deposits and credit facilities, and to procure business services and products from African American owned suppliers. In far too many instances, our efforts have produced only token success. And, in recent years we have seen much of the progress we have made on this issue erode.

In August, 2014, the Congressional Black Caucus recognized that consolidation of ownership in the broadcasting, cable and internet industries is decreasing ownership opportunities for African Americans and other people of color, and making opportunities for business relationships with the resulting mega-companies even more difficult. At that time, the Federal Communications Commission was (and still is) considering the

application of Comcast to acquire Time Warner Cable in a $45 billion dollar transaction, and the application of AT&T to acquire DirecTV in a $48 billion dollar transaction. The Caucus sent a letter to Chairman Tom Wheeler of the FCC in which the Caucus addressed the problems created by such mega-mergers. The Caucus advised Chairman Wheeler that, if the FCC is going to permit such mergers, it must take steps to ensure that the applicants make commitments to the FCC, enforceable by the FCC, to address the lack of diversity in their industries. The Caucus said:

> Prior experience with "mega-merger" proposals shows that even the most reasonable conditions and diversity pledges go unenforced when they are not incorporated into the merger application as addendums. The following principles and questions should be incorporated into all merger applications triggering a public interest FCC review, as enforceable and meaningful commitments to the affected communities:
>
> **Boards of Directors and Senior Management**: The applicants should include within their application, in initial filings or by amendment, the companies' current diversity goals. Specifically, from junior staff to middle management to executive management, to the corporate boards, the applicants should outline the metrics in place to ensure the recruitment and retention of African Americans, women, and other underrepresented groups to executive-level management and boards of directors. The applicants should include a comprehensive outline for how they intend to integrate diversity and minority inclusion (with qualitative and quantitative goals and benchmarks) as a part of the corporate culture, including among executive leadership and top-level management.
>
> **Divestitures and Spinoffs**: If applicants are required or independently seek divestiture of assets and other properties as a condition of the transaction's approval, applicants should ensure those divestiture plans include ownership opportunities for smaller, minority and women-owned firms. For example, in the Comcast-TWC transaction, and the AT&T-DirecTV transaction, the applicants should detail how the proposed transactions will create minority ownership opportunities in the sale of cable television and wireless cellular systems.
>
> **Financial Services**: The applicants should include within their applications and among their public interest conditions how they intend to establish and/or expand contracting and consulting opportunities for minority asset managers, broker-dealers, pension fund consultants, public finance professionals, investment bankers, securities/bond counselors, commercial bank underwriters, institutional investors, pension and endowment plan sponsors and other minority professionals in the financial services industry. Even before the initial filing of any application with the

FCC, the applicants should also include minority and women-owned firms in underwriting activities.

Legal Services: The applicants should include within their application how they will extend to minority and women-owned law firms and firms with proven track records of developing and retaining minority and women associates and partners opportunities to act as outside counsel for litigation and regulatory matters and corporate transactions.

Real Estate: The applicants should include within their application how they will include minority and women owned real estate professionals in matters involving the acquisition and disposition of company real estate in the form of land, buildings, real estate improvements, lease of space for company purposes, subordination agreements related to financed real estate and other real estate matters.

In addition to the areas listed above, the applicants should also commit to transparency in how they intend to meet their commitments and the Commission must hold them accountable. The results of these commitments must be shared with the organizations and companies that have the knowledge and expertise in the areas in which the commitments are made.

NABOB, NBA and USBC fully endorse the guidelines set forth by the Congressional Black Caucus. However, we believe that companies should not be following these guidelines only when they have an application pending before a government agency. The leading companies in the entertainment, broadcasting and internet industries should be following these guidelines every day.

It must be pointed out that some companies claim to follow similar guidelines already. Indeed, some have entered into agreements with civil rights organizations to follow similar guidelines. The problem however, which led to Mr. Allen's attack on such agreements, is that these agreements are rarely with business organizations. At the negotiating table for any future agreements, or for the evaluation of existing agreements, should be both the civil rights organizations and organizations with expertise in the business issues addressed in the agreements.

The need to do more business with African American owned companies and the need to include organizations with expertise in the subject matter of business agreements is the critical point that Mr. Allen's lawsuit brings to light. We look forward to redirecting the dialogue begun by Mr. Allen's lawsuit to its critical central point.

National Association of Black Owned Broadcasters, Inc.
James L. Winston, President
1201 Connecticut Avenue, N.W., Suite 200
Washington DC 20036
PH: (202) 463-8970
CELL: (301) 873-7382
FAX: (202) 517-9185
EMAIL: jwinston@nabob.org

National Bankers Association
Michael Grant, President
1513 P St.
Washington, DC 20005
PH: (202) 588-532
FAX: (202) 588-5443
EMAIL: mgrant@nationalbankers.org

U.S. Black Chambers, Inc.
Ron Busby, Sr., President
1156 15th Street, NW, Suite 1100
Washington, DC 20005
PH: (202) 463-8722
FAX: (202) 872-8543
EMAIL: ron@usblackchambers.org