



March 25, 2013

Dear NABOB Members and Friends,

FCC INCENTIVE SPECTRUM AUCTION RAISES SERIOUS ISSUES

The FCC is developing rules for a very important auction, which could result in a significant decrease in the number of African American owned television stations. The auction will consist of a “reverse auction” in which television stations will be encouraged to turn in to the FCC some or all of their spectrum. That spectrum will then be auctioned in a “forward auction” to companies looking to use the spectrum to provide wireless telecommunications services. The television stations will receive a portion of the forward auction proceeds in exchange for the spectrum they turned in to the FCC.

It is anticipated that the television stations most likely to turn in their spectrum will be independent stations not affiliated with a major television network, because such stations tend to receive lower audience ratings and less income than network affiliate stations. Unfortunately, such independent stations tend to be the stations that minorities own, and it is expected that the reverse auction will result in many of these minority owned stations turning in their licenses and leaving the industry. Such a result would be particularly devastating for the African American community, because there are currently only seven full power television stations owned by African Americans.

Obviously, if African American television station owners conclude that it is in their business interest to turn in their spectrum, NABOB supports their decision. In that regard, NABOB is working to educate its member television stations about the reverse auction process and meeting with the FCC to help ensure that the reverse auction process will be conducted in a manner such that television stations can participate in the reverse auction without having to spend large sums to hire auction consultants and experts.

NABOB’s concern, however, is that, while the FCC reverse auction process may encourage some minority broadcasters to leave the industry, the FCC has no policy to encourage minority entrepreneurs to enter the telecommunications industry. Ever since

the Supreme Court's decision in 1995, in the *Adarand* case, the FCC has assumed that it has no authority to implement a minority ownership policy. Instead, the FCC has adopted various policies to promote small businesses, and those policies have been completely ineffective in slowing the steady decline of minority ownership in the telecommunications industry.

I therefore, encourage our television members to contact the NABOB office and give me your thoughts on the reverse auction. I would like to know whether you are considering entering the reverse auction, and what assistance you may need from NABOB in making that decision. For example, are there specific questions you have about the FCC's proposed auction rules? Are there specific suggestions you have for the final rules the Commission should adopt to make the auction more desirable, or less difficult, for you to participate?

For all of our members, please continue to communicate with your members of Congress about the decline of minority ownership and ask them give the FCC the tools it needs to develop policies to promote minority ownership in the telecommunications industry to: (1) encourage the Federal Government to spend more of its commercial advertising expenditures with NABOB member stations, (2) support the creation of a government capital fund to assist minority owned companies to start or purchase telecommunications businesses, and (3) reestablish the minority tax certificate program.

In conclusion, it is also important to point out to your members of Congress that, while NABOB's roots are those of a broadcast organization, almost all of our members are now actively engaged in internet and mobile media. Therefore, we support policies to promote minority ownership in all new technologies, and, just as we did in the broadcast industry, NABOB's members will be the voice of the African American community in the new technologies also!

**NABOB URGES FCC NOT TO ALLOW
FURTHER CONSOLIDATION OF OWNERSHIP IN BROADCASTING AND TO
PROMOTE MINORITY STATION OWNERSHIP**

The FCC is continuing its quadrennial review of its broadcast ownership rules, and NABOB has been urging the Commission to refrain from further relaxing any of its ownership rules, including its radio-newspaper cross-ownership rules. In letters to the Commissioners and formal Comments filed with the Commission, NABOB explained that, "If large radio group owners are now allowed to combine their multiple station ownership advantage with ownership of a daily newspaper, the group owner will be able to combine the radio and newspaper sales forces, and will be able to offer advertisers a combined radio-newspaper buy, which will leave minority owners even more disadvantaged in their efforts to compete in the marketplace."

NABOB urged the Commission to complete the studies required by the Supreme Court in the *Adarand* case, which would provide the Commission a basis for adopting new policies specifically designed to promote minority broadcast station ownership.

Recently, Chairman Julius Genachowski announced that he is delaying action in the proceeding to receive the results of a study that is intended to determine whether the ownership of radio stations and a daily newspaper in the same market will negatively impact minority ownership. As noted above, NABOB opposes the relaxation of any of the Commission's ownership rules, particularly the radio-daily newspaper cross ownership rule. The initial relaxation of the Commission's ownership rules in 1996 was a significant factor in the decline of minority broadcast ownership. Press reports indicate that the two Democratic Commissioners, Mignon Clyburn and Jessica Rosenworcel, do not support the planned rule change that would allow radio-daily newspaper cross-ownership in the same market.

NABOB WISHES COMMISSIONER MCDOWELL A FOND FAREWELL

Commissioner Robert McDowell recently announced that he will be resigning from the Commission. Commissioner McDowell has been a friend of NABOB and was very instrumental in getting the Commission to adopt its policy to prevent advertising discrimination, which has helped stop the "No Urban Dictates" of advertisers and ad agencies. Commissioner McDowell always kept an open door and an open mind, even if he did not agree with NABOB's positions. We will miss him and wish him success in his next endeavor.

NABOB WILL CO-SPONSOR THE 8TH ANNUAL MEDIA SALES INSTITUTE AT FAMU

NABOB is pleased to announce its 8th annual sponsorship of the Media Sales Institute (MSI) at Florida A&M University (FAMU) May 13 – 23, 2013. The MSI is a 10 day *intense* media sales training program for college graduates who are *specifically* interested in a media sales career.

Why should your company attend?

Ask yourself...where can you invest 2 days (**Tuesday and Wednesday, May 21 and 22, 2013**) to interview 25 pre-qualified entry level sales candidates?

As a NABOB member, you are invited to attend (at NO cost) to meet and interview these sales candidates, who will be eligible for immediate employment at the conclusion of the institute.

Now is the time to confirm your attendance, plan your travel and budget to hire one of these future sales stars. There are a limited number of interviewing spaces available, so commit early.

Contact Personal Selling Principles, the MSI facilitators, at (301) 595-1871 to reserve your space. For more information on the program visit www.themsi.net and make sure you view the 4 minute executive video.

**#IN THE BLACK CAMPAIGN CREATES THE
BLACK MEDIA MATTERS CONSORTIUM, CONTINUES TO PRESS FOR
MORE AD DOLLARS**

NABOB joined with BET Networks and a large consortium of other companies to create a history making black media and marketing consortium. The consortium launched a revolutionary #INTHEBLACK campaign to encourage increased investments in the African American consumer marketplace while helping companies reach the African American audience more effectively. The campaign has created the **Black Media Matters Consortium**, and the Consortium is continuing its efforts with activities focused at specific advertisers. The Consortium has held meetings with several of the largest advertisers and ad agencies. NABOB is actively involved in these ongoing efforts.

**NIELSEN ACQUIRING ARBITRON;
ARBITRON AND THE PPM COALITION CONTINUE QUARTERLY
MEETINGS; NABOB JOINS MRC**

Nielsen's acquisition of Arbitron is slowly making its way through the federal antitrust review process at the Department of Justice and Federal Trade Commission. NABOB was pleased to hear about the acquisition. NABOB has a good relationship with both companies, and the combination of the companies could provide better and more extensive audience measurement benefits to both the television and radio industries. However, NABOB is concerned that such mergers often result in rate increases to customers, and we would not want to see that happen. Therefore, NABOB is cautiously optimistic that this will be very good news for the television and radio industries.

In spite of the pending acquisition, the current positive working relationship between NABOB and Arbitron is unchanged. Pursuant to the agreement between the PPM Coalition and Arbitron, Arbitron agreed to make several improvements to the PPM service, including the use of address-based sampling and in-person recruitment for a portion of the PPM panel in high density Black and high density Hispanic areas. Since entering into that historic agreement, Arbitron, the Media Ratings Council and the PPM Coalition have continued to hold quarterly meetings at which Arbitron has provided in-depth reports on the progress it is making to fully implement the improvements to the PPM methodology. Recently, NABOB joined the MRC to obtain a complete understanding of the accreditation process and to involve itself in future accreditation decisions.

CONTACT

NABOB is here to serve you. If there is an issue you want to discuss in the newsletter, or if you have information about your station and its service to your community that you want to share with other members, please contact me at (202) 463-8970 or at jwinston@nabob.org.

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