

Media Council of Hawai‘i *Since 1970*

For Immediate Release

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U Win Tin

Date: May 20, 2010

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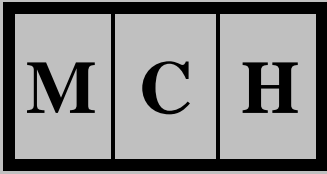
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Based on New Information, Media Council Hawaii (MCH) Files Supplemental Federal Communications Commission (FCC) Complaint, Demands Revocation of Broadcast Licenses in the Merger of KGMB, KHNL, and KFVE.

Following MCH’s original Complaint, filed October 7, 2009, the FCC requested that the broadcast parties submit executed copies of the contracts underlying the deal between Raycom Media, MCG Capital, and other entities that are parties to the deal. These agreements consist of: Shared Services Agreement, Term Loan Note, Studio Lease, and Purchase Option Agreement.

The broadcast parties submitted copies of the agreements, but redacted key information, requesting confidential treatment, based on the need for corporate secrecy. On March 29, the FCC, citing public interest considerations, granted most of MCH’s request that the documents be made public. As a result of information learned upon receipt of these agreements, MCH has filed a Supplement to the original complaint, demonstrating that all three stations are owned and controlled by Raycom Media and requesting revocation of the respective broadcast licenses because of the violation of FCC rules regarding transfer of station control and violation of local ownership rules (copies of the Supplemental Complaint and un-redacted Shared Services Agreement, Term Loan Note, Studio Lease, and Purchase Option Agreement are available on our website: www.mediacouncil.org).

MCH president, Chris Conybeare says: “ The Supplemental complaint speaks for itself, and clearly shows that the Raycom deal in Hawaii is one of the most egregious violations of public trust and FCC rules in the country. These contracts are an attempt to obscure and confuse the facts, that despite denials, Raycom Media controls all three broadcast stations. Such arrogance and breach of the public trust should be met with community condemnation and FCC revocation of licenses to use the public’s airwaves.”



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The Asset Swap Agreement gives Raycom the ownership of both the NBC and CBS affiliates, two of Hawaii’s top four stations. The other agreements demonstrate that claims of independence on behalf of KFVE (nominally owned by HITV) are untrue.

KFVE is wholly dependent on Raycom for every aspect of its operation. It has only 2 employees, and even their salaries are reimbursed by Raycom. KFVE has no production facilities or production staff. The agreements show that there is absolutely no economic incentive for KFVE’s independent operation. This station has been purchased by Raycom for \$22 million, plus interest and other payments. Moreover, a complete transfer of ownership to Ottummwa Media Holdings (now American Spirit LLC) of Iowa is spelled out in the Option Agreement. Close scrutiny of Ottumwa will show that it is nothing more than a “strawman” for Raycom.

Media Council Hawaii was founded in 1970 as the Honolulu-Community Media Council. It is a non-profit, non-partisan, non-governmental independent group that seeks to improve public access to information, support First Amendment rights, broaden public understanding of the role of the media, and promote fair and accurate journalism in Hawaii.

MCH is represented by the Institute for Public Representation (IPR) at Georgetown Law. IPR is one of the nation’s leading public interest law centers. Founded by Georgetown Law in 1971, it is both a public interest law firm and clinical program. IPR works in areas of First Amendment and media law, civil rights, and general public interest matters. Professor Angela Campbell, Esq. is head of IPR’s First Amendment and Media Law Project and co-counsel, Adrienne Biddings Esq., is an IPR Graduate Fellow. Law Student, Robert A. Lepore, has assisted in research on these matters.

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