

CableFAX Daily™

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What the Industry Reads First

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Down the Tube: Multicast Music Net Calls It Quits, Faces Lawsuit

The financially troubled **Tube Music Net** ceased its national broadcast on Mon, just weeks after a federal lawsuit claiming securities violations was filed against it. "The collective efforts of this team, fueled by the letters we received from viewers, sustained The Tube as it struggled through the financial limitations that ultimately contributed to its incapacitated state," said a letter posted on the defunct net's Website Mon. No one from Tube Media could be reached for comment. The 24-hour music net created by co-founder *Les Garland* was a multicast broadcast channel from **MTV**, **VH1** and **The Box** that launched in '05. It had broadcast deals with **Raycom**, **Tribune** and **Sinclair**, among others. Cable ops carrying it on various systems included **Comcast** and **Cablevision**. On Sept 19, a lawsuit, seeking class action status was filed by stock purchasers in the US District Court for Southern FL claiming **Tube Media Corp** and execs, including Garland, allegedly violated federal securities laws. The stock previously traded on the Over the Counter board under "TUMB.PK." The suit alleges that the company, which lost \$12mln in the first 9 months of '06 and recorded about \$2K in revenue, failed to disclose past-due taxes and repeatedly gave misleading statements to the **SEC** (its last quarterly financial filing was in Sept '06). In May, Tube Media told the SEC it had entered a binding letter of intent to sell assets and the music net to **GT Network** for \$15mln. A definitive agreement was needed by May 31 for the sale to go through, but no subsequent SEC filing has materialized. The lawsuit claims the companies assets aren't worth \$15mln—saying that of its \$14.25mln assets, \$10.5mln were intangible assets that were "worthless and should have been written off" in conformity with federal accounting rules. Another \$1.65mln of assets constituted deferred stock compensation for directors, plaintiffs claim.

Competition: **AT&T** submitted Mon a statewide video franchise app to the **CT Department of Public Utility Control**, a move the telco says will provide "regulatory clarity" needed to continue rolling out **U-verse TV** in the state. The telco has encountered this year both US District Court trouble (**Cfax**, 7/27) and opposition by CT Atty Genl *Richard Blumenthal* (**Cfax**, 8/7) regarding the service, which launched in the state in Dec and is now available to more than 135K residents. Meanwhile, AT&T expanded the availability of U-verse TV in the Houston area, where it now reaches 400K homes.

DTV Doings: Ranking Republican House Commerce member *Joe Barton* (R-TX) and ranking Telecom Subcommittee member *Fred Upton* (R-MI) asked **FCC** chmn *Kevin Martin* whether they need to push a bill to ensure that consumer education about the digital transition is adequately addressed. In a letter to Martin Mon, the 2 said they want to make sure the FCC has sufficient authority to implement additional consumer education requirements if it determines that voluntary industry and consumer group efforts, combined with govt education, is not enough. They are concerned the FCC may not have the authority and that legislation, like the bill they introduced in Jan, is needed.

Meeting Overload: **NCTA** svp, industry affairs *Barbara York* plans to discuss industry event consolidation with trade groups and associations on Oct 22 in NY, said a NCTA spokesman. Our own *Paul Maxwell* 1st wrote that



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NCTA's board recently discussed the idea of compressing annual industry gatherings into more manageable event blocks (**Cfax**, 9/24). Meeting invitees include **CTAM**, **Cable Positive**, **SCTE** and **WICT**.

TiVo Watch: Sept is gone, and still no word of a commercial rollout of **TiVo** software on **Comcast Motorola** boxes in New England. A TiVo spokesman said the commercial service is slated to roll out imminently. During a 2Q earnings call, TiVo CEO *Tom Rogers* said he expected the rollout process to start in Sept with increasing activity in Oct and through the end of the year (**Cfax**, 8/30). Rogers had previously predicted an Aug commercial launch.

VOD: **Comcast** will launch this week "Martha Stewart On Demand," featuring 10 hours of content, including instructional segments. -- **Nat Geo** will offer all 35 4th-season eps of "Dog Whisperer with Cesar Milan" (Fri, 8pm) via **Nat Geo On Demand** 1 day prior to their linear debut, beginning Thurs.

Carriage: **RCN** officially announced a carriage deal with **Big Ten Net**, augmenting RCN's expanded basic lineup in Chicago and PA. -- **Shop Latino TV** launched in **Time Warner Cable's** TX markets and on **DISH's** Latino package.

In the Courts: **NY Rangers** franchise owner **MSG** on Fri filed a lawsuit against the **NHL** claiming the league is acting like "an illegal cartel" by seeking to control the licensing of teams for all commercial purposes and to stop teams from marketing apparel, merchandise and memorabilia. The league was to begin Fri fining the team \$100K/day if it failed to cede complete control of the its Website. **MSG** said it's "asking the court to clarify the boundaries of League rights so we can put this issue behind us." The league could not be reached for comment.

Online: **Video.TVGuide.com** officially launched Mon with a focus on full series eps and video from more than 55 broadcast, cable nets and Websites, including eps of many forthcoming fall broadcast shows.

New Millennium: **Broadstripe** is the new moniker for **Millennium Digital Media Systems**, a MSO serving 120K residential and commercial customers in MD, MI, WA and OR.

Sports Power: **ESPN** is the top global sports brand and is worth \$7.5bln, according to *Forbes*. NY RSN's **YES** (\$500mln, #8) and **MSG** (\$400mln, #10) also made the list.

Ratings: The **NY Yankees'** scorching play in the latter portion of the season helped **YES** set numerous ratings records, including a 4.69/454K (+10%) game avg for the year, making '07 the highest-rated season ever for the team on NY cable (dating to '79). Also, prime telecasts earned top honors in the NY DMA on 42 of 50 nights since Jun 1.

Programming: **MTV** inked a prod pact with *Ken Mok*, creator of the net's "Making the Band" and **VH1's** "The White Rapper Show." The deal includes exec prod services related to a pilot and potential series. -- Multiple **ESPN** platforms and **ABC Family** will augment **Disney** and **ABC** coverage of the '07 Special Olympics World Summer Games, which kick off Tues in Shanghai. -- **Speed** is racing to throttle up HD programming in Feb, when 100 hours of HD **NASCAR** coverage will bow leading up to the 50th anniversary of the Daytona 500. As the net transitions all of its event programming to HD throughout '08, new seasons of "Pinks," "Pinks All Out" and "Super Bikes!" will also launch in high-def early next year. -- **MSNBC** and **Court TV** surpassed 90mln subs, according to **Nielsen** universe estimates, while **MTV2** broached 70mln and **ESPNEWS** topped 60mln. **Discovery Science**, **VH1 Classic**, **GAC**, **Military Channel** and **Nick-at-Nite** all eclipsed 50mln. -- **Comedy Central** picked up a 4th season of "Mind of Mencia" and a 2nd season of "L'il Bush."

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BUSINESS & FINANCE

On the Circuit: Maybe cable just wants to boogie down. As HDNet chief *Mark Cuban* makes moves on ABC's "Dancing With the Stars," **The Cable Center** said the show's host *Tom Bergeron* will act as master of ceremonies for the 10th annual Cable Hall of Fame celebration (Oct 10-11).

People: ESPN promoted *Eric Johnson* to evp, multimedia sales, Customer Marketing and Sales. -- **Si TV** appointed former **Discovery Nets** exec *Lisa Delligatti* svp, affil sales.

Business/Finance: Days after purchasing \$2mln in **Discovery Holding** Class B shares, *Dr John Malone* bought 54,805 shares on Fri for about \$1.6mln, according to an **SEC** filing. **Discovery Comm** is in preliminary talks with **Advance/Newhouse** about a possible exchange of Newhouse's 33% stake in the Discovery nets for Discovery Holding stock. -- **Belo** will create separate TV and newspaper businesses by spinning off the newspaper segment into a publicly-traded (NYSE) firm, **A. H. Belo Corp.** Left with Belo will be 20 TV stations and a pair of 24-hour regional news nets, **Northwest Cable News** and **Texas Cable News.** The spin-off is expected to be completed in 1Q. -- **AT&T** will buy for \$121mln in cash **Interwise**, a MA-based provider of voice, Web and video conferencing services to businesses.

Oops: The URL for **RCA's** DTV Website is www.keepmytv.com (*Cfax. 10/1*).

CableFAX Daily Stockwatch

Company	10/01 Close	1-Day Ch	Company	10/01 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
BROADCASTERS/DBS/			AMPHENOL:	40.28	0.52
BRITISH SKY:	56.31	(0.75)	APPLE:	156.34	2.87
DIRECTV:	24.59	0.31	ARRIS GROUP:	12.37	0.02
DISNEY:	34.65	0.26	AVID TECH:	27.34	0.26
ECHOSTAR:	46.90	0.09	BIGBAND:	6.44	0.04
GE:	42.02	0.62	BLNDER TONGUE:	1.35	0.09
HEARST-ARGYLE:	25.74	(0.22)	BROADCOM:	37.17	0.73
ION MEDIA:	1.37	0.05	C-COR:	11.59	0.10
NEWS CORP:	23.77	0.38	CISCO:	32.99	(0.14)
TRIBUNE:	27.50	0.18	COMMSCOPE:	51.90	1.66
MSOS					
CABLEVISION:	35.06	0.12	CONCURRENT:	1.26	(0.04)
CHARTER:	2.69	0.11	CONVERGYS:	17.73	0.37
COMCAST:	24.35	0.17	CSG SYSTEMS:	21.36	0.11
COMCAST SPCL:	24.09	0.13	GEMSTAR TVG:	6.98	0.02
GCI:	12.25	0.11	GOOGLE:	582.55	15.28
KNOLOGY:	17.16	0.43	HARMONIC:	10.99	0.38
LIBERTY CAPITAL:	125.75	0.92	JDSU:	15.26	0.30
LIBERTY GLOBAL:	41.79	0.77	LEVEL 3:	4.71	0.06
LIBERTY INTERACTIVE:	19.75	0.54	MICROSOFT:	29.77	0.31
MEDIACOM:	7.02	(0.03)	MOTOROLA:	18.78	0.25
NTL:	28.22	0.00	NDS:	51.78	1.80
ROGERS COMM:	42.97	0.00	NORTEL:	17.51	0.53
SHAW COMM:	25.01	0.17	OPENTV:	1.55	0.07
TIME WARNER CABLE:	32.75	(0.05)	PHILIPS:	45.21	0.27
WASH POST:	815.36	12.56	RENTRAK:	13.38	(0.41)
PROGRAMMING					
CBS:	31.06	(0.44)	SEACHANGE:	7.01	0.09
CROWN:	7.30	0.11	SONY:	49.38	1.32
DISCOVERY:	28.96	0.11	SPRINT NEXTEL:	19.05	0.05
EW SCRIPPS:	42.74	0.74	THOMAS & BETTS:	58.86	0.22
GRUPO TELEVISA:	23.58	(0.59)	TIVO:	6.60	0.25
INTERACTIVE CORP:	30.00	0.33	TOLLGRADE:	10.17	0.05
LODGENET:	26.59	1.23	UNIVERSAL ELEC:	32.87	0.37
NEW FRONTIER:	6.10	(0.03)	VONAGE:	0.96	(0.07)
OUTDOOR:	9.03	0.00	VYYO:	5.50	(0.12)
PLAYBOY:	11.15	0.41	WEBB SYS:	0.08	0.00
TIME WARNER:	18.75	0.39	WORLDGATE:	0.37	(0.02)
UNIVISION:	36.23	0.00	YAHOO:	27.04	0.20
VALUEVISION:	7.87	0.46	TELCOS		
VIACOM:	39.24	0.29	AT&T:	42.23	(0.08)
WWE:	15.57	0.49	QWEST:	9.15	(0.01)
TECHNOLOGY					
3COM:	4.90	(0.04)	VERIZON:	45.40	1.12
ADC:	20.34	0.73	MARKET INDICES		
ADVANTAGE:	8.10	(0.02)	DOW:	14087.55	191.92
ALCATEL LUCENT:	10.04	(0.14)	NASDAQ:	2740.99	39.49
AMDOCS:	37.55	0.36			

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M.C. Antil's CableFolks

Old Cable Pro Zeller Stops to Smell the Roses

When the clock struck midnight and Cohort's Warren Zeller popped the cork on 2007, little did he know he was celebrating would become the most important year of his life. In March, three months after turning 50, he was told he had a rare and potentially deadly form of lymphoma.

Suddenly, Warren's world spiraled out of control. Where he had once been concerned with marketing his company's demographic data to MSOs, he was now focused on one thing and one thing only: the butt-ugly 800-lb gorilla sitting smack dab in the middle of his life.

Soon he and his sister were on a plane headed to the Sloan-Kettering Cancer Institute in New York, in hopes that she could be a stem cell donor for him. And shortly thereafter, he would start chemotherapy, a rigorous regime in which deadly chemicals and got pumped into his body, in hopes they'd kill the gorilla without burning down the zoo.

Given the rare nature of his cancer, doctors had little history to draw on and told Warren, candidly, while they hoped chemo would work, they were still in largely uncharted waters.

At that point, Warren, a former marketer with TCI and Starz Encore, among others, started writing a blog on the Internet, detailing the ups and downs of his battle for life and the meteoric shift in his priorities. He also produced a video, which you can still see on YouTube, which opens with a speech that Warren loves; the late basketball coach Jim Valvano telling people to never give up, just days after he learned he had terminal cancer.

Now, unlike some folks who are uncomfortable at the mere mention of cancer, or who are unwilling bare their souls about anything, much less life, love and family, Warren harbors no such inhibitions. God love him, his life is an open book, and if you scratch the surface of Warren Zeller, there's a good chance at some point a



M.C. Antil

ground spring of emotions will come gushing forth. And that was true, even before the cancer.

In fact, a gushing of emotions occurred a few times when Warren and I talked this week. And believe me, not all the emotions were his. I've known Warren for over a decade, and I worked with him when he was at Starz Encore and

I was a CTAM. I knew him to be a good guy and always found something utterly refreshing about his steadfast refusal to pretend to be anything he wasn't.

What Warren is, I discovered, is a devoted husband and father—someone who, now more than ever, places family above all else. In fact, there's nothing in second place.

Warren told me about how his twins, Brooke and Jeffrey, came home to be with him rather than stay at college for the summer. In fact, Jeff who is at Stanford, gave up an internship with Apple to come home to Colorado.

Warren's voice cracked as he told me that, as it did when he told me how people like Peter Barton's widow, Laura, Michelle Sie and his former boss, John Sie, gave of themselves during his darkest hours. Warren also has a soft spot in his heart for Time Warner Cable's Sam Howe and his wife, Becky, a college friend, who put him and his sister up during their Sloan-Kettering trip.

Now, Warren is back at work, at least part time. His cancer is in remission, and he's once again thinking as much about demographics as cancer. And he's delighted to be back at that point.

But don't kid yourself; things are different too.

"I don't need to be in the left lane nearly so much anymore," he told me, adding: "I'm so thankful for every little thing now. I never thought I'd get to see my son Charlie's football games this fall, and you wouldn't believe how grateful I am for that. Every day I have now is a gift."

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WANT SOME PERSPECTIVE?

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