

# Cablefax Daily™

Thursday — March 12, 2015

What the Industry Reads First

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## Ad Claims: FTC Files Suit Over DirecTV's Promotional Offers

Those **DirecTV** \$19.99/month and \$24.99/month offers have landed the satellite provider in hot water with the FTC. Citing “thousands of complaints” from consumers over the years, the **FTC** filed a lawsuit Wed against DirecTV, charging it with deceptive ad practices. DirecTV called the allegations “flat-out wrong,” pledging a vigorous defense. While DirecTV says it has gone above and beyond to inform consumers, the FTC claims disclosures—including that a 2-year contract is required and that customers will be billed for the free 3 months of premium channels if they don’t cancel—are inadequate in terms of content, presentation, placement, etc. “We allege DirecTV hid important terms in order to trick consumers into buying their satellite packages,” FTC Bureau of Consumer Protection dir *Jessica Rich* said in a call with reporters. In some cases, the details were in the fine print, she said, adding that other times it was “obscured by other text or pictures.” “We go above and beyond to ensure that every new customer receives all the information they need, multiple times, to make informed and intelligent decisions. For us to do anything less just doesn’t make sense,” DirecTV said. The lawsuit goes on to say DirecTV’s phone presentations do not adequately disclose the monthly cost to consumers during the 2nd year of their agreements. DirecTV’s not the 1st provider the FTC has filed a complaint against, with a lawsuit pending against **DISH** over telemarketing calls. In Oct, it filed a complaint against **AT&T Mobility**, charging it has misled smartphone customers by charging them for unlimited data plans while reducing their data speeds, in some cases by nearly 90%. Rich said she could not comment on whether the agency is investigating complaints against over MVPDs. The move comes while regulators are considering AT&T’s proposed purchase of DirecTV. Rich said the deal is completely separate from the merger review. The FTC wants the court to ban DirecTV from further violations and award monetary damage, which could be sued to refund consumers. Rich declined to put a number on the monetary award.

**Showtime OTT:** As **Showtime** prepares to roll out its OTT service, it’s talking to everyone—existing MVPDs and digital outlets. “Other than a little bit of consternation from the existing MVPDs, I don’t see how anybody cannot view this as a positive for HBO and also a positive for Showtime. There’s just going to be more revenue,” CBS CEO *Les Moonves* said at an investor conference Wed. His take? Any bundle out there—be it “10 channels or 150 channels”—CBS Corp needs to be a part of it. **HBO**’s formal announcement that HBO Now will launch next month has sparked more conversations about

## New March Magazine

### Advertise in Cablefax’s Guide to the Multiscreen Universe

Multiscreen Moneymakers \* Digital Hot List Profiles

This comprehensive look at all things multiscreen will examine the hottest technology, marketplace strategies and business trends driving the growing multiplatform ecosystem. In this must-read issue, Cablefax’s editors will examine every aspect of the digital future, including the accelerating interplay between traditional and new media.

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**Questions:** Contact Mary-Lou French at [mfrench@accessintel.com](mailto:mfrench@accessintel.com) or 301-354-1851.

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Showtime's service, Moonves said. He gave his premium channel rival a hat tip for partnering with **Apple** for a big, showy announcement alongside the introduction of the Apple Watch. As for the CBS Corp's other OTT product, CBS All Access, Moonves declined to give subscriber specifics, but said it's performing beyond projections. He added that the service should be launched throughout the U.S. in a few months, with affiliate stations set to sign on (it's now only in O&O markets).

**AT&T's View:** If the **AT&T-DirectTV** merger gets the OK from regulators, the new AT&T will have a lot more leverage at the negotiating table with programmers. With a massive smartphone sub base and broadband-only households, a bigger AT&T will have more than 100mln "new distribution points" for content providers, **AT&T** CFO *John Stephens* said at an investor conference Wed. In addition, AT&T's recent spectrum purchase will strengthen its ability to offer a video service over wireless. At the end of 2014, more than 80% of AT&T's postpaid subscribers had smartphones, and more than 3/4 of them had an LTE device capable of streaming video over cellular network. With the expansion of OTT video, he hopes the company can "work something out in a constructive fashion" with programmers. AT&T is already working on its own video streaming offering via its **Otter Media** joint venture with the **Chernin Group**. Rival **Verizon** is also planning a streaming service using multicast LTE technology. **Sony's** PlayStation-based streaming service *Vue* won't go live until sometime later this year, but it will be available in the next 2 weeks in Chicago, Philly and NYC, Sony's top PlayStation exec *Andrew House* told the *Wall Street Journal* Wed (he was mum on details, such as pricing). While the service is similar to **DISH's** Sling TV, *Vue* is reportedly missing some key channels that DISH scored, including **ESPN**, **AMC** and **CNN**. Despite the growth of streaming video options and direct-to-consumer video offerings, "we don't see a rapid decline in the pay-TV business," AT&T's Stephens said, saying he sees multiplatform video as complementary to linear TV. As for the proposed merger... "We are encouraged by the progress we have made" with DOJ and the **FCC**, Stephens said, still expecting the deal to close in the 1st half of the year. While details of the FCC's Title II net neutrality order haven't been released, Stephens said "any kind of uncertainty is not good for investment... There's a real chance that it will stifle investment and innovation." In addition, he expects litigation to go on for a couple of years.

**2015 Vanguard Honorees:** **AMC Nets** pres/CEO *Josh Sapan* and **Suddenlink** evp, CFO *Mary Meduski* are the recipients of the **NCTA's** highest honor, the Vanguard Award for Distinguished Leadership. The Vanguard Awards will be presented May 6 during a lunch and ceremony at **INTX** in Chicago. Other Vanguard winners: **Bright House's** *Kevin Hyman* (cable operations mgmt); **Viacom Kids & Family** pres *Cyma Zarghami* (programmers); **Charter's** *Jim Blackley* (science & tech); **Comcast's** *D'Arcy Rudnay* (govt & community relations); **Cox's** *Mark Greatrex* (marketing); **itaas' Vibha Rustagi** (associates and affiliates); Charter CFO *Christopher Winfrey* (young leadership).

**VZ Goes OTT:** **Verizon** is adding more content to its wireless network. Under a multi-year deal with teen-focused multiplatform network **AwesomenessTV**, the telco will offer the net, along with family-oriented **DreamWorksTV**, to its wireless subs later this year. Both nets feature live-action and animated short-form content. The deal features more than 200 hours of original content per year for the telco. **AwesomenessTV** is owned by **DreamWorks Animation** and **Hearst**. Verizon is eyeing a streaming programming service this summer. CFO *Fran Shammo* said at an investor conference this week that the service targets wireless subs who want to stream video on mobile platforms.

**Ratings:** Last week, **Fox News** led all other cable nets in prime for the 1st time in 2015, averaging 1.9mln total viewers and a 0.8 P2+ rating. **TBS**, **AMC**, **USA** and **Disney** all scored a 0.7 and hovered around 1.7mln viewers. "The O'Reilly Factor" continues to lead Fox News' prime lineup, followed by "The Kelly File." Of course, **AMC's** "The Walking Dead" was easily the most watched program of the week (14.5mln viewers), followed by after show "Talking Dead" (5.7mln) and **Discovery's** "Gold Rush," (5mln). **Nick** had an edge over **Disney** in P2+ delivery for total day (1.3mln vs 1.2mln), while Disney took kids 6-11 (405K vs 356K) and Nick won out for 2-11 (667K vs 612K). **Brag Book: USA's** "Dig" scored a L+3 audience of 5.8mln total views (2.2mln 18-49s) across 3 airings Thurs. -- **WE tv's** "Mary Mary" returned for Season 4 Thurs, with 1.3mln total viewers. It ranked as the #1 cable telecast on Thurs night among all key African-American demos. And it was the top cable telecast for W18-49 in the time period (655K).

**Mediacom Grants for Schools:** The **Iowa Technology & Education Connection** in collaboration with **Mediacom Business** announced funding of special statewide educational grants to elementary schools in Ames and Barnum. "These grant awards are intended to assist teachers in using technology to support learning in their classrooms. Grant recipients will use these funds to purchase hardware, software, online subscriptions, or computing peripherals to make their plans a

# BUSINESS & FINANCE

reality," Mediacom Business svp *Dan Templin* said.

**AdMonsters Joins AI:** Cablefax parent **Access Intelligence** acquired **AdMonsters**, a conference and trade show company serving online advertising operations and digital media markets. AdMonsters produces the Publisher forums, held 3 times a year, and the annual OPS conference.

**TLC's Prom Dress:** TLC's Say Yes to the Prom initiative, now in its 4th year, has expanded to provide dresses to high school girls in NYC, Denver, Silver Spring, Miami and L.A. Designed to build self-esteem, girls at each event will select from more than 2500 donated dress (many of them new) from employees and industry partners. They'll be given accessories as well as hair and makeup styling before walking the red carpet in a runway reveal show. "Say Yes to the Dress" star *Monte Durham* will emcee each city's event.

**On the Circuit:** Telemundo is partnering with **NBC Universo**, an unit of **NBCU Hispanic Enterprises and Content**, for this year's Hispanicize conference (March 16-20). The event, now in its 6th year, features Latino trendsetters and newsmakers in entertainment, tech, marketing, blogging and journalism.

**People:** *Bernadette Simpao* was named vp, corporate communications for **AMC Nets**. She most recently served as sr dir of communication for **Viacom Intl Media Nets**.

## Cablefax Daily Stockwatch

Company	03/11 Close	1-Day Ch	Company	03/11 Close	1-Day Ch
<b>BROADCASTERS/DBS/MMDS</b>					
DIRECTV:	85.63	(0.5)	COMMScope:	26.27	0.11
DISH:	73.23	(0.13)	CONCURRENT:	6.96	0.12
ENTRAVISION:	6.47	0.04	CONVERGYS:	21.23	(0.11)
GRAY TELEVISION:	13.21	0.08	CSG SYSTEMS:	29.18	(0.18)
MEDIA GENERAL:	15.30	0.16	ECHOSTAR:	51.71	0.97
NEXSTAR:	54.95	(0.2)	GOOGLE:	551.18	(3.83)
SINCLAIR:	26.64	0.51	HARMONIC:	7.48	0.09
<b>MSOS</b>			INTEL:	32.34	0.64
CABLEVISION:	17.72	(0.18)	INTERACTIVE CORP:	67.73	(0.22)
CHARTER:	182.61	1.27	JDSU:	13.60	0.06
COMCAST:	58.09	(0.61)	LEVEL 3:	53.54	0.06
COMCAST SPCL:	57.75	(0.64)	MICROSOFT:	41.98	(0.05)
GCI:	13.53	0.37	NETFLIX:	440.19	5.13
GRAHAM HOLDING:	1029.76	6.76	NIELSEN:	42.67	(0.52)
LIBERTY BROADBAND:	52.94	0.25	RENTRAK:	56.01	1.02
LIBERTY GLOBAL:	52.36	(0.84)	SEACHANGE:	7.54	0.11
SHAW COMM:	22.55	(0.03)	SONY:	26.84	0.27
SHENTEL:	28.12	0.29	SPRINT NEXTEL:	5.05	0.01
SHENTEL:	28.12	0.29	TIVO:	10.61	(0.09)
TIME WARNER CABLE:	152.64	(2.06)	UNIVERSAL ELEC:	55.81	(0.02)
<b>PROGRAMMING</b>			VONAGE:	4.50	(0.05)
21ST CENTURY FOX:	34.19	(0.1)	YAHOO:	42.50	(0.17)
AMC NETWORKS:	71.47	0.12	<b>TELCOS</b>		
CBS:	59.59	0.16	AT&T:	32.62	(0.16)
CROWN:	3.65	0.03	CENTURYLINK:	35.29	0.16
DISCOVERY:	32.40	0.04	TDS:	24.99	0.23
DISNEY:	102.89	(0.2)	VERIZON:	47.68	0.17
GRUPO TELEVISA:	34.42	0.51	<b>MARKET INDICES</b>		
HSN:	65.95	0.58	DOW:	17635.39	(27.55)
LIONSGATE:	32.49	0.47	NASDAQ:	4849.94	(9.85)
MSG:	75.87	0.50	S&P 500:	2040.24	(3.92)
SCRIPPS INT:	72.22	(0.07)			
STARZ:	33.15	(0.02)			
TIME WARNER:	82.94	(0.44)			
VIACOM:	69.34	(0.61)			
WWE:	16.35	(0.24)			
<b>TECHNOLOGY</b>					
ADVANTAGE:	2.30	(0.04)			
AMDOCS:	51.83	(0.19)			
AMPHENOL:	57.31	0.05			
AOL:	39.76	0.21			
APPLE:	122.24	(2.27)			
ARRIS GROUP:	29.78	0.87			
AVID TECH:	14.85	(0.02)			
BLNDER TONGUE:	1.63	UNCH			
BROADCOM:	43.79	0.06			
CISCO:	28.26	(0.4)			

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## Think about that for a minute...

### Short Takes

Commentary by Steve Effros

The news regarding our business is coming fast and furious these days, and with each new ad or headline I think of more questions. Part of the problem is that "...we're not just cable any more." But even that leads to questions, so here's a brief look at some of the things I'm going to address in more depth in upcoming columns. Why should I be the only one befuddled?



... I guess it starts with the name of our business. We've long known that while "cable television"—that is, the distribution of an aggregated package or packages of video programming through our own facilities—is no longer the only thing we offer, the term "cable" seems to have been reserved for just certain companies. When the analysts send out press releases saying that "cable" has "lost" a million subscribers in the past year, but "telco and satellite" ...both of which are offering the same aggregated video packages, have gained a million subscribers, the headline somehow translates into folks abandoning "cable!" The "cord cutting" stampede is on! Really? There are obviously competitive ways of offering "cable," and folks (particularly regulators) don't want to acknowledge that competition for their own purposes. So even though those aggregated packages of video services offered by folks through their own infrastructures have actually experienced only a one or two-tenths of one percent decline, the headlines scream of a major paradigm shift. Why? Why not call what Verizon and AT&T are offering "cable," or acknowledge that DISH and DirecTV are offering the same type of packaged video service as well, and we can then all go about the business with a clearer idea of what's really happening?

... Is "OTT," when it offers a package including linear programming, like SlingTV or Apple or Sony's new offerings

"cable?" Well, we know the FCC is wrestling with that issue right now in its efforts to redefine what a multi-channel video program distributor is. The associated issues are things like whether the delivery infrastructure is owned or controlled by the folks offering the package. But that gets messy when something like the new HBO Now is offered exclusively on Apple devices. Isn't that a type of "owned infrastructure?" Another issue that is always raised is whether it is "live" programming or not, but I'm not sure how that relates to a service like TiVo's Roamio OTA when the "live" stuff is coming over the air but the rest is coming some other way. Anyway, you can see that this is getting very messy.

... Just to add to the confusion, what's the policy reasoning behind suggesting that if a video program arrives via "cable" it has to include all sorts of other consumer necessary things like captioning, EAS alerts and so on, but those who deliver via "OTT" might not have to protect those same viewing consumers?! How does that work? Aren't those other consumers deserving of these protections and benefits?

... And then there are always those "experts" who continue to harangue Washington on what is or isn't good for consumers. Consumers Union now has full page ads and radio commercials attacking the Comcast/TWC merger as something that will harm consumers. These are the same guys who had ads promoting legislation that initiated retransmission consent, a multi-billion dollar hit to consumers that gave them absolutely nothing they didn't already have! "Experts?"

These are just a few of the things I wonder about, and plan to explore in the next few months.

*Steve*

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(Steve Effros was President of CATA for 23 years and is now an advisor and consultant to the cable industry)

## Cablefax Top Ops AWARDS

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