

# Cablefax Daily™

WHAT THE INDUSTRY READS FIRST

## Anyone There?: Standard General's Kim Says FCC Too Quiet on TEGNA Deal

For an agency with the word communications in its name, the **FCC** could stand to do a better job communicating to work through roadblocks in the proposed **Standard General-TEGNA** merger, said Standard General Managing Partner and CIO **Soo Kim**.

"There's been none, zero," Kim told **CFX** after speaking about the merger at **NAB Show**. "... We don't fear any administrative law process. We believe that if we had an unlimited amount of time, or that was decompressed, in a short amount of time, we'd be able to answer all the questions, and that whatever judge would rule in our favor."

The word Kim has been using to describe the ongoing situation is "double-secret probation," adding that Standard General never received feedback on what was faulty with its initial application filed in March 2022. On top of the commitments Standard General has made—with the most recent set coming Monday—he pointed to the fact stations owned by Standard Media have increased by about 23% over the past three years. Additionally, he noted a recent labor MOU that would make a three-year commitment to grow newsrooms and have a fund made for journalists.

But even when the first promises were made to maintain newsroom jobs and commit to investing in staff and other areas, Standard General hasn't had luck in its effort to establish consistent meetings with the Commission, according to Kim.

He said there was a five-week period where Standard General reached out weekly to the FCC to move forward, but then the Media Bureau's Hearing Designation Order arrived sending the merger to an Administrative Law Judge, a lengthy process that would likely go past a May 22 financing deadline for the deal.

"They've even made the really bad faith observation 'Well, we should have gotten a longer financing contract.' There are no longer financing contracts than 15 months," Kim said. "They might not believe in capitalism, but they cannot define what capitalism is. We have an amazing financing commitment, and it's going to run out and that is a damn shame."

**NAB** rarely steps in to the regulatory review process for members' license transfers, but it's made an exception in this case because it takes issue with the FCC's method. "The Media Bureau's actions in this matter—designating matters for hearing that cannot form the basis of a public-interest rejection of a license application, knowing that the hearing designation will kill the deal before a decision on the merits—inject untenable unpredictability into license transfer applications," the trade association wrote in a brief filed with the DC Circuit Court of Appeals.

Even without accounting for an end result, Kim thinks what has transpired with Standard General shouldn't be easily forgotten. It's been a fight against someone that isn't him, he said, and that it comes back to the FCC's wish to "protect broadcasts from hedge funds." "I didn't know the politics existed in the FCC. I really didn't. And I mean that with all

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sincerity,” Kim said.

As for what’s still to come, Kim remains committed to seeing the deal through. Standard General cemented financing for the deal last January and it has the ability to pass that financing to its reinvestment business. However, if the deal does fail to see the finish line, TEGNA shareholders would lose out on \$2 billion, and the aftermath could leave long-lasting effects when it comes to broadcasters’ relationships with the FCC.

“Our deal—not atypically—has a clause called the ‘Regulatory Hell or High Water.’ So whatever the government asks us to do, we would have to do within reason,” Kim said. “They know that, which is one of the reasons why they haven’t asked us to do anything. They really don’t want us to have this.

## NETFLIX OPTIMISTIC ON THE BACK OF EARLY PAID SHARING RESULTS

The rollout of global paid account sharing is coming soon for **Netflix** subscribers. In its 1Q23 shareholder letter, the streamer said its launches during the quarter in Canada, New Zealand, Spain and Portugal have only reinforced its belief that cracking down on account sharing is the right move. In each of those markets, there’s an initial cancel reaction following the introduction of paid sharing that impacts near term member growth. But soon after, new accounts and extra member accounts have started to form and bring increased acquisition and revenue numbers. “For example, in Canada, which we believe is a reliable predictor for the U.S., our paid membership base is now larger than prior to the launch of paid sharing and revenue growth has accelerated and is now growing faster than in the U.S.,” the letter said. There are still a number of wrinkles to iron out when it comes to folks that travel and the ability for individuals to transfer profiles to separate accounts. Much-needed improvements in those areas are what led Netflix to push the broad launch of its paid sharing initiatives into 2Q, and that will shift some of its membership growth and revenue benefits into the third quarter. First quarter results were lackluster, leaving Netflix looking for a lift. It added 1.75 million memberships, but lost 400,000 in Latin America due, in part, to ongoing macroeconomic softness. Revenue grew 4% YOY \$8.162 billion. And if you haven’t returned one of your Netflix DVDs, you’ll soon have a relic of the past in your possession. The company is winding down its DVD business later this year and will ship its final DVDs on September 29. “We feel so privileged to have been able to share movie nights with our DVD members for so long, so proud of what our employees have achieved and excited to continue pleasing entertainment fans for many more decades to come,” the letter said. “Thanks to all our employees over

the years that worked so hard to build the booster rocket that got streaming to a leading position.”

## FOX NEWS SETTLES DOMINION DEFAMATION SUIT

Tuesday was supposed to be the first day of the highly anticipated Dominion Voting Systems-**Fox News** trial, but after a two-hour delay, the judge announced that a settlement had been reached. A lawyer for Dominion said the most-watched news net in the U.S. will shell out \$787.5 million under the deal, an enormous sum, though short of the \$1.6 billion originally sought. “We acknowledge the Court’s rulings finding certain claims about Dominion to be false,” Fox News said. “This settlement reflects FOX’s continued commitment to the highest journalistic standards. We are hopeful that our decision to resolve this dispute with Dominion amicably, instead of the acrimony of a divisive trial, allows the country to move forward from these issues.” Fox News host *Neil Cavuto* discussed the settlement with *Howie Kurtz* during the 4pm hour before moving on to other stories, including America’s debt, AI voice cloning and breaking news of a parking garage collapse in Manhattan. It’s unclear if Fox News will have to run any sort of retractions or apologies on air. The network still faces a similar lawsuit by Smartmatic. As for Dominion, it still has defamation suits pending against **Newsmax** and **One America News**. Newsmax issued the following statement after Tuesday’s news: “Newsmax believes that the facts at issue in Dominion’s case against it are materially different from those that may have driven Fox to settle, and no conclusion about Newsmax should be drawn from that settlement. Newsmax stands by its coverage and analysis of the 2020 election and will continue to vigorously defend against the claim.”

## NAB NOTEBOOK

The broadcast industry’s transition to ATSC 3.0 took a big step Monday with the **FCC** and **NAB** announcing the Future of TV Initiative, but it’s only the first step in the process to ensure nobody gets left behind in the nationwide transition to the new broadcast standard. “We are at 60%+ of the country, but the reality is that those last few markets that we have to do are getting more and more difficult in terms of the spectrum that we have,” **Sinclair** CEO *Chris Ripley* said during a C-Suite panel at **NAB Show**. “We need a little bit of a push here from the FCC to finish off this transition, and more than that, we need the FCC to play a leadership role in signaling to the marketplace that this transition will be completed.” Things like sunset dates and simulcast issues are just a couple of ways the new task force can help complete the transition in a shorter

period of time. Once that day comes, incremental revenue and cash flow opportunities will arise for broadcasters. But **E.W. Scripps** President/CEO **Adam Symson** believes any dragging feet or loss of momentum would have dangerous impacts on the capabilities of local stations. "If we don't have the opportunity to innovate and create the entrepreneurial momentum behind the new standard, it's going to imperil the journalism in this country even more than it already is," Symson said. Beyond audio and visual enhancements as well as an updated emergency alert system, Symson thinks more needs to be done to communicate the significance of ATSC 3.0 to consumers. "I probably agree that immersive audio and HD pictures is not enough to get people to go out and update their television sets or buy dongles," Symson said. "We need to get beyond there with a differentiated offering that feels a little bit more contemporary at this moment." – The NAB Show didn't hit 100,000 for its centennial celebration in Vegas this week, but preliminary attendance figures show a strong turnout of 65,013. That's down from the 91,460 in pre-COVID 2019, but better than last year's preliminary registered attendance of 52,468. This year's registration includes more than 17,000 international attendees from 166 countries, a nice uptick from last year's 11,542 international attendees. The exhibit floor featured 1,208 companies. Next year's show is set for April 13-17 in Vegas.

## PRIME VIDEO TURNING (SOME) VOLUME UP

**Amazon Prime Video** is introducing an accessibility feature that will allow viewers to turn up the volume of dialogue without turning up the background music or sound effects in a scene. Dialogue Boost uses AI to identify moments in a movie or series where dialogue may be tough to hear above the rest of the audio, and the speech in those moments is enhanced. Viewers can find the feature now on select Amazon Originals like "The Marvelous Mrs. Maisel" and "Tom Clancy's Jack Ryan," but will come to more titles later this year.

## DATABEE OUT OF THE HIVE AT COMCAST

**Comcast Technology Solutions** launched **DataBee**, a cloud-native data fabric designed to keep organizations secure. DataBee allows for the quick execution of multiple security functions, including the identification of and response to potential cybersecurity risks. DataBee lives in a newly-created cybersecurity business unit under Comcast Technology Solutions, and is now available externally for commercial use.

## AMG TAPS CADENT FOR ENHANCED ADDRESSABILITY

**Allen Media Group** struck a partnership with **Cadent** for the latter to provide audience targeting and measurement capabilities to enhance the addressable inventory for AMG advertisers. **The Weather**

**Channel** streaming app and **Local Now** will both be covered by the partnership, and the tools available will allow advertisers to activate audiences across multiple AMG properties and gain deeper insights into behavioral attributes of viewership groups.

## RATINGS

The opening weekend of the 2023 **NBA** Playoffs was the most-watched ever on **Disney** platforms, according to **Nielsen**. The five-game slate across **ESPN** and **ABC** averaged 4.28 million viewers, up 3% from last year. The showdown between the Sacramento Kings and the Golden State Warriors was a peak moment, averaging 6.257 million viewers and becoming the most-watched opening Saturday night playoff game ever on ABC. – Fans are showing up for the **USFL**. An average of 784,000 viewers tuned in to the first week of games across **Fox**, **NBC** and **FS1**, marking a 4% increase from the league's inaugural season. – In the weekly ratings race, **Fox News** is still on top across primetime and total day. That's despite a strong challenge from **TNT**, which took second place in primetime with 1.58 million total viewers P2+ with its coverage of the NBA Playoffs last week. Rounding out the top five in primetime were **MSNBC** (1.289 million), **ESPN** (1.173 million) and **HGTV** (963,000). In total day, MSNBC stepped into the second slot with an average of 798,000 viewers P2+ and was followed by ESPN (606,000) and TNT (550,000). **CNN** and **HGTV** shared the fifth rank with averages of 449,000 viewers.

## WBD REIMAGINES THE CLASSICS

To celebrate the 100th anniversary of Warner Bros. Studios, **Warner Bros. Discovery's** DEI team unveiled plans for a short film series that reimagines the Studio's iconic films through a diverse and inclusive lens. Six filmmakers have been selected to adapt "A Star is Born," "The Adventures of Robin Hood," "Calamity Jane," "Jack and the Beanstalk," "The Prince and the Pauper" and "Rebel Without a Cause," with representative casting, storytelling and narrative. The completed 20-minute short films will be featured on **Max** in 2023.

## PROGRAMMING

**NewsNation** is boosting its coverage to 24 hours, Monday-Friday, starting on April 24. The new lineup includes the launch of a live four-hour weekday programming block called "News-Nation Now," airing 1-5pm ET. The block will feature a rotating lineup of journalists covering the day's top news headlines.

## PEOPLE

**Comcast** is upping **Chris Smith** to SVP of its Greater Chicago Region, which includes Central and Northern Illinois, Northern Indiana and Southwest Michigan. Smith joined Comcast in 2014 and has more than two decades of telecommunications experience.