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May 3, 1999
Volume 16, Issue 18

RADIO BUSINESS REPORT
VOICE OF THE RADIO BROADCASTING INDUSTRY

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AMFM, ABC launching new nets for RADAR

A new trend is emerging, putting typically non-RADAR® products into networks so that they will be more valuable on the street to agencies when the clearances are measured. AMFM President David Kantor told RBR he will offer two new limited inventory networks for the September RADAR 62. “Sapphire” and “Ruby.”

“We’re launching the Brown Bag library (AdBiz Feb., p. AB4) for barter, so we needed a small network to do it.” The Brown Bag libraries, using Ruby, include “Firepower” for Rock and “Rocket Science” for CHR.

While Kantor is not yet disclosing what Sapphire will leverage, he did describe how it will be inventoried: “Sapphire will offer one minute a day, Monday-Saturday 6A-10A, one minute a day Monday-Sunday 10A-3P. There’s a minute a day Monday-Sunday 3P-7P. There will be no inventory on Sapphire at night or Sunday 6A-10A [not to conflict with Casey Kasem or public service programming].”

That totals 20 minutes a week for Sapphire—seven in afternoon drive, seven in midday and six in morning drive. Ruby will offer one minute per day, wide rotation 6A-midnight.

RBR sources say ABC will also be adding three new limited inventory nets of its own in RADAR 62, leveraging production libraries produced by Jeff Rich of Radio Today. ABC bought Radio Today one year ago. It produces ABC’s “Ambush,” “Horsepower,” “Flashback,” “Pop Quiz,” “The Satellite Comedy Network,” “Goldmine” and others. They are already divided into two networks, but as of yet are not RADAR-rated.—CM

What did he say?

Unless you are a listener of “The Howard Stern Show,” there is no other reliable way of knowing what the “King of All Media” says in his daily shows. Even the people who work at the show can’t keep track either. When RBR called for a transcript highlighting Stern’s comments regarding the Columbine High School shooting (4/21), his staff said there was none.

Stern has complained that his comments were quoted out of context. But out of context or not, the Colorado House of Representatives 4/27 and Senate 4/28 went ahead and approved a resolution censuring Stern for his comments, based on reports of those comments. The resolution reads “concerning the inappropriate radio comments of Howard Stern... whereas, editorials from the Rocky Mountain News have reported comments made by Howard Stern... be it resolved that the members of the Sixty-second General Assembly of the state of Colorado request that Howard Stern be censured for his comments.”—KM

RBR observation: All of the criticism of Stern has been based on the written account of Rocky Mountain News media critic Dusty Saunders, a vociferous Stern-hater, rather than the actual broadcast. An RBR staffer who heard the broadcast said Saunders’s account completely misrepresented Stern’s comments.—JM

Odds are debatable for casino advertising case

No matter who collects the money, casino gambling is still gambling. Whether the government can differentiate between casino owners is now awaiting a ruling by the US Supreme Court. The high court heard oral arguments 4/27 from the Greater New Orleans Broadcasting Association (GNOBA), which wants the justices to strike down the federal ban on casino advertising by broadcasters.

Current federal and FCC regulations bar radio and television stations from airing commercials which specifically mention games of chance, such as slot machines, but allow ads that mention hotel rates, meal specials or entertainment (RBR 9/8/97, p.4). On the contrary, those same regulations which ban ads from promoting privately-owned casinos do allow such advertisement for casinos owned by Native-American tribes.

“What doesn’t Indian-owned casino advertising have the same effect as private casino gambling with respect to the compulsive gambler?” questioned Justice Stephen Breyer.

“The fact that there may be social benefits in Indian-owned casino advertisement has nothing to do with the government’s scheme,” argued Bruce Ennis, the attorney for GNOBA. Ennis argued that the scheme which permits advertisement of other forms of gambling, including state lotteries, cannot advance the government’s proclaimed interest of protecting...
consumers by reducing gambling. Justice Ruth Bader Ginsburg added, "A 'true drunk' will find the 'bottle,' whether it's located in an Indian casino or not."—TS

**NAB seeks more time for LPFM studies**

Following FCC Chairman Bill Kennard's pledges in his Las Vegas speech to preserve the technical integrity of the FM band and give radio a digital future (RBR 4/26, p. 4), NAB President Eddie Fritts has appealed to Kennard for more time to complete technical studies of LPFM.

Fritts noted that IBOC field tests won't be completed until 12/15. At the very least, he said in a letter to Kennard, the 6/1 deadline for LPFM comments should be extended an additional 60 days to allow for completion of LPFM interference studies. The NAB president also urged Kennard to begin a formal rulemaking on IBOC DAB.—JM

**FCC sticks by license revocations**

The FCC has upheld broadcast license revocations of Michael Rice, who has been behind bars since 1994, convicted of 12 counts of sexual acts with five minors. Rice's attorneys had argued that he should retain control of his Missouri and Indiana stations because "there is no nexus between Rice's sexual misconduct and the Licensees' broadcast activities or propensity for truthfulness and reliability."

"The FCC struck down the claim, saying since "there is a record of felony convictions involving 'egregious crimes against society' that demonstrates a 'cal- lous disregard for the welfare of fellow citizens,' we need not find the specific link or nexus the Licensees demand." The Commission also found evidence that Rice was openly involved in the stations' operations, after he told the FCC he was "excluded from involvement" in "day-to-day decisions and operations" from the time of his release from prison as early as 12/29.—TS

**Crisis coverage guidelines**

Some people are blaming the NRA; others point their fingers at AOL. Still others have decried the media's role

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**USADR, LDR respond to Harris’ call for unity**

Soon after USADR announced Harris Corporation (N:HRS) had successfully passed AM and FM IBOC waveforms through existing transmitters (RBR 4/19, p. 6), Harris has called for a single IBOC standard. In fact, Harris VP Radio Broadcast Jim Woods told RBR that the quickest way to adopt a standard may be a combined system, where IBOC developers come together on a final technology, similar to the ATSC "Grand Alliance" that adopted the DTV standard.

"What the industry ought to be focused on is the fastest way to get a standard. The reality is our industry is going to have some very real competition that is going to attempt to siphon off users—listeners," said Woods. "We ought to pull all of the involved parties together, establish a best-of-the-best. We're actively talking to two of the proponents [Lucent Digital Radio and USADR] and we're prepared to play a role in trying to pull everybody together."

USADR President Bob Struble was candidly open to the idea, given the fact that Lucent previously worked with USADR before going it alone: "We agree that a coalition is required. That's what we've been doing, taking the steps we've taken with the broadcasters and equipment manufacturers. If they [LDR] want to join our coalition, they've got my telephone number."

While LDR President Suren Pai agrees the systems "in terms of performance" are "clearly different," he tells RBR that technically anything is possible, and merging the two would just be a matter of timing and effort. Lucent is supplying chip sets/encoders for Harris' DTV products, so the two companies already have a working relationship.

"The position that Harris has taken is very consistent with what we have said publicly in our filings, which is that this country needs a standard on digital radio. We are excited to see a major player like Harris support that position. There are several ways a standard can be achieved. One proposal that was made in our filings was that the FCC get involved in selecting a standard. An alternative means is clearly a grand alliance-type scenario."

Would LDR be willing to again work with USADR in development, if it meant getting a standard adopted faster? "We have a simple objective, which is to see the commercial deployment of IBOC. And, whatever makes business sense in order to get that done, we are absolutely willing to consider and pursue," said Pai. "I have a shareholder that I need to address, and that shareholder is Lucent (N:LU). I need to ensure that they get a return on their investment."

"We believe we are putting all the necessary pieces in place, and we're playing to win. If LDR and Lucent for that matter, believe that they have something to add and want to join our coalition, again, they can call," said Struble.

Lucent is putting many of its chips (pardon the pun) behind its "multistreaming" technology and marketing alliance, as Nautel has (RBR 4/19, p. 6). On the other side, USADR's broadcast investors, as a whole, represent a big chunk of Harris' business, and USADR would like it to join its technology and marketing alliance, as Nautel has (RBR 4/19, p. 6). On the other side, Harris may not want to damage its DTV relationship with Lucent by prematurely aligning itself to USADR when neither system has yet been proven.

Merging the two technologies could be a difficult task, but Harris engineers are under non-disclosure agreements with both companies and know a lot about each system. We doubt Harris would take an IBOC grand alliance viewpoint if both technologies didn't have something to offer and couldn't be merged.—CM

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**USADR happy with EASE response**

Meanwhile, USADR's train continues to leave the station. Struble tells us USADR's "EASE" program (RBR 4/19, p. 6) for stations considering a transition to IBOC is getting a huge response. 150 owners representing 400 radio stations spread across 46 states have so far contacted the company. 180 were from smaller, non-Arbitron rated markets.

**RBR observation:** Harris has probably taken the best position between USADR and Lucent that it can. On one side of the fence, USADR's broadcast investors, as a whole, represent a big chunk of Harris' business, and USADR would like it to join its technology and marketing alliance, as Nautel has (RBR 4/19, p. 6). On the other side, Harris may not want to damage its DTV relationship with Lucent by prematurely aligning itself to USADR when neither system has yet been proven. Merging the two technologies could be a difficult task, but Harris engineers are under non-disclosure agreements with both companies and know a lot about each system. We doubt Harris would take an IBOC grand alliance viewpoint if both technologies didn't have something to offer and couldn't be merged.—CM
in inciting violence. But the RTNDA (Radio-Television News Directors Association) has long been a champion of an ethical and responsible media long before Columbine High School became an unwilling fixture of the American lexicon.

Last week, the RTNDA released a guideline for broadcasters covering hostage-taking crises and other difficult situations. The guidelines were developed prior to the Columbine suicide assault. Developed by Bob Steele of the Poynter Institute for Media Studies for RTNDA, the golden rule that summarizes the guidelines is "always assume that the hostage taker, gunman or terrorist has access to the reporting."—KM

**RBR News Briefs**

**BMI to automate reporting system**

Saving PDs the need to generate and mail music use reports, BMI is planning to launch a digital airplay reporting option in early 2000 as part of its "Horizon Project" digital transition agenda. The system will use stations' existing playlist scheduling and management programs and the Internet for delivery.—CM

**FCC may get review deadline**

Congress' impatience with the FCC appears to be growing. One provision of the Satellite Copyright, Competition & Consumer Protection Act (H.R. 1554), which passed the House 4/27, would give the Commission 180 days to complete the biennial review of its broadcast ownership rules which was mandated by the 1996 Telecom Act.—TS

**Chancellor and AOL in talks?**

*BusinessWeek* reported that America Online (N: AOL) is negotiating to acquire a stake in Chancellor Media (O: AMFM), with the nation's largest radio group teaming up with AOL for its radio Web sites and streaming.

**RBR observation:** There are always phony rumors flying around about AOL investing in traditional media, but this could be the real McCoy. A minority stake in a non-Internet business wouldn't send AOL's stock plunging and we do know that AOL has had past talks with Chancellor when the entire company was on the block.—JM

**UPI dropping morning news magazine**

After two years running, UPI is dropping its long-form, two-hour "UPI Morning News" magazine 5/14 to an estimated 100 affiliates.

**Ben Avery,** UPI Broadcast Sales Manager tells RBR the main reason for discontinuing was conflict with key news coverage. "We ran the show on our second channel, which is devoted almost exclusively to breaking long-form news—most recently the NATO press briefings which start at 9AM. We need to carry those live."—JM

**DOJ settles JSA dispute**

The Department of Justice last week (4/28) finally got around to announcing the settlement of a joint sales agreement (JSA) probe in Colorado Springs and Spokane that the companies involved had announced nearly five months ago (RBR 1/4, p. 7). Under the deal, a station swap will leave Citadel (O: CITC) and Capstar (N: CRB) with about 35% of radio revenues each in Spokane. In Colorado Springs, the split will be 40% Citadel and 16% Capstar. The settlement ends the JSAs between Citadel and Triathlon, which sold its stations to Capstar.—JM

**Correction**

Last week's issue (RBR 4/26, p. 4) incorrectly quoted FCC Chief of Compliance Richard Lee as saying "research," rather than "re-hash," when referring to arguments against LPFM. The correct quote: "So, I don't know why you continue to re-hash all of the old stuff about 'this is going to happen.'"

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Few people in broadcasting have a resume as long and varied as Dick Chapin. He’s been a sales rep, GM, owner, group head and (his current vocation) station broker. Along the way he’s served on just about every industry board or committee you could think of. He was president of both the RAB and NAB—to date, the only person to have headed both organizations.

Chapin is still working—as both a small market station owner and president of his brokerage firm, Chapin Enterprises—and gives no hint of being interested in retirement.

RBR interviewed Dick Chapin not just to have him recount his five decades in radio, but to get his perspectives on how the industry has changed, for better or for worse, and what he’s learned over the years that never changes.

Tell us when and why you got into broadcasting.

I got into broadcasting on the 15th of March, 1953. I had started out in the Chamber of Commerce business and I was the Assistant Manager of the Lincoln, NE Chamber of Commerce when I was 26 years old. I knew that somewhere down the pike I’d never get to be the head of the Chamber in my own hometown. I was the guy that somebody would have walked in that day and offered my owner some money. I’m sure he would have gotten out of radio.

We kept slugging away, selling a little radio. About a year later, I think in 1955, I was brazen enough to ask him if I could buy another station. By then, we had turned the corner and were paying our bills, so he let me buy another one. Over a period of time, probably about five or six years, I added several stations to our group.

I bought one in Grand Island, NE and one in Sioux City. I bought one in Salina, Kansas and I bought one in North Platte, NE. I bought one in a little town of Oelwein, IA. We just kept adding stations. When I thought that FM was here to stay, in the early 70s, I started adding FM stations. I only had six AMs and six FMs in our markets—the group was called Stuart Broadcasting.

What would I be doing, I asked him? He said it would be in sales. I said, well that’s where the money is, so I’ll take the job. I took a $50 a week cut and went to work back then.

How quickly did you move up the ladder?

At that time, KFOR decided to get into the television business and they were granted Channel 10 in Lincoln in 1953. My first day on the job I was asked to put out a newsletter, one of those newsgrams for the station. The second day I was there, they gave me a rate card. I was to sell radio and I had to sell television. We went on the air in television and nine months after I went into sales, I took over as manager of the radio station because we shut down the television. As far as I know, it is the only VHF television station that was shut down in the nation. Channel 10 in Lincoln, NE.

In those days, they were playing taps for radio because in 1954, television was the new thing. Of course, I didn’t know anything about it. We also had an FM station in 1954. I was asked to go sell some time on that and there weren’t too many radios that picked up FM in those days.

We had just built a new building for radio and TV and here I was rattling around in it with just the radio station. If somebody would have walked in that day and offered my owner some money, I’m sure he would have gotten out of radio.

We kept adding stations. When I thought that FM was here to stay, in the early 70s, I started adding FM stations. I only had six AMs and six FMs in our markets—the group was called Stuart Broadcasting.

Were you an owner?

No, I was a group head. It was a guy in Lincoln, by the name of Jim Stuart, who was the owner. I thought I was. I ran it as if it was mine.

Along the way, I must add, I bought two or three small town newspapers, which I ran. And I also bought billboards. I get a kick out of it today hearing how smart Clear Channel is by having billboards on the side of the road with radio. I bought billboards 25 years ago.
years ago. I owned the billboard plant in Sioux City, IA, Lincoln, NE and Omaha and Springfield, IL.

I gave up the management when Stuart's son came back to Lincoln and wanted to do something—I turned over the billboard company to him. In fact, it was just sold recently for $42.5M and he had only $3M in it, so it was a good deal for him.

In 1986, DKM, Dyson-Kissner-Moran Corp., a capital company out of New York, made noises as if they wanted to buy our stations. They were in that early rush to buy stations—that first gold rush back in the mid-80s.

Why my boss decided to sell, I'll never know. He decided that he ought to sell it, I guess, because I was 62 years old and, he thought, about to retire.

I stayed on and lasted a year with them, but I didn't think they were broadcasters, so I just quit. I was too young to play golf all day, so I talked to Crisler—The Crisler Co. out of Cincinnati. I knew Dick [Crisler] from over the years and he wanted me to run the radio division of the [brokerage] firm.

After about a year I decided to go out on my own and started Chapin Enterprises.

You've sold some big stations over the years, haven't you?
The biggest deal was for stations in Pittsburgh and Indianapolis. I sold them for $52M. The next biggest was WWL-AM & FM in New Orleans, which was $13M. That was a real interesting sale because the Jesuits [Loyola College] owned that station and had for 67 years. They had to decide whether they were going to sell it or not. That's a big powerhouse of the South, the radio station that senators and congressmen could hear in Washington. That had a lot of history and nobody thought it could be sold, but I got it done.

You also bought stations along the way?
Oh yes. I had one for a short time down in Emporia, KS. It was a little station. I owned it with a fellow by the name Dick Wagner that once worked for me. Dick was manager of the Cincinnati Reds baseball team when they won the World Championship. He later became the Assistant Commissioner of Baseball. Dick lives in Phoenix now. We sold that and then I bought one in 1988 in Grand Island, NE—that was FM, KSYZ, which I still own. I've done very well with that.

They told you it was time to retire when you were 62, and that's been a good while ago, hasn't it?
I turned 76 years old on the 20th of March.

Any thoughts of retiring?
Not right now. In 1994 I had open-heart surgery and I had five by-passes. I also had a stroke after that. I'm very, very fortunate that the heart operation was successful and I recovered from that. I've recovered from my stroke and it was sort of just a little hiccup along the way. I was only out of my office for three weeks total. I like the business and I am very active in it yet.

In addition to the RAB, I belong to another group called AIMS, which is the Association of Independent Metropolitan Stations. It was started by Todd Storz and Gordon McClendon back in the 1960s. I have been in that group since 1964. I have been the Chairman of it for the last 10 years. It is a group of guys—probably about 10 or 12 us—that meet two times a year and trade sales, promotions, and ideas.

Did you ever imagine even 10 years ago that we would be seeing groups of 300 stations?
Absolutely not. I can remember back in history when, first of all, we had the financial responsibility deal that if you bought a radio station, you couldn't sell it for three years. You had to hold the license, or you would lose it.

I can remember when I tried to form a selling group back in the 1960s, where stations in the same town tried to get together to take on the big guy. They [FCC] wouldn't allow that. They wouldn't let us combine and sell against another powerful station in town. They said it was "restraint of trade."

Was the 1996 de-regulation the biggest change that you've seen?
No, the 80-90 Docket was the biggest change I saw. I think the 1996 de-regulation is a product of the FCC to try to make amends for the mistakes they made by creating all those FM stations. That is my opinion.

But Docket 80-90 gave you more stations to sell as a broker.
Well, it did and it didn't. I haven't sold as much since that time. I tell you I'm not bored. I thought the 80-90 Docket was a travesty. I think if this new deal goes through with these low-power FMs, it will even be worse.

"I was in our radio stations at least once every two weeks. How are you going to be in 80 stations if you are responsible for them?"

When you look back and think of people who were great broadcasters, who do you think would fit that description?
Harold Krelstein, head of Plough Broadcasting Company. They owned stations in Baltimore, Chicago, Sarasota and Atlanta. In the early days, I would say Harold was a real pioneer broadcaster. He later won the DSA award of the NAB.

In more recent times, I think of Carl Wagner, who was the Chairman of Taft Broadcasting, and Jim Arcara, President of Cap Cities Broadcasting. I think of those guys as running excellent companies.

Carl always said, "Well, you are the best small market operator in the country." And I said, "Yea, and you guys are about the best in the big markets." They were good broadcasting companies that were well organized.

When you were group head, you had twelve stations and six markets. Can you imagine running eight stations in one market today?
No, I cannot. You see, I really feel that in my markets, after I got two stations where there was an AM and a FM, in
You’ll have a hard time figuring last time a DX transmitter we
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most of them I started having two managers. I am an old school guy who believes that if you have a passion and you really believe in the format of your station, how can you have the same amount of passion, the same feeling for a competing format? There could be some big arguments with guys over that, but I believe in separate sales staffs and I believe in separate management. I also believe in them being in some sense competitive.

Do you see the opportunity now for people to have the kind of career that you had?

No, I don’t see the opportunity. I think that radio today is more big business. I don’t want to say more bottom-line oriented, but I think in a way it is.

You create the bottom-line to create the cash flow to create the multiple to create the value on the Wall Street to raise the price of the stock. And so, I just don’t see the opportunities for a guy to really shine. There are so many stations in some of these groups that I’m going to be amazed to see how they’re going to manage it.

I started off by driving a car and was later able to get a corporate airplane. I was in our radio stations at least once every two weeks. How are you going to be in 80 stations if you are responsible for them?

Was I near capacity? I think so. I had two or three people in the home office: my comptroller, somebody in charge of promotions and somebody who was jack-of-all trades in charge of all the details and the FCC stuff. We traveled as a team to the radio stations and met with the managers, met with the program directors, met with the traffic people, met with the engineers.

Do you figure that any advantages for radio and being these big public companies, being on Wall Street, being a bigger business?

That’s a tough question. How can I fly in the face of success? Guys like Lowry Mays and what Jacor has done—they’ve built these huge concerns. Do I think the radio in their towns is better for it? Not necessarily. Do I think it is worse? No. I don’t think it is worse. It is hard to be critical of success. To me, being successful is, yes, having a good bottom-line, but being important in the community.

This is what I used to say to my managers: "When you go there and run this radio station, we have an opportunity to editorialize and do things like that. I’d like to feel that after you’ve been there for a significant period of time, some days when the businessmen get together to make a decision in the community, if five guys get together, I’d like to be one of the five." In most of the towns we go to be that. We got to be members of the businesses and stuff like that.

Do you think that doesn’t happen anymore?

No. I don’t think it happens anymore. I think moving from market-to-market is one problem. If you came to Lincoln, NE today and asked who Roger Larson is—he was my manager here for 36 years—I bet you nine out of every 10 business men in town today know who Roger Larson is.

You didn’t ask me about today’s good group guys, but I think Jeff Smulyan is one of the big group owners for whom I have great admiration. I like his philosophy and I like what he has done. I like the way he handles his company. I think Jeff Smulyan would come closer today to being the kind of broadcaster that maybe we were in our days, more than any of them that I know.

You said when you started out that everybody was saying radio is dead because of television. What saved radio then?

The fact that it was local. I think people really had to turn to that. The hometown guy wanted to hear some local news and wanted to hear about the weather. Not that television couldn’t do it. So much of the television programming is network.

Of course, Bill Kennard is arguing now that low-power FM will bring back local radio.

Bill Kennard is only talking one thing and that is for minorities. He can dress it up anyway he wants to, but we’ve been down that road with this minority-thing before. They’ll create all those thousands of radio stations, but how many of them will wind up with Hispanic or Black minority segment owners? That is what he really wants to do.

At this point in your life, what goals remain for Dick Chapin?

I guess just to keep on keeping on. I like the radio business and I think it has changed tremendously. However, in a town like Grand Island, NE, where I run a single FM station, we do a good job out there. We have been very successful business-wise. I love creating new promotions and things that the merchants will buy into. I get results, so they keep coming back. As long as I can keep on doing that, I want to do it.

I can’t see myself sitting at home reading more books and playing more rounds of golf. That hasn’t been my bent in life.
Mel’s busy week: Record results for CBS and Infinity, plus a new TV

Mel Karmazin had plenty to crow about last week, as two of his three public companies posted financial records for Q1. Number three, Westwood One (N:N:WON), had not yet reported as RBR went to press.

Infinity cash flow up 51%
Infinity Broadcasting (N:INF) reported Q1 operating cash flow up 51% to $170M as net revenues rose 44% to $474M. Those figures included American Radio Systems, which Infinity/CBS didn’t yet own until last June, but the gains were also impressive on a pro-forma basis: cash flow up 27% and revenues 16%.

“Infinity continues to benefit from new Internet-related advertising on its radio stations and outdoor advertising venues, and will also benefit from its participation in the developing position CBS enjoys on the Internet,” Karmazin said in his statement announcing the record results.

CBS up sans Olympics
CBS Corp. (N:CBS) beat 1998 for operating cash flow in Q1, even without the previous year’s boost from the Winter Olympics. Operating cash flow this time around was $280M, up from $271M. Excluding the Olympics, CBS said the $9M gain would have ballooned to $99M—a 55% gain over Q1 1998.

Net revenues for the quarter were $1.77B, compared to $1.95B a year ago. Excluding the Olympics, revenues were up 18%.

Karmazin noted that CBS had made several additions to its Internet presence during the quarter.
- CBS News became the broadcast news partner of America Online (N:AOL).
- CBS increased its ownership stake in SportsLine USA (O:SPLN) to 20%.
- CBS acquired a 50% stake in storeRunner.com in exchange for $100M in advertising and promotion support.
- CBS signed a letter of intent to acquire 35% (with an option for an additional 5%) of hollywood.com in exchange for $100M in advertising and promotion support.
- CBS signed a deal to acquire a one-third equity interest in Winstar’s (O:WCI) Office.com in exchange for $42M in advertising and promotion support.

Mel buys Austin affiliate
CBS will be within a whisker of the FCC’s TV ownership limit after closing a deal announced 4/29 to buy KEYE-TV (Ch. 42), the CBS affiliate in Austin, TX. CBS will pay $160M for the station, which it is acquiring from Granite Broadcasting (O:GBTVK).

CBS’s Infinity subsidiary already owns four radio stations in the Texas capital: KJCE-AM, KKMJ-FM, KAMX-FM & KGHT-FM.

5/3/99 RBR
Two Franks launch Aurora with $66M buy

Frank Osborn is back in radio, after selling Osborn Communications to Capstar (N:CRB) and gradually working himself out of a job as interim president of Capstar's Southeastern division. This time he's teaming up with Frank Washington, a former FCC staffer and cable executive who most recently has been heading his own radio group, BBR Corp.—built from scratch in the post-Telcom era into the nation's third-largest African-American-owned radio company.

The two Franks have launched Aurora Communications LLC, with financial backing from Bank of America Capital Investors.

"We believe that room exists in the marketplace for an aggressive company that can fill niches created by the large consolidators running into regulatory limits," Osborn said of Aurora's business plan, which will target small and medium markets.

Strangely enough, Aurora's first buy isn't a station being spun-off by a consolidator with too many overlapping signals, but rather a successful combo that had been sought after by some of the consolidators. Aurora will pay Martin Pompador's ML Media $66M for WICC-AM & WEBE-FM Bridgeport, CT. BBR already owns four stations in the adjacent Danbury, CT market. Broker: Gretchen Shugart, CEA

Salem doubles in Phoenix, enters Louisville

Salem Communications (N:SLC, IPO pending) is picking up Cox Radio's (N:CXR) Louisville spin-offs (RBR 2/15, p. 12). Salem will pay $5M total for WLSY-FM & WRVI-FM, a pair of Terry S. Jacobs, Chairman, and William L. Stakelin, President, of Regent Communications, Inc.

have agreed to transfer the assets of

KAAA-AM & KZZZ-FM Kingman, Arizona
KFLG-AM & FM Bullhead City, Arizona

for

$5,400,000

to

Chris Devine, President, of Mag Mile Media

Schult and Ringle launch new public group

By the time you read this, Dain Schult and Bob Ringle expect to have sold an 11M-share IPO of their new company, American Communications Enterprises (ACE). A market-maker for the stock will be announced soon, along with a ticker symbol, and the stock will begin trading on the Nasdaq bulletin board.

Did we mention that those 11M shares were being sold for 5¢ each? That's a total of $550,000 being raised in the IPO, so this is truly a penny stock. Ringle told RBR that the IPO shares were being sold to 15 investors and that about half of the shares are expected to trade publicly.

Schult and Ringle, both of whom had most recently been at Equicom Inc., plan to assemble regional groups of small market stations, beginning in Texas (ACE is headquartered in Austin). According to the company's latest SEC filing, ACE plans to first buy KXYL-AM & FM Brownwood, TX and KSTA-AM & FM Coleman, TX for a total of $1.6M, using proceeds from the IPO and bank borrowing.

ACE will use a combination of local and centralized programming for its stations. The company hopes to partner with an ISP (Internet Service Provider) to develop an Internet-based entertainment component in conjunction with its radio stations.
Q1 a winner for everyone

Clear Channel
Clear Channel Communications (N:CCU) was among the groups reporting record Q1 results. The radio/TV/outdoor company’s gross revenues shot up 83% to $421.6M, including lots of acquisitions, and operating income rose 65% to $132M. CEO Lowry Mays’ favorite barometer, after-tax cash flow, shot up 110% to $113.2M.

Clear Channel has now gotten DOJ approval of its $4.4B stock-swap acquisition of Jacor Communications (O:JCOR), and the FCC added its OK 4/29.

Citadel
Citadel Communications (O:CITC) said Q1 cash flow gained 29% to $8M as net revenues increased 16% to $32.6M. On a same-station basis, cash flow gained 19.4% and revenues 11.9%.

Saga
Q1 cash flow gained 25% at Saga Communications (A:SGA) to $5.5M and net revenues rose 17% to $18.3M. On a same-station basis, Saga’s cash flow was up 14% and revenues 7%.

Cox Radio
Cox Radio (N:CXR) saw Q1 cash flow rise 18.9% to $19.7M as net revenues gained 16% to $60.4M, largely due to the addition of stations on Long Island, plus ad sales gains in Orlando, Atlanta and Miami. On a same-station basis, cash flow gained 20.7% and revenues rose 9.9%.

Sinclair
Sinclair Broadcast Group (O:SBGI) reported a 49.4% Q1 gain in broadcast cash flow to $75.2M as net revenues rose 54.9% to $174.5M. Barry Drake, CEO/Radio, told RBR that radio cash flow grew 16% on revenue growth of 14% (beating the 11% overall gain in Sinclair’s 10 radio markets).

Also, Sinclair announced a deal to have American Tower (N:AMT) develop broadcasting towers in 11 markets.

Disney
The Walt Disney Co. (N:DIS) said revenues for its fiscal Q2 (ended 3/31) rose 5% to $5.5B, but that operating income dropped 14% to $729M. One bright spot was ABC Radio, where both the networks and O&O stations had strong gains. Including TV and cable, broadcasting revenues gained 8% to $1.7B and operating income gained 9% to $261M.

SBS into e-music biz
Spanish Broadcasting System (SBS) has jumped into the Internet, buying an 80% stake in LaMusica.com. According to SBS’ announcement, “the deal creates a new Latino radio and Internet powerhouse with a special appeal for advertisers, who can now reach members of the booming Hispanic media market through two mediums with a single advertising buy.”

LaMusica.com’s Web site includes concert listings, CD reviews and streaming samples of music and music videos, along with a link for Internet surfers to buy CDs online. Terms of the deal were not disclosed.

Alta is Radio One’s #1 investor
When Radio One (O:ROIA) completes its IPO this week, a fund managed by Alta Communications will be its biggest institutional shareholder, with 1,419,795 shares, rather than Syncom (RBR 4/26, p. 12), which will have 1,157,879. Alta is not selling any of its shares in the IPO.

The Radio Index™


SOLD!

WHPT-FM and WFJO-FM
Tampa, Florida
from
Clear Channel
Communications, Inc.
to
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Charles E. Giddens
represented Cox.

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ELLIOT B. EVERS
415-391-4877

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*Subject to F.C.C. approval.
The deals listed below were taken from recent FCC filings. *RBR*’s Transaction Digest reports on all deals that involve assignment of a station license (FCC Form 314) and substantial transfers of control of a licensee via a stock sale (FCC Form 315), but not internal corporate restructurings (FCC Form 316). All deals are listed in descending order of sales price.

**$12,750,000—** WTTP-FM & WNCE-FM Harrisburg (Mechanicsburg-Palmyra PA) from Quaker State Broadcasting Corp. (Michael Schatz) to Capstar TX LP (Steve Hicks), a subsidiary of Capstar Broadcasting (N:CRB). $750K letter of credit as escrow, $12.75M in cash at closing. **Superduopoly** with WTCY-AM & WNNK-FM. **Broker:** Jeffery Group

**$1,200,000—** WPOM-AM West Palm Beach (Riviera Beach FL) from WPOM Radio Inc. (Domenick Liocce) to Hibernia of West Palm LLC (Jim Thompson, Mike Craven, PEP Investment Partners AM LLC). $60K escrow, balance in cash at closing. **Broker:** Hadden & Associates

**$975,000—** KIKD-FM Lake City IA from Lake City Broadcasting Co. (Betty Baudler) to Carroll Broadcasting Co. (Mary Collison). $25K escrow, balance in cash at closing. **Duopoly** with KCIM-AM & KKRL-FM Carroll IA. LMA since 3/3.

**$900,000—** KCLN-AM & KZEG-FM Clinton IA from K&K Broadcasting Inc. (Gene & Deborah Kauffman) to WPW Broadcasting Inc. (Wayne W. Whalen). $10K escrow, $800K (less escrow) in cash at closing, $100K under consulting/non-compete agreement. **Broker:** BuySellRadio Online

**$825,000—** WRKG-FM Gainesville-Ocala (High Springs FL) from Millstone Broadcasting LC (Donald Boyd) to Astterisk Communications Inc. (Richard Ingham). $59,176 escrow, balance in cash at closing. **Superduopoly** with WTRS-FM, WYGC-FM, WMFQ-FM & WBXY-FM. LMA since 7/28/97. No contour overlap with KSUH-AM.

**$550,000—** KVLL-FM Woodville TX from Radio Woodville Inc. (Edward Seeger) to Stephen W. Yates d/b/a Yates Broadcasting Co. $25K downpayment, balance in cash at closing. LMA since 12/1/98.

**$500,000—** WRHY-FM Centre AL from Cherokee Broadcasting Corp. (Wynette & Roy Hayes) to Williams Communications Inc. (Walton & Melinda Williams). $500K cash.

**$480,000—** KKWY-AM Seattle (Everett WA) from Quality Broadcasting Corp. (Barbara Geesman Chase) to Jean J. Suh d/b/a Radio Hankook. $48K escrow, balance in cash at closing. LMA since 7/28/97. Note: No contour overlap with KSUH-AM.

**$450,000—** KKKTK-AM Waco TX from Capstar Royalty II Corp. (Steve Hicks), a subsidiary of Capstar Broadcasting (N:CRB), to M&M Broadcasters Ltd. (Gary Moss, George Marti). $22.5K escrow, balance in cash at closing. Combo with KKWY-AM. **Broker:** Barger Broadcast Brokerage

**$425,000—** KIRV-AM Fresno from New Life Enterprises Inc. (Dan Jantz) to Gore-Overgaard Broadcasting Inc. (Cordell Overgaard, Harold Gore, William McMaster, Donald Arnot Jr., Jeremiah Marsh). $21,250 escrow, balance in cash at closing. Note: Sale to be coordinated as tax-deferred exchange for Gore-Overgaard’s sale of WMR-AM Camden NJ. **Duopoly** with KBIF-AM.
$380,000—WZTU-FM Bear Lake MI and WBVE-FM Beulah MI from Roger L. Hoppe II to D&B Broadcasting LLC (William Boggs, David Schaberg). $20K escrow, additional $205K in cash at closing, $155K note.

$360,000—WPCO-AM & WBLZ-FM Mt. Vernon IN from Posey County Broadcasting Corp. (Ann Nussel) to The Original Company Inc. (Mark & Saundra Lange). $260K cash, $100K note. Broker: Roehling Broadcast Media

$300,000—WDXZ-FM Newberry SC from GHB of Little Rock Inc. (George Buck) to Douglas M. Sutton Jr., sole proprietor. $300K note. Duopoly with WCRS-AM & FM Greenwood SC and WBCU-AM Union SC.

$250,000—KOWZ-FM CP Blooming Prairie MN, 50% stock sale of Blooming Prairie Farm Radio Inc. from Lynn Ketelsen (50% thereafter) to John Linder. $250K cash. Duopoly with KTOE-AM & FM Mankato -North Mankato MN. Note: KOWZ does not overlap KRRW-FM & KXAC-FM St. James MN.


$175,000—WXRF-AM Hanceville AL from ROJO Inc. (Jo & Rolland French) to Maplewood Properties LLC (W. Jay Robinson). $175K cash.


$100,000—WFXR-AM Roanoke VA from Dreams Inc. (Roundtree & Willey) to WFXR Inc. (William M. Inman). $100K note. Superduopoly with WLOV-AM & FM Roanoke VA.

$80,000—WRFS-AM Alexander City AL from Solar Broadcasting Company Inc. (Allen Woodall) to Casey Network LLC (James Jarrell). $20K cash, 1993 Chevrolet Corvette, 1993 Pontiac Firebird and 1986 Mercedes Benz Limousine. Note: RBR has estimated the value of the vehicles at $60K.

$65,000—WHWQ-AM Johnson City -Bristol-Kingsport (Elizabethton TN) from Elizabethton Broadcasting Corp. (Don Crisp) to St. Thomas More Broadcasting Association Inc. (Dennis & Camille Kelly, Mark Arminio). $65K note.

$65,000—WWPA-AM Williamsport PA from DHRB Inc. (Sabatino Cupelli, Warren Diggins) to Sabre Communications (Joel Hartstone, Paul Rothfuss, Daniel Farr, Rothfuss Family LP, Axiom Venture Partners LP). $2.5K escrow, balance in cash at closing. Superduopoly with WCXR-FM, WHTO-FM, WILQ-FM & WZXR-FM.

$46,000—WRMG-AM Red Bay AL from Hillard Sparks & Jimmy Pyle, Partners, to Gerald Duncan, David Duncan, 50-50 Partnership. $2K downpayment, additional $28K in cash at closing, $16K note.


$10—KTUE-AM & KJMX-FM Tulia TX from Amburn Communications (Jaye Neal Amburn) to Dove Media Inc. (Homer Hills Jr., Bruce Campbell). $10 cash for license assets. Note: The buyer has purchased other assets from a separate party, PPIC Inc.

N/A—KSCA-AM Los Angeles (Glendale CA), 100% transfer of Golden West Broadcasters from Orvon Gene Autry (deceased) to Jacqueline Autry and Stanley B. Schneider, Co-Trustees, Autry Qualified Interest Trust.

N/A—KHDY-AM CP (106.9 mHz) Plainview TX from Equicom Inc. to KBL Broadcasting Corp. (Kenneth & Nelda Lane) to Equicom Inc. (W. Bennett Springer, Randall Hale, James McBride III, James Kozlowski; all equity owned by Equus II Inc., LBJ Capital, Texas Growth Fund, Dain Schult). Exchange for KVOP-FM (below). Equicom will pay all engineering costs and all costs associated with the FCC applications. KBL will pay all costs associated with the switching of frequencies and antennas. Double duopoly with KVOP-AM & KKYN-AM & FM. Note: A call letter swap will make this station KVOP-FM.

N/A—KVOP-FM (96.7 mHz) Plainview TX from Equicom Inc. to KBL Broadcasting Corp. Exchange for KHDY-FM CP (see above). Note: A call-letter swap will make this station KHDY-FM and KBL will apply at the FCC to move the signal to a new market.

N/A—KMIL-AM Cameron TX, 100% stock transfer of Milam Broadcasting Co. Inc. from Estate of Eugene Smitherman to Barbara L. Smitherman. Estate transfer to heir for no consideration.

Look for GM talkback in the May issue of Manager's Business Report A must read feature on page 8.
The hype for digital audio has been deafening. While digital offers advantages for storage and control, it has severe limitations for dynamics processing. Indeed, Cutting Edge® claims their Omnia unit sounds almost as good as analog.

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