

habitants have TV sets, said Williams, and the government is not interested in running television operations. In fact, he said, the Grenadian government would like to turn its radio system over to private hands. □

Split vote on FCC proposal to reclassify STV

NTIA, HBO, Oak and GTE Spacenet support change in status to nonbroadcast video service; USSB and SPACE among those disagreeing

Should subscription television and direct broadcast satellite services be reclassified as point-to-multipoint nonbroadcast video services and thereby freed from statutory broadcast regulation?

That's what the FCC has proposed. But judging from the comments it has received, there is no consensus that the commission should adopt its proposals.

The National Telecommunications and Information Administration urged the FCC to reclassify the services promptly. "The transmission and reception characteristics of those services demonstrate that they are not 'intended to be received by the public,'" NTIA said in comments at the FCC. "Thus, STV and subscription DBS do not constitute 'broadcasting' as defined in Section 3(o) of the Communications Act.

"Classification of subscription DBS service as nonbroadcast would obviate the need to consider whether the commission should extend content regulation to DBS licensees or programmers when DBS facilities are provided on a common carrier basis and are used to provide subscription services. Should the commission nonetheless find subscription DBS services to be broadcast in nature, it should not impose content regulation on DBS licensees or programmers to avoid chilling the growth of the infant DBS industry."

Home Box Office also supported the FCC's proposals. "Broadcast regulation under the [Communications] Act properly should be applied to 'only unaddressed transmissions that are intended for an indeterminate public at large,'" said HBO, using the FCC's own words.

HBO said the Communications Act's definition of broadcasting should be interpreted to exclude addressed or private communications, with their subscription nature evidenced by the existence of a subscription fee. "HBO submits that transmission of a video program service in an encrypted form is similarly dispositive of the private, subscription nature of the service, and that the commission therefore should consider encryption to be an additional dispositive indication of a nonbroadcast service."

GTE Spacenet Corp. also supported the FCC's proposals. "The broadcast regulatory framework, which insures that a broadcaster will not abuse its unfettered access to the public, is not necessary for the STV service provider, which has very limited access to

the public," GTE said. "GTE disagrees, however, with the commission's legal analysis and suggests that the commission utilize the definition of broadcasting in Section 3(o) of the Communications Act of 1934 to exclude subscription services from broadcast regulation instead of relying on cases based on Section 705 of the act. In this way, the STV rulemaking will be able to withstand judicial scrutiny."

The Christian Broadcasting Network supported the FCC's proposal to use addressability as the test for determining whether a video service is nonbroadcast. "In addition, CBN supports the commission's conclusion that when direct-to-home video service is provided on a subscription basis via common carrier facilities, neither the common carrier nor the customer-programmer need be

regulated as a broadcaster," CBN said.

Oak Industries, a former STV operator, supported reclassifying that service. "Reclassification may be too late to revive the STV industry," Oak Industries said. "However, any reversal in the decline of STV will only be possible if the commission frees this service from traditional broadcast concepts."

United States Satellite Broadcasting (Hubbard) suggested, however, that the FCC lacked authority to adopt its proposals. "USSB submits that just because a service is paid for by subscriptions rather than advertiser supported does not necessarily mean it is nonbroadcast." USSB said. "The focus should be on whether the programmer desires to send the same message to as many mem-

Bottom Line

Family squabble. CBS Catalogue Partnership has filed complaint against CBS/Fox over latter's alleged failure to pay royalties on music rights for home video product. At issue are royalties on music rights, purchased in 1983 by partnership, to MGM/UA movies, which CBS/Fox distributes. Complaint alleges oral agreement between two parties was violated and cites damages in excess of \$7 million. Defendant was granted until April 1 to reply to complaint, which was filed with Judge Peter Leisure of U.S. District Court for Southern District of New York. □

Short leash. Merger agreement has been reached between two advertising agencies, Dancer Fitzgerald Sample (DFS) and Dorland Advertising, latter subsidiary of Saatchi & Saatchi Co. Dorland will lend several top DFS executives (called DFS Management) \$75 million to buy out 200-plus remaining DFS shareholders. DFS Management will repay interest and technically own DFS, although Dorland, which will not be repaid principal amount of \$75 million, can at any future time claim ownership. Merger method, it is hoped, will keep ownership separate enough to satisfy clients' concerns about conflicts, since two agencies currently represent competitive accounts. DFS had billings of \$876 million for year ending Aug. 31, 1985. For most recent year, Dorland had billings of \$325 million. Merged company will be called DFS Dorland Worldwide. □

Capital idea. Newly merged Lorimar-Telepictures Corp. said it would exchange shares of its common stock (AMEX: LT) for two separate issues of outstanding debt with combined \$20-million principal value. Company said if both issues participated fully in exchange offer, which was due to expire March 5, an additional 866,000 shares of common stock would be issued. □

Common matters. Satellite Music Network (NASDAQ: SMNI) began trading on NASDAQ's national market system as of Feb. 18. . . Board of directors of United Cable Television (NYSE: UCT) has authorized dividend in form of three-for-two stock split, effective March 17, in addition to cash dividend of two cents. □

Reversing field. Previous 10% investor in Chyron Corp. has reduced holdings by 1% and has reduced plans for possibly effecting merger of company ("Bottom Line," Sept. 30, 1985). Frederick W. Field, Los Angeles-based businessman, said in filing with Securities and Exchange Commission that his holdings now stand at 8.9%, and may be further reduced. Filing said Field would not seek seat on Chyron's board of directors or seek to merge Chyron with other companies of which he is majority owner. □

Diversified entertainment. International Broadcasting Co., owner of KTVB-TV Abilene, Tex., has signed agreement to purchase Harlem Globetrotters, basketball team, and Ice Capades from Metromedia for \$30 million. Minneapolis-based International is headed by Tom Scallen, president, chief executive officer, and 15% owner. □

Coke sale. Coca-Cola has agreed in principle to spin off home video unit of previous acquisition, Embassy Communications. Andre Blay, chairman and chief executive officer of Embassy Home Entertainment, is buyer. □