relaxation, Kennard was free to work out a compromise that could placate Hill Republicans who had savaged him for the earlier plan. (Even now House Telecommunications Subcommittee Chairman Billy Tauzin [R-La.] will only call the new rules a "good first step.")

Hill Democrats haven't been making too much noise on the issue anyway. Sens. Ernest Hollings (D-S.C.) and Byron Dorgan (D-N.D.) were the only lawmakers to openly oppose the FCC's proposed changes before the Aug. 5 vote. Rep. Edward Markey (Mass.) was the only Democrat to complain publicly after they were approved.

For his part, Kennard dismisses any suggestion that he did a 180.

"A lot of people reacted to a rumor of a staff proposal that was never presented to the commission and it took on a larger-than-life impact," he said last week. "We spent a lot of time over the last six months talking to all the stakeholders in the debate and we struck a good balance" between the industry's need for more flexible ownership rules and the public's need for broadcast diversity.

Regardless of which direction Kennard wanted to go, by relaxing the rules he has been able to win something he personally wanted. Broadcasters are now much more likely to support minority tax-certificate legislation, which would allow sellers who sell stations to minorities to defer capital gains taxes. Broadcasters also are encouraged to go forward with a private effort to create a hefty minority investment fund and other efforts to boost minority participation.

CBS Chairman Mel Karmazin and Clear Channel Chairman L. Lowry Mays have taken the lead in assembling the fund. Although details have yet to be spelled out, CBS Senior Vice President Martin Franks says the group intends to reveal its plans in September. A CBS source confirmed last week that New York investment bank Chase Manhattan is "heavily involved" with the fund and plans to contribute some money. And last week, Hicks Muse's 21st Century Group and LIN TV said they are forming a minority-run media company, Banks Broadcasting, to buy TV stations in small- and mid-sized markets.

The week before the FCC was scheduled to vote, Senate Commerce Committee Chairman John McCain (R-Ariz.) and Senator Conrad Burns (R-Mont.) reiterated their intention to introduce such legislation next month. McCain's and Burns' bill would let telecommunications companies

Continues on page 17

Wheeling starts; dealing to come

With the ink barely dry on the FCC's new television duopoly rules, **Shop at Home Inc.** last week said it retained Media Venture Partners, Banc of America Securities and Yagemann Advisors LLC to explore a possible sale of some or all of the company's six mostly major-market TV stations. Shop at Home also would consider selling a "significant equity stake," the company says.

Another likely seller is **Young Broadcasting**. Chairman Vincent Young says he's not putting a "for-sale sign" on his station group, but "we do pay our phone bills and we do that so if somebody wishes to contact us, we could receive their call." Young's plum is KCAL(TV) Los Angeles, which he purchased for $370 million three years ago. Analysts say he would now let it go for around $600 million.

How about the **Telemundo** station group? Analysts say it could turn over in the post-duopoly land rush. The Spanish-language stations continue to lose share to rival Univision. New President James McNamara did not return a telephone call seeking comment.

Two weeks ago, the talk was that Barry Diller would sell his major-market **USA Broadcasting** station group. This week, it was that he would hang on, completing the stations' conversion from home shopping to independent programming. Bear Stearns analyst Victor Miller thinks USA would face dramatic tax consequences if it tried to sell its inexpensively purchased stations. Besides, last Thursday, Diller bought the broadcast rights to the NBA's Dallas Mavericks for its KHSX-TV Dallas. "If anything, they're more fired up than ever to build a bigger platform," Miller said.

Jon Miller, president and CEO of USA Broadcasting, says USA is evaluating all options, including buying, selling and partnering. "Paxson [see story, page 6] is going around saying he's the prettiest girl at the [duopoly] ball but I don't think we're too far behind in terms of people wanting to work with us," says Miller.

Tribune last Wednesday said it is buying Washington's WB affiliate, WBDC-TV, from JASAS Corp. for an estimated $100 million. Tribune has been running the station under a management agreement. The purchase gives Tribune, which owns 25% of the WB Network, WB affiliates in eight of the nation's top 11 markets. Some speculated that Tribune snapped on the station to prevent another broadcaster in the market from doing so. But Tribune Broadcasting President Dennis J. FitzSimons says the announcement of the deal days after the FCC action was "purely coincidence."

WB affiliates are seen as prime targets for acquisitive broadcasters, since most are rated fifth in their markets and thus available, under the new rules, to those ranked one to four. Jamie Kellner, who runs **The WB** as well as several WB affiliates, encourages such speculation. "You want to aggregate the strongest possible programming you could to truly take advantage of what this [duopoly] is all about," Kellner says. He foresees the previously unimaginable day when a Big Four network would own a WB affiliate. "I would have no problem with that," he says.

There are several markets where members of the Big Four themselves are available as second stations, according to analyst Miller. For instance, he says, Fox affiliates are not among the top 4-rated stations in New York; Raleigh/Durham, N.C.; Portland, Ore., and San Diego. Also available are the ABC affiliate in Phoenix and the NBC O&O in Miami, Miller says.

—Elizabeth A. Rathbun