

# Cable Report

## 'Captain Midnight' talks

It was a true-life, high tech, high stakes detective story. When the feds announced they had "unmasked" (their term) the in-famous "Captain Midnight," the electronic interloper who interrupted the Home Box Office satellite feed on April 27 with his personal protest against signal scrambling, neither his captors nor television executives could contain their glee—not to mention their relief.

Captain Midnight singlehandedly sent shock waves through the programming and satellite industries—not as much by his message, but by exposing the vulnerability of the satellite telecommunications network to outside breach.

Captain Midnight, as many in the industry had suspected, turned out to be a disgruntled home TVRO satellite dish dealer. His name is John R. MacDougall of Ocala, Fla., who committed the act at the Central Florida Teleport, where he moonlights as a technician. Sleuths from the Federal Communications Commission and the Federal Bureau of Investigation had narrowed the trail to the Ocala uplink facility, using data on such things as signal strength and the type of character and color bar generated used, as well as a telephone tip.

MacDougall, who confessed to the act, has entered into a plea bargain arrangement that is likely to result in only a \$5,000 fine, one year's probation, and loss of his ham radio license.

**Act of desperation?** Within the programming industry, MacDougall's act of defiance solidified its long-standing contention that remaining opposition to scrambling is coming from fringe elements who would go so far as to break federal law to argue their point.

John R. MacDougall sees it otherwise. Although he admits the crime and has expressed regret at violating federal law, MacDougall steadfastly defends the nobility of his motivation—a protest against what he sees as a scrambling system that unfairly discriminates against the home earth station dealer in favor of the financial interests of powerful cable TV multiple system operators.

In some ways, his version of the story is reminiscent of the movie *Network*, in which a news anchorman disillusioned by the cold realities of commercial television uses his access to the airwaves to lash out with the cry, "I'm mad as hell, and I'm not going take it any more."

"I was simply a man at his wit's end, with nowhere to turn," MacDougall declared to TV/RADIO AGE.

To hear MacDougall tell it, his 2½-year-old dish business was devastated with the advent of signal scrambling by HBO and Showtime/The Movie Channel. In the words of a formal statement he read to reporters the day after his arrest, "I've been watching the great American dream slip away from my grasp. I'm a small businessman struggling to succeed. My

chances at success were diminished by the government's inability to protect small businessmen and satellite dish owners from unfair pricing from the cable television industry."

MacDougall contends that he doesn't question the right to scramble, only the "exorbitant" amounts being charged for a descrambler unit and monthly programming fees. He also maintains that programmers' marketing policies deny dish dealers the right to compete on equal footing with the cable industry in the sale of programming to the estimated 1.5 million home dish owners.

**"Free market" motivation.** At first, MacDougall recounts, he wrote letters of protest to legislators, and then spent "thousands of dollars" on "public awareness advertising." "I had spoken out the best way I knew how," he says in his statement. "But after months and months of no response and utter frustration, I did what is now public knowledge.

"In retrospect, I realize the means I used may not have been the best. I regret what I did. But I also hope that this may have served to focus public attention on a problem that affects millions of Americans. I would like to see the free market dictate pricing in the satellite TV field."

Ironically, just as Captain Midnight struck, the marketplace was beginning to act. HBO, Showtime/Movie Channel and Turner Broadcasting System have begun to offer marketing incentives to dealers who bring them subscribers. HBO even has joined SPACE, the industry trade association who's executive director, Chuck Hewitt, recently declared that scrambling "legitimizes our business."

MacDougall, however, told us that SPACE "politicized" the process by first refusing to compromise its demand of a moratorium on scrambling, then capitulating to scrambling without having secured necessary economic safeguards for the dish industry.

"My own industry leaders have been negligent," he charges.

**System still vulnerable.** Meanwhile, HBO officials say they've taken unspecified steps to guard against a similar incident. But there is only so much programmers can do on the ground, such as adding monitoring personnel and varying signal strength when an attempt at breach is detected. What is needed, one insider says, is an electronic "handshake code" that would reject any unauthorized transmissions to satellite transponders.

At present, satellite experts say, only military satellites are so equipped. One HBO source says it's highly unlikely that such a coding scheme could be retrofitted onto existing satellite systems, although technicians are exploring whether scrambling technology itself could be employed to prevent a recurrence.

MacDougall declines to go into the fine details of his act of transponder pirating, stating that he would have more to say to the media after his sentencing.

Does that mean he relishes all the attention bestowed upon his act? The unmasked Captain Midnight says this: