

Interest groups to battle Turner on bid for CBS

By J.H. Doyle
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Washington's gladiators are set for a regulatory battle over Ted Turner's hostile bid for CBS Inc., as the network was scheduled yesterday to file comments at the Federal Communications Commission denouncing the proposal.

Several public interest groups, including the National Organization for Women, also intend to challenge Mr. Turner's bid. They will argue that a takeover would reduce the diversity of opinions available to television audiences by concentrating ownership of two major means of national news gathering and TV programming.

The coalition — which includes Action for Childrens Television, the United Church of Christ, and the Telecommunications Research and Action Center — seeks to block Mr. Turner's bid as long as he proposes to operate CBS as well as his Cable News Network and WTBS, the Atlanta-based "super station."

"CBS and CNN should not be under the ownership of one owner. When you put the two together, we think that diversity isn't served," said Henry Geller, an attorney representing the coalition. "Turner taking over CBS should be conditional on him spinning off [selling] CNN."

The National Association for the Advancement of Colored People, as well as the National Black Media Coalition, told The Washington Times last month that they are considering additional challenges to Mr. Turner's bid.

"Despite [the FCC's] alleged laissez-faire attitude, this is uncharted territory for them. I suspect that the whole situation is going to get politicized," said Fred Anshel, a broadcasting analyst at Dean Witter & Co. in New York.

The FCC battle is likely to resemble "slinging mud in a political campaign," added Bonnie M. Cook, a broadcasting analyst at J.C. Bradford & Co. of Nashville. "You sling the mud and hope that some of it sticks."

CBS plans to attack the financial viability of Mr. Turner's \$3 billion "paper bid" for a 67 percent stake of CBS stock — which includes a package of Turner Broadcasting securities and so-called "junk bonds" — on the grounds that it would leave a weakened or insolvent network.

It also plans to challenge the effect of a merger on diversity in programming, news gathering and advertising sales.

CBS attorneys plan to mildly challenge Mr. Turner's character qualifications, highlighting several alleged misstatements made by the Atlanta broadcaster in his federal securities filings. But CBS may drop

earlier claims that Mr. Turner has a record of showing public disrespect to women and minority groups, a network source said.

Both CBS and Turner Broadcasting are well armed for battle — having enlisted the support of prominent Washington lawyers, public relations firms and financial advisers.

CBS has hired Dick Wiley, a former FCC chairman, to present its case to the FCC. Turner Broadcasting has hired Charles Ferris, a former FCC commissioner.

The FCC, which is reviewing Mr. Turner's formal application for transfers of CBS' broadcast licenses, will provide 10 days for Turner Broadcasting and others to respond to today's written comments, then another five days for rebuttals to the replies.

But agency officials are expected to take months to rule on the complex bid. After the public filing period, the agency can either approve the license transfer or hold a full evidentiary hearing to decide any questions of fact. Whatever the agency decides, the losing party is likely to appeal its final ruling to the D.C. Court of Appeals.

CBS and Turner Broadcasting have already squared off in lawsuits against each other in federal and state courts — involving claims and counterclaims alleging violations of federal securities and antitrust laws.

The Securities and Exchange Commission is also reviewing Mr. Turner's registration statement. But the agency, which recently asked the Atlanta broadcaster to amend his offering to make clear the high level of risk for investors, is expected to stamp it "effective" later this month.

Justice Department officials are investigating the antitrust implications of Mr. Turner's bid.

If Wall Street analysts are right, Turner will never achieve his goal of acquiring two-thirds of CBS' stock. But it is expected to take several months before Mr. Turner will actually present his bid to CBS shareholders.

"[We have] worked long and hard for equal employment of minorities and women and for equal access to the air for all citizens and public interest groups," said Beverly Chain, director of the the United Church of Christ's office of communication. "Our demand of any network or station owner is that effort be made to serve the public interest — that means all the public and not just the majority."

"I don't worry so much about what's on the air so much as what has been missing," said Peggy Charin, a spokeswoman for Action for Childrens Television. "I don't see a lot of nonfiction targeted to kids or to meet the needs of the various ethnic or racial groups that are excluded from the rest of television."

Henry's Law firm. Everybody's been working on this all week long. Like crazy