



Department of Justice

FOR IMMEDIATE RELEASE
TUESDAY, FEBRUARY 6, 1996

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**JUSTICE DEPARTMENT REACHES SETTLEMENT WITH TEXAS TV NETWORK
AFFILIATES TO PUT AN END TO THEIR COLLUSIVE AGREEMENTS**

WASHINGTON, D.C. -- The Department of Justice reached a settlement today with three Corpus Christi, Texas, television network affiliates that will put an end to their unlawful agreements to jointly raise the prices they could obtain from local cable television operators for the rights to retransmit their broadcast programs.

The Department's Antitrust Division today filed an antitrust suit and proposed consent decree in U.S. District Court in Corpus Christi, Texas, against:

- Texas Television Inc., owner of KIII-TV channel 3 (ABC).
- K-Six Television Inc., owner of KZTV-TV channel 10 (CBS).
- Gulf Coast Broadcasting Company, owner of KRIS-TV channel 6 (NBC).

The complaint alleges that the three broadcasters promised each other they would not formally sign with and release their signals to a cable operator until the other two local broadcasters had also come to terms with that cable firm. The broadcasters also promised each other that none would accept any deal that gave it a competitive edge over the other two. Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division, said, "Television broadcasters should understand that the 1992 Cable Act does not shield them from the antitrust laws. They must not band together and collude in their dealings with cable companies."

Under the 1992 Cable Act, cable operators for the first time were required to obtain consent, called "retransmission rights," from broadcast stations before they could distribute the broadcasters' programs to their cable subscribers.

Bingaman emphasized the importance and timeliness of today's action since a new round of negotiations between cable companies and broadcast stations nationwide will begin in a few months. The Cable Act requires that retransmission rights be renegotiated every three years. This provision is not affected by the recently enacted Telecommunications Act.

"This case should serve as a warning to broadcast stations around the country as they begin this year's retransmission negotiations," Bingaman added.

Without their agreement, each of the three broadcasters would have had a strong incentive to be the first to cut a deal with the cable companies. On the effective date of the retransmission provision of the Act, cable systems stopped carrying the signals of these broadcasters, since none had reached a retransmission agreement. As a result, the broadcasters feared losing advertising revenue, which is based on viewership, because their signals were now reaching only over-the-air viewers.

The first broadcaster to sign with the cable firms would have begun reaching both over-the-air and cable viewers and could earn higher ad revenues. If one broadcaster reached agreement with the cable firms much earlier than the other two, the advantage to that broadcaster could be even greater, if advertisers deserted the other stations in order to reach a wider audience.

The Corpus Christi stations agreed that they would not compete against one another in this way, and instead would present a united front to the cable firms.

Bingaman said that the case is also noteworthy because it illustrates that government antitrust enforcement is evenhanded. The Division has brought actions against certain cable companies in the past, but where cable firms are the victims of an antitrust violation, the Division will not hesitate to act, Bingaman added.

If approved by the court, today's proposed settlement would resolve the Department's antitrust suit, and bar the broadcasters from entering into any joint agreement relating to future sales of retransmission rights. To limit the potential for such agreements, the settlement would also prohibit each broadcaster from discussing with any other defendant any aspect of its transactions with cable firms.

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