



# Department of Justice

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AT  
(202) 616-2771  
TDD (202) 514-1888

## **JUSTICE DEPARTMENT REQUIRES JACOR TO SELL CINCINNATI RADIO STATION**

### *The Department's First Radio Merger Challenge*

WASHINGTON, D.C. – The Department of Justice today required two of the nation's largest radio station owners – Jacor Communications Inc. and Citicasters Inc. – to divest a key radio station, WKRQ-FM, in Cincinnati before permitting them to proceed with their \$770 million merger. The restructured deal will preserve competition among Cincinnati radio stations and benefit both advertisers and consumers.

The Department said that without the divestiture, the companies would dominate the market for the sale of radio advertising time in Cincinnati and the surrounding areas.

The radio industry is in the midst of rapid consolidation following passage of the Telecommunications Reform Act of 1996, which relaxed previous limits on radio ownership. The Jacor/Citicasters acquisition is one of the first transactions announced following passage of the Act, and is among the largest yet proposed.

Anne K. Bingaman, Assistant Attorney General in charge of the Department's Antitrust Division, said, "*This acquisition could have reduced competition and made it more difficult for businesses of all sizes to get competitive rates when buying radio advertising time in Cincinnati.*"

The Department's Antitrust Division filed a civil antitrust suit in U.S. District Court in Cincinnati to block the proposed deal. At the same time, a proposed settlement was filed that, if approved by the court, would settle the suit.

*"The Telecommunications Act repealed the old limits on how many stations one company could own in a given market, but it did not grant radio group owners a license to monopolize the sale of advertising time,"* said Bingaman.

*"For many businesses, radio advertising is important because it offers a unique way to communicate with potential customers. The Department will scrutinize each proposed radio merger to determine whether it will have anticompetitive effects,"* Bingaman added.

In its antitrust complaint, the Department alleged that a combination of Jacor and Citicasters would control more than 50 percent of the sales of radio advertising time in

Cincinnati, and could enable the companies to increase prices to advertisers and substantially reduce competition in the \$80 million Cincinnati radio advertising market.

Jacor and Citicasters agreed to divest WKRQ-FM, a leading Cincinnati contemporary music station, to an independent buyer. *"Maintaining WKRQ's independence from Jacor and Citicasters will ensure that advertisers have choices when purchasing air time,"* Bingaman said.

The settlement also requires Jacor to provide advance notice to the Department if it wants to acquire more radio stations in the Cincinnati area, or enter into joint management or advertising sales arrangements with other stations there.

Other aspects of the merger, which involves the purchase of 18 radio stations and two television stations in eight cities, were not challenged by the Department.

Jacor Communications Inc. and Citicasters Inc. are both headquartered in Cincinnati. Jacor owns 21 radio stations in seven states. Citicasters owns 19 radio stations in seven states. These figures exclude radio stations that Jacor will gain through its separate acquisition of Noble Broadcast Group Inc.

As required by the Tunney Act, the proposed consent decree will be published in the Federal Register, together with the Department's competitive impact statement. Any person may submit written comments concerning the proposed consent decree during a 60-day comment period to Donald J. Russell, Chief, Telecommunications Task Force, Antitrust Division, U.S. Department of Justice, Room 8104, 555 4th Street N.W., Washington, D.C. 20001 (202) 514-5621.

At the conclusion of the 60-day comment period, the federal district court in Cincinnati may enter the consent decree upon finding that it serves the public interest.

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