

EXHIBIT 18

REQUEST FOR TEMPORARY CONTINUANCE OF GRANDFATHERED NEWSPAPER-RADIO CROSS-OWNERSHIP

As discussed in Exhibit 14 hereto, the assignee, Free Lance-Star License, Inc. (“FLS License”), is acquiring the FCC licenses for radio stations WNTX(AM) and WFLS-FM, Fredericksburg, VA.; WVBX(FM), Spotsylvania, VA; and WWUZ(FM), Bowling Green, VA (collectively, the “Stations”), from the current licensee, The Free Lance-Star Publishing Co. of Fredericksburg, VA., Debtor in Possession (“FLS”), pursuant to a recent auction of FLS’s assets by the United States Bankruptcy Court for the Eastern District of Virginia. Those assets also include Fredericksburg’s daily newspaper, *The Free Lance-Star*, which FLS has co-owned with stations WNTX(AM) and WFLS-FM for many years as a grandfathered newspaper-radio cross-ownership.¹

An affiliate of FLS License, Free Lance-Star Publishing, LLC (“FLS Publishing”), a Delaware limited liability company indirectly 100% owned by DSP Acquisition, LLC (“DSP”), is acquiring *The Free Lance-Star*.² Accordingly, for the reasons set forth below, FLS License requests that the Commission temporarily continue to grandfather FLS’s newspaper-radio cross ownership (through a temporary waiver of Section 73.3555(d)(i)-(ii), if necessary), so that FLS License may acquire and hold the licenses for stations WNTX(AM) and WFLS-FM until the Commission acts on its pending proposal in the 2014 Quadrennial Regulatory Review to eliminate the newspaper-radio cross-ownership rule.

HISTORY OF FLS CROSS-OWNERSHIP

FLS has owned and published *The Free Lance-Star* or its predecessor for over a hundred years, and the newspaper’s long history of service to Fredericksburg is a matter of public record. The Virginia Press Association (“VPA”), for instance, has consistently recognized *The Free Lance-Star* as one of the best medium-size daily newspapers in Virginia. Earlier this year, *The Free Lance-Star* won the VPA’s award for overall excellence in news and advertising by mid-sized newspapers. The newspaper also won VPA awards in separate competitions for news (39 awards) and advertising (20 awards).³ *The Free Lance-Star* currently has a daily circulation of

¹ FLS acquired WVBX(FM) in 1993 and WWUZ(FM) in 2001. FLS’s ownership of those stations does not implicate the newspaper-radio cross-ownership rule, since neither station’s predicted 1 mV/m contour overlaps Fredericksburg in its entirety. See 47 C.F.R. §73.3555(d)(1)(ii).

² DSP, a Delaware limited liability company, was the winning bidder at the Bankruptcy Court’s auction of FLS’s assets. See Exhibit 14 at 1.

³ See <http://news.fredericksburg.com/newsdesk/2014/04/05/free-lance-star-wins-vpa-grand-sweepstakes-award> (June 3, 2014).

approximately 34,000, with substantial expansion of the newspaper's reach via FLS's websites, freelancestar.com and fredericksburg.com.

In 1960, the Commission awarded the license for WNTX(AM) to FLS.⁴ In so doing, the Commission found that FLS's cross-ownership of *The Free Lance-Star* and WNTX(AM) would serve the public interest.⁵ Shortly thereafter, FLS applied for and was awarded the license for WFLS-FM. The Commission subsequently grandfathered FLS's cross-ownership of WNTX(AM), WFLS-FM and *The Free Lance-Star* (along with other preexisting newspaper-radio cross-ownerships) when it adopted the newspaper-radio cross-ownership rule in 1975.⁶

Now over fifty years old, the cross-ownership of WNTX(AM), WFLS(FM), and *The Free Lance-Star*, in tandem with WVBX(FM) and WWUZ(FM), has delivered substantial public interest benefits, particularly in the form of enhanced local news coverage. For example, the radio stations' news department communicates regularly with *The Free Lance-Star*'s newsroom, sharing information on breaking news and coordinating coverage of local matters. Likewise, the newspaper's community reporters have called in stories for the radio stations' morning newscasts, expanding the overall amount of news coverage in the Fredericksburg market and providing more "eyewitness" accounts of local stories. The newspaper's sports reporters routinely appear on the radio stations, providing analysis of previous or upcoming games involving teams of interest to the Fredericksburg market.

Other examples of the numerous successful synergies between the respective news operations of the newspaper and the radio stations include the following:

- Most recently, upon being alerted of a fire in Stafford County, VA, a radio afternoon news reporter immediately notified the newspaper's staff so they could mobilize and report the story. The radio stations and the newspaper followed up with stories on aid for the victims of the fire and on the need for fire safety in the home.
- The joint efforts of the newspaper and the radio stations in covering an alleged child abduction in Spotsylvania on July 4, 2013, won a VPA award for "Best Continuing Coverage of a News Story."
- The radio stations worked with the newspaper's editors to provide on the scene coverage of the Derecho storm that struck the Fredericksburg area during the weekend of June 29,

⁴ FLS initially operated the station under its former call sign, WFLS(AM).

⁵ See T. Harry Gattton, *Decision*, 28 FCC 69 (1960); T. Harry Gattton, *Memorandum Opinion and Order*, 28 FCC 645 (1960).

⁶ See Amendment of Sections 73.34, 73.240, and 73.636, *Second Report and Order*, 50 FCC Rcd 1046 (1975) (grandfathering previously approved cross-ownership arrangements), *aff'd in relevant part*, *FCC v. Nat'l Citizens Comm. For Broadcasting*, 436 U.S. 775 (1978).

2012. The pooling of resources to obtain interviews and provide reporters with the most current information kept listeners and readers up to date on what was happening. With the radio anchor in the studio, newspaper reporters became live on-the-scene-radio reporters. FLS's similar joint coverage of the 2011 earthquake in Louisa County, VA won a VPA award for "Best Continuing Coverage of a News Story."

- In 2008, *The Free Lance-Star* sent reporter Rusty Dennen and photographer Mike Morones to Kuwait, where they were embedded in the Virginia National Guard's 116th Brigade Troops Battalion. While reporting for the newspaper, Mssrs. Dennen and Morones also reported back to WFLS-FM's Deirdre Blake, who then produced and hosted a documentary for the radio station, "Focus: Report from Kuwait." The program won a regional Edward R. Murrow Award and an award from the VPA.
- When the radio stations' news department was understaffed due to vacations and maternity leave, *The Free Lance-Star* reporters were available to provide "at the scene" coverage of the 2003 killings of four adults at the National Boy Scout Jamboree in Caroline County, VA.

The cross-ownership also enables significant sharing of facilities and creates other efficiencies that would not be achievable if the subject assets were owned separately. Among other things, the newspaper and the radio stations operate in the same building (which is also owned by FLS and is being acquired by another FLS License affiliate out of bankruptcy), and share FLS's human resources, information technology, and accounting departments, as well as payroll and employee benefits packages.

Further, the cross-ownership creates substantial cross-promotion opportunities. For example, the newspaper provides the radio stations with daily updates on what listeners should look for in the following day's paper, encouraging subscription purchases in the process. At the same time, the radio stations promote their activities and provide general station information via advertisements in the newspaper. FLS's radio personalities have written entertainment pieces for the newspaper, and the radio stations recruit newspaper employees with vocal talent to perform voiceovers for commercials. When the radio stations hold large scale events, they recruit newspaper staff members to provide "on the ground" support.

Finally, the cross-ownership achieves efficiencies via cross-selling of advertising. Again by way of example, the newspaper's advertising sales representatives historically have had difficulty selling ads in the sports section, since some advertisers believe that sports attracts a more limited readership. Conversely, the radio stations' sales staff is able to sell an advertising package called the "Sports Animal," whereby a client's ad appears in both the sports section and airs on whichever of FLS's radio stations targets the readership at issue. Also, the radio stations' sales staff does not have relationships with recruitment advertisers, but the newspaper has a recruitment advertising specialist who can upsell recruitment ads for radio.

THE PROPOSED ELIMINATION OF THE NEWSPAPER-RADIO CROSS-OWNERSHIP RULE

In its *Notice of Proposed Rulemaking* for its 2010 Quadrennial Regulatory Review of its broadcast ownership rules, the Commission tentatively concluded that radio stations are not the primary outlets that contribute to viewpoint diversity in local markets, and thus asked whether newspaper/radio cross-ownership would promote localism and provide financially struggling newspapers and radio stations the opportunity to become vital participants in the news and information marketplace.⁷ Now, in its *Further Notice of Proposed Rulemaking* for its 2014 Quadrennial Review of those same rules, the Commission seeks further comment on whether it should eliminate the newspaper/radio cross-ownership rule. In so doing, the Commission made the following observations:

- “Several commenters in the 2010 Quadrennial Review proceeding referenced the fact that promoting viewpoint diversity has been the Commission’s lone justification for retaining [the newspaper-radio cross-ownership] restriction. [T]he Commission has found repeatedly that the restriction does not promote its localism or competition goals, and we tentatively reaffirm those findings. Therefore, we tentatively agree with several commenters that if the rule were no longer necessary to support the Commission’s viewpoint diversity policy, then the newspaper/radio cross-ownership restriction would be left without a public interest rationale. Under Section 202(h) of the 1996 Act, we must repeal or modify any media ownership regulations that no longer serve the public interest.”⁸
- “[T]he Commission has recognized since at least 1970 that radio does not play a dominant role in promoting viewpoint diversity. That year, while seeking comment on proposals that led to the adoption of the [newspaper-broadcast cross-ownership] rule, the Commission identified as its foremost concern the common control of television stations and newspapers and noted the significant decline in the number of people relying primarily on radio for local news. . . . Since 1975, the Commission repeatedly has acknowledged radio’s lesser contributions to viewpoint diversity.”⁹
- “We note that Media Ownership Study 5 suggests that eliminating the restriction would be unlikely to affect either radio news variety or listening, given its finding that

⁷ 2014 *Quadrennial Regulatory Review – Review of the Commission’s Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996*, Further Notice of Proposed Rulemaking and Report and Order, MB Docket No. 14-50 *et al.*, FCC 14-28, ¶ 144 (rel. Apr. 15, 2014) (“*Further Notice*”), citing 2010 *Quadrennial Regulatory Review – Review of the Commission’s Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996*, Notice of Proposed Rulemaking, 26 FCC Rcd 17489, 17529-30 (2011).

⁸ *Id.* ¶ 145 (footnotes omitted).

⁹ *Id.* ¶ 147 (footnotes omitted).

newspaper/radio cross-ownership is not correlated with either of those metrics. We seek comment on this finding. Moreover, several commenters claimed that lifting the newspaper/radio cross-ownership restriction would revitalize local news on radio stations and would provide struggling newspapers with a broader base of financial support and an increased ability to reach audiences.”¹⁰

Hence, at a minimum, it appears that the Commission is giving serious consideration to eliminating the newspaper-radio cross-ownership rule. Elimination of the rule would, obviously, permit WNTX(AM), WFLS-FM and *The Free Lance-Star* to be co-owned permanently (along with WVBX(FM) and WWUZ(FM)), obviating the need for any divestiture of those assets.

BASIS FOR REQUESTED RELIEF

In *Capital Cities/ABC, Inc.*,¹¹ the Commission granted relief very similar to what FLS License is requesting here. The Commission had ordered Capital Cities to divest AM/FM combinations in New York, Los Angeles, Chicago and San Francisco, in order to bring Capital Cities into compliance with the Commission’s multiple ownership rules at that time. Capital Cities subsequently asked the Commission to defer the required divestitures, noting that the Commission had commenced a rulemaking in which it had proposed to relax the relevant cross-ownership rules in a manner that might eliminate the need for divestiture. The Commission agreed, finding it had “raised a question as to whether the public interest is better served by permitting common ownership of radio-television combinations in the largest markets rather than by retaining the present rules.” Thus, the Commission deferred Capital Cities’ divestiture obligation for a period of up to six months after the effective date of the Commission’s action in the pending rulemaking.¹²

The same considerations militate strongly in favor of a temporary continuance of FLS’s grandfathered cross-ownership in this case. Certainly, the Commission has raised a substantial question in its 2014 Quadrennial Regulatory Review as to whether retention of the newspaper-radio cross-ownership rule would serve the public interest. Under these circumstances, it would be inequitable to force FLS License or FLS Publishing into a premature divestiture of the WNTX(AM), WFLS-FM and/or *The Free Lance-Star*, particularly since temporary continuance of FLS’s grandfathering will not create any new cross-ownerships in the Fredericksburg market. Moreover, it would be equally inequitable to prematurely disrupt the joint operation of FLS’s radio stations and newspaper and put the associated efficiencies and public interest benefits described above at risk. Indeed, it is difficult to argue that temporary continuance of FLS’s grandfathering would harm the public interest, since the cross-ownership has caused no such

¹⁰ *Id.* ¶ 148 (footnotes omitted).

¹¹ 2 FCC Rcd 2539 (1987).

¹² *Id.*

harm for over 50 years. FLS License therefore submits that the more sensible approach is to temporarily continue FLS's grandfathering pending Commission action on the newspaper-radio cross-ownership rule in the 2014 Quadrennial Regulatory Review, at which time the need for any divestures may become moot.¹³

¹³ Should the Commission ultimately decide to retain the newspaper-radio cross-ownership rule, FLS License requests that the Commission afford it at least a six-month grace period after the effective date of such Commission action, during which time FLS License should be permitted to (1) come into compliance with the rule or (2) submit a request for a permanent waiver of the rule.