

Hicks, Muse Towers Over The Competition

By MATT SPANGLER
R&R WASHINGTON BUREAU

Owning the largest station group in the country is apparently not enough for Hicks, Muse, Tate & Furst, Inc.

On Tuesday (9/9), the leveraged-buyout firm that has controlling interests in Capstar Broadcasting Partners and Chancellor Media Corp. announced that it will bankroll new tower company OmniAmerica Wireless LP. Omni President/CEO Carl Hirsch

told R&R, "Our intent is to be the premier consolidator in the communications tower business."

With \$100 million of Hicks, Muse's money in hand, the West Palm Beach-based company said that it has set off on a mission to acquire up to \$1 bil-

lion worth of towers. (In June 1996, Capstar similarly announced that it would buy \$1 billion in stations — a feat accomplished within a year.) Omni will also build and manage towers for radio and television broadcasting, and communications technologies such as paging, cellular, and per-

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Weather Perfect For Cumulus Buying Spree

By PATRICE WITTRIG
R&R ASSOCIATE EDITOR

Cumulus Broadcasting swept through HVS Partners' portfolio last week, picking up eight stations in two separate deals worth \$24.6 million.

The purchase of such small and middle market stations — five on Maryland's fast-growing and well-heeled Eastern Shore, and a trio in Tallahassee — wouldn't generally cause raised eyebrows, but parent company Cumulus Media L.L.C. has been impressive at collecting or contracting for 44 properties in 10 markets in just five months of operation.

When the Milwaukee-based, privately held upstart opened its doors on May 1, it christened the new com-

pany with a five-station Appleton-Oshkosh, WI acquisition. Since then, Cumulus has been quietly and steadily accumulating stations.

Cumulus Media, headed by managing partners Richard Weening and Lew Dickey, "offered us a forum to be competitive in today's market," Dickey told R&R. "Weening, who founded the venture capital firm Questas, specializes in information technology and electronic commerce," he added. Dickey — who has a long-

standing radio background — is the founder of 12-year-old Stratford Research. Utilizing their familiarity with the radio business, Weening and Dickey recruited 20-year Century Broadcasting veterans Bill Bungereoth, who serves as CEO of Cumulus Broadcasting, and CFO Rick Bonick Jr.

"We're most definitely in building mode," Dickey told R&R. "We're going to be around for a long time." One industry insider familiar with the group's acquisition strategy predicted that by this time next year, Cumulus would be twice the size it is now. He also believes that Cumulus has the potential to be a Capstar rival.

BUSINESS BRIEFS

Station Prices Could Level Off, Then 'Spike' Upward, Cheen Predicts

First Union Capital Markets VP Bishop Cheen said that he agreed with an analyst's prediction in the *New York Times* that radio station prices will level off after the \$2.1 billion acquisition of SFX Broadcasting by Capstar Broadcasting, but Cheen told R&R that he believes prices will "spike" again if another big deal arises. "If American Radio Systems announces a \$3 billion price tag," he stated, "then it's off to the races again." He also said that ARS, which is widely believed to be up for sale, would be "a nice fit" for Jacor.

LIN Shareholders Sue To Block Hicks, Muse Deal

Four shareholders of LIN Television have filed lawsuits attempting to block its merger with Hicks, Muse, Tate & Furst, Inc., on the grounds that the deal "breaches fiduciary duty." Three of the complaints were filed in Delaware and one in New York. LIN VP & Treasurer Deb Jacobson told R&R that she didn't think the suits had any merit and probably would not hold up the deal, which is expected to close in the first quarter of 1998. Hicks, Muse's Capstar Broadcasting recently purchased SFX Broadcasting, creating the nation's largest radio group.

DARS Licensing Is Imminent

Rosalee Chiara, an attorney with the Federal Communications Commission's International Bureau, told R&R that the FCC will soon grant licenses to Satellite CD Radio and American Mobile Radio Corp. to provide satellite DARS (digital audio radio service) systems. The FCC tentatively granted licenses to CD Radio and AMRC following an April auction. The companies will get the licenses before the Commission resolves a pending proceeding to determine whether or not they will be permitted to use terrestrial repeaters to fill in gaps in coverage.

Merrill Lynch Praises Karmazin

Merrill Lynch analyst Jessica Reif Cohen has given Westinghouse Electric Corp. "intermediate and long-term accumulate" ratings. She cited the company's strong management — in particular CBS Corp. CEO Mel Karmazin — as one reason for the ratings boost.

Scripps To Sell KENS For Belo Food; FCC Grants Waiver

The Federal Communications Commission announced Monday (9/8) that it had approved a waiver of the one-to-a-market rule in the transfer of KENS-AM and KENS-TV from Harte-Hanks Communications to E.W. Scripps. R&R ONLINE reported Friday that Scripps will sell those stations to A.H. Belo Corp. in exchange for its TV Food Network and \$75 million cash. On Tuesday (9/9), Standard & Poor's rated Scripps "A," taking the company off CreditWatch, where it had been since May 21.

FCC Rescinds Fine For Nonpayment To \$200,000 Contest Winner

The Federal Communications Commission has rescinded a fine given to an Illinois station for failure to make payments on a contest it co-sponsored. In 1992, the Mass Media Bureau issued a notice of apparent liability to Mississippi Valley Broadcasting, Inc., owner of WLLR-FM/East Moline, IL, for failing to continue payments on a \$200,000 prize when contest co-sponsor Unidyne became insolvent. The bureau reduced the fine from \$12,500 to \$8750 in 1992, taking into account MVB's record of good conduct with the Commission. Then, in a letter to MVB dated September 4, the FCC dropped the fine altogether, stating "this appears to be a case of first impression with regard to the scope of a licensee's responsibilities as a co-sponsor of a contest involving a multi-year payout." MVB, now owned by Sconnix Broadcasting, lost a lawsuit with the contest winner four years ago, and has been making regularly scheduled payments since then. In his letter to MVB, FCC Mass Media Bureau Chief Roy Stewart said, "This letter serves ... as an admonition to provide notice and guidance to you and other broadcasters of their responsibilities when conducting co-sponsorship contests."

FCC Nixes Preference For Pioneers

The Federal Communications Commission has terminated the pioneer's preference program and 13 pending requests for pioneer's preference. This program provided preferential treatment in the licensing processes for parties that "made significant contributions" toward the development of a spectrum-using service. The Balanced Budget Act of 1997, signed into law on August 5, terminated the authority of the FCC to grant pioneer's preference. One company denied preference: Strother Communications, Inc., from a July 30, 1991 proceeding to develop a digital audio radio service (DARS) system.

Emmis, Clear Channel begin Hungary Bidding

Emmis International and Clear Channel International began bidding Monday (9/8) on two FM frequencies in Hungary. The asking price for state-run Radio Danubius and the other channel, a currently unused frequency, is 3 billion forints (\$15.2 million). Other parties bidding on the

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