Broadcasting Feb 6
Vol. 94 No. 6

Top of the Week

Wheeling and dealing in Washington

Allbritton sells 'Star' to Time Inc. for $20 million, raising questions about fate of WJLA-KOCO swap

Joe L. Allbritton, who emerged from Texas a few years ago to establish himself as a force in American media with his purchase of Washington Star Communications Inc., last week added to his reputation as a financial sleight-of-hand artist. He sold the *Washington Star* to Time Inc. for $20 million, plus some obligations, including an $8 million mortgage on the *Star* building, in a transaction both parties said was designed to strengthen *The Star*. The survival of the troubled *Star* had figured importantly in FCC approval, only three weeks earlier, of Mr. Allbritton's exchange of the co-owned WJLA-TV Washington for Combined Communications Corp.'s KOCO-TV Oklahoma City plus $55 million in CCC preferred stock (BROADCASTING, Jan. 16). Not only is Mr. Allbritton to receive $20 million from Time; he is also to remain as the *Star's* publisher and chief executive officer, for at least five years.

The *Star* sale, announced jointly in the paper's first edition last Friday by Mr. Allbritton and James R. Shepley, president of Time Inc., came three days after four citizen groups attacked the FCC's approval of the WJLA-TV transfer in the U.S. Court of Appeals in Washington and asked the FCC to stay its order until action by the court.

A stay by the commission or by the court would prevent closing by the contract deadline of Feb. 28.

What effect that would have on the WJLA-TV deal—which if consummated would set a record for station prices—was unclear last week.

Karl Eller, president of CCC, said Mr. Allbritton had telephoned him last Thursday night in Phoenix, site of CCC's headquarters, to inform him of the sale of the *Star*. Mr. Eller said Mr. Allbritton assured him the sale would be "proceeding forward" and that both he and Mr. Allbritton concluded the conversation with the feeling they had "no intention but to close the deal."

However, in discussing the requested stay, Mr. Eller said there had been no conversations as to what would happen after Feb. 28. Mr. Allbritton, who was asked the same question at a news conference on Friday, declined to answer on the advice of his attorney, Berl Bernhard.

Mr. Allbritton is disposing of WJLA-TV to comply with an FCC order to break up his multimedia holdings in Washington, in accordance with commission rules. And the commission's staff said Mr. Allbritton's retention of the preferred stock in CCC would not violate those rules.

But some commissioners were not so sure. Commissioner Abbott Washburn, in a concurring statement, said the structure of the sale at least appears to violate the ban on co-located, co-owned broadcast and newspaper properties. But he said his concern on that score was offset by the "extraordinary public interest considerations," since the transaction "will permit the continued generation of cash flow to the *Washington Star* and thus help preserve media diversity in the nation's capital." Washington's only other major newspaper is the *Post*.

Selling the *Star* probably does not put Mr. Allbritton outside the reach of the crossownership rules. Commission lawyers as well as private attorneys say that if he were to remain as publisher of the newspaper and sought to retain ownership of WJLA-TV, a serious question about a violation of the rule would be raised.

Mr. Allbritton acquired WSCI in December 1975 for $28.5 million. Early last year he received FCC approval of the sale of WMAL-AM-FM to ABC Inc. for $16 million, and in September 1977 the commission approved the sale of WLVA(AM) Lynchburg, Va., for $660,000. Thus, with the sale of the *Star* to Time for $20 million, Mr. Allbritton has already realized an $8,160,000 profit (not accounting for the more than $30 million he said he put into the newspaper's operating funds).

If the Combined Communications deal goes through, Mr. Allbritton will add another $55 million in CCC stock and KOCO-TV Oklahoma City to his capital gains. As things stand now, however, the Allbritton media holdings include: WJLA-TV; WSET-TV (formerly WLVA-TV) Lynchburg, Va.; WCIV(TV) Charleston, S. C., and several other newspapers.

Mr. Shepley and Mr. Allbritton in their statement expressed a determination to preserve the *Star*. Washington's only other newspaper is the *Post*, which, as it happens, is commonly owned with the other major newsweekly, *Newsweek*.

Mr. Allbritton told a news conference he decided to sell the newspaper because it needed "more than I can give." Time would not be "just another investor" but would provide publishing expertise and editorial resources. "It has journalistic strengths the newspaper needs," he said.

Mr. Allbritton said his appointment as publisher—as an employe of Time Inc., in effect—was at Time's urging. He said it was "a condition precedent" to the sale.

There was some ambiguity about how long negotiations were under way and who initiated then. Mr. Allbritton said "serious negotiations" were begun "about a week ago" at Time's request.

Donald Wilson, Time's executive vice president-corporate and public affairs, said Mr. Shepley remembers that Mr. Allbritton first brought the matter up casually in a conversation between the two men about a year ago. The matter was pursued intermittently in the interim, until "the thing all jelled in the last seven or eight days," he said.

Making news again. This was the scene at *Washington Star* headquarters Friday afternoon (Feb. 3) as Joseph L. Allbritton explained his latest media maneuver in that city: a plan to sell the *Star* to Time Inc. for $20 million. Backing him up (far left): attorney Berl Bernhard of Verner, Lipfert, Bernhard & McPherson.