

# SCI TELEVISION HAS TROUBLE WITH LOAN PAYMENT

*Gillett Holdings forced into Chapter 11, considers plan that would strip George Gillett of majority ownership*

**G**eorge Gillett continues to spend a good deal of his time with lawyers, creditors and investors. It appeared that SCI Television would miss repayment of \$162 million in bank loans, due yesterday, June 30. In a financial report, SCI said it was negotiating to defer payment. The other Gillett-controlled entity with TV stations, Gillett Holdings (GHI), filed for protection under the U.S. bankruptcy laws after failing to reach an agreement with creditors before a court-imposed June 25 deadline.

Industry revenue weakness has not spared the Gillett-run stations. Financial results obtained by BROADCASTING show SCI Television's first-quarter revenue for the six major-market stations declined 6%, contributing to a \$1.2 million operating loss, even before \$28.1 million in net interest expense. Of the interest, \$17.2 million was paid in cash.

As for Gillett Holdings, last week's court-imposed bankruptcy is the latest in a long process of dealing with the company's \$1-billion-plus debt first reported two years ago (BROADCASTING, June 26, 1989). Negotiations with creditors have slowly proceeded for months, and in February, three bondholders filed to force the company into bankruptcy. The judge in the U.S. district court for Colorado set June 25 as an absolute deadline, and the company apparently failed to achieve a reorganization out of court, or even to develop an acceptable "pre-packaged" bankruptcy, which requires approval from fewer creditors.

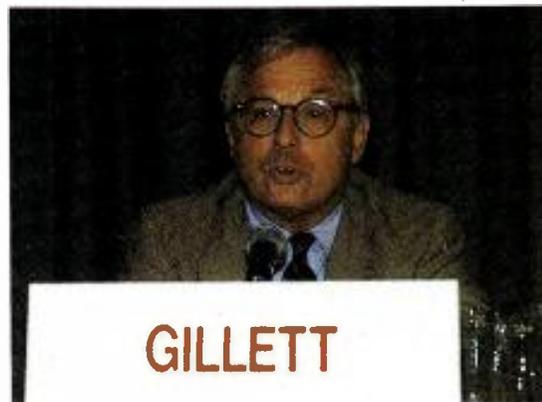
According to a report in *The Wall Street Journal*, the plan being worked on would have replaced George Gillett as the company's controlling owner with Apollo Advisers, a fund developed to invest in troubled companies and backed by the French bank Credit Lyonnais. Ironically, the fund's managing partner, Leon Black, was a director of SCI Holdings and an executive at Drexel Burnham Lambert, which profited greatly from the sale of SCI Television to Gillett.

The reported plan under consideration would cut GHI's debt roughly in half, to \$590 million, and Apollo, which already owns a considerable amount of the existing debt, would also invest \$40 million in return for just over 50% of the equity. After giving other creditors options to purchase equity, Gillett's own holding

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could fall to below 15%, said the report, while he would retain "...day-to-day operational control and some veto powers over major strategic decisions."

SCI Television has already been through one restructuring, which significantly cut its cash interest payments and debt outstanding. But the company's first-quarter statement noted that holders of a relatively small amount of debt have "threatened litigation" because they be-



**George Gillett may lose majority ownership**

lieve the company to be in default.

GHI's stations are WTVT(TV) Tampa, Fla., and KSBW(TV) Salinas and KSBY-TV San Luis Obispo, both Calif. Another station, WMAR-TV Baltimore, was recently sold to Scripps Howard for \$125 million, with the proceeds currently held in escrow pending resolution of the debt problems. The company also owns a Vail, Colo., ski resort and a Wisconsin-based meat packing plant. —GF

## GOLDMAN TO HEAD PARAMOUNT SYNDICATION

**A** well-placed source confirmed industry speculation that Paramount Domestic Television has a "done deal" with Steve Goldman to become president of the Paramount TV syndication division, succeeding Lucie Salhany, who left last week for the chairmanship of Twentieth Television (BROADCASTING, April 8, May 13 and 27). For Goldman, who has been with Paramount TV since 1980 (in sales and marketing) and became executive vice president under Salhany in 1989, the promotion would put him at the helm of one of the most successful studio syndication divisions.



There had been speculation that two other executive vice presidents—marketing and sales head Greg Meidel and production boss Frank Kelly—would be named to run the division in a triumvirate with Goldman. Instead, they will be offered "expanded roles" at Paramount. It had been speculated that Kelly might be the successor to Salhany, since both came from station-oriented production backgrounds.

It was unclear whether Paramount Television Group President Mel Harris had decided on Goldman's appointment, or whether incoming Paramount Pictures Corp. Chairman Brandon Tartikoff (who officially relinquished his NBC Entertainment Group chairmanship at the end of last week) made the selection.

It has been rumored that Harris would be promoted to the number-two executive under Tartikoff at Paramount Pictures or receive a beefed-up chairmanship title within Paramount Television Group. The insider said that he "doubts" Harris will become Tartikoff's second-in-command. —MF