

## Does Fox have a foreign accent?

FCC examines charges of foreign ownership of group's TV stations

By Geoffrey Foisie

**T**omorrow, April 12, is the FCC's deadline for comments on the question of whether Fox's television stations violate commission rules limiting foreign ownership.

While the FCC in 1985 approved the transfer of six TV stations from Metro-media to Fox, several state branches of the National Association for the Advancement of Colored People claim that the commission did not have all the facts at the time and that subsequent developments have added to Fox's violations. Fox argues to the contrary.

If the commission believed the NAACP branches' objections lacked substance, it had the opportunity to dismiss them, since the organizations missed the filing deadline when they added the foreign ownership issue to

their challenge of Fox's signal overlap waiver application. Fox would have needed the waiver to purchase WGBS-TV Philadelphia while continuing to own WNYW-TV New York.

Although the application for the WGBS-TV purchase has since been withdrawn, the FCC will decide the foreign ownership question. Among the issues:

■ The FCC has a rule that generally limits foreign ownership of the licensee's parent company to 25%. The NAACP filing says News Corp. is the ultimate licensee of the eight Fox stations and cites a news report that says Australian investment institutions own 40% of News Corp. The compa-



Murdoch

ny responded that Chairman Rupert Murdoch, a U.S. citizen, has de facto control over News Corp. through his control of 32.7% of the company's shares.

■ News Corp. was able to acquire the TV stations by spinning off voting control of the licensee to Murdoch. The FCC may have to decide whether Murdoch, even though he is a U.S. citi-

zen, can practically separate his role as owner of the stock from his role as chairman of News Corp.

■ Is the preferred stock that Murdoch owns more like debt or, as the NAACP filing charges, more like stock, as Fox argues? News Corp. argued a similar case from the opposite point of view with the Internal Revenue Service.

The commission has indicated what it will focus on. In a letter of inquiry to Fox a month ago, the FCC said it wanted the company to "describe all rights and obligations of the alien equity owners in Fox Television Stations, including any rights they have over the holders of preferred stock [i.e., Murdoch]." The commission also asked Fox "to describe whether and how Rupert K. Murdoch, who holds 76% of the voting stock of Fox Television Stations' parent company, is authorized to exercise voting control of News Corp."

In general, the NAACP opposes developments that make it difficult for blacks to compete for station ownership, says David Conig, outside counsel to the association. "Imagine if people had to compete not only against all the companies in the United States, but also against German, British, Japanese and, in this case, Australian money," Conig says.

There are several possible outcomes to the FCC's deliberations. Besides affirming the present ownership structure or stripping Fox of the licenses, the commission could state the nature of any violation and indicate how Fox could cure it. ■

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