

FCC's Copps wants review of News Corp./DJ deal

Wed Aug 1, 2007 6:05PM EDT

By Jeremy Pelofsky

WASHINGTON (Reuters) - The Federal Communications Commission should examine whether News Corp's deal to buy Dow Jones and The Wall Street Journal, one of America's largest newspapers, runs afoul of any of the agency's rules, an FCC commissioner said on Wednesday.

"We should immediately conduct a careful factual and legal analysis of the transaction to determine how it implicates specific FCC rules and our overarching statutory obligation to protect the public interest," said Michael Copps, a Democrat on the five-member panel, which oversees the industry.

Copps, who has fought media consolidation in the past, said the deal in which international media mogul Rupert Murdoch would acquire The Wall Street Journal would lead to fewer independent news voices, particularly in New York City.

News Corp owns 35 television stations, including two in the New York market, as well as the New York Post, an instance of media cross-ownership the FCC normally bans, but has allowed in this case through a temporary waiver.

FCC regulations prohibit a company from owning a newspaper and a broadcast radio or television station that serve the same market. Companies that want to acquire broadcast outlets first have to get FCC approval to transfer the broadcast licenses.

The agency tried lifting the ban in 2003, but a U.S. appeals court ruled the agency failed to sufficiently justify the new limits set. FCC Chairman Kevin Martin, a Republican, has supported relaxing the ban and has undertaken another attempt.

Dow Jones & Co Inc does not own any licenses that News Corp would have to seek permission from the FCC to acquire.

Yet, consumer advocates suggested the FCC could consider the transaction in the context of News Corp's pending request to renew the licenses for its New York stations.

"There definitely is the opportunity for the FCC to evaluate whether WSJ is truly just a national newspaper and not local, and whether the public interest authority would enable the FCC to challenge license renewals in the context of the WSJ deal," said Gene Kimmelman, a vice president at Consumers Union.

Despite the concerns, there is precedent for permitting a company to own a national newspaper and a local broadcast outlet. The FCC allowed Gannett Co Inc to own a television station in Washington, D.C. and USA Today.

"There is no precedent specifically holding that ownership of the WSJ and a N.Y. television station, much less two, is okay under the cross-ownership rule," said Andrew Schwartzman, head of the consumer advocacy group Media Access Project.

Dow Jones declined to comment and a spokesman for News Corp was not immediately available for comment.

"As with any issue before us, we will follow commission precedent and rules," said FCC spokeswoman Tamara Lipper.

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