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Sinclair Broadcast Group is selling off nearly two dozen television stations to comply with federal ownership rules — but that may not stop the company from reaching millions of viewers in those cities with its conservative programming.

Four of the sales include provisions that would leave the giant broadcaster with a role in the stations' programming, finances and operations, even when it no longer owns them. Those strings could allow Sinclair to ensure that its content supporting President Donald Trump and other Republican causes continues to make it onto the air — despite regulations meant to ensure that no one company wields outsize influence in local media markets.

Sinclair, the nation's largest TV broadcaster, has made these kinds of arrangements before as it has sold off some of its outlets. But the conditions attached to the station sales are attracting new scrutiny as the company pursues a $3.9 billion merger with Tribune Media that would expand Sinclair's access to households across the country. "This is a technique that was developed by slick lawyers for the purpose of getting around the rules," former FCC Chairman Tom Wheeler, a Democrat, said in an interview. "It requires the suspension of regulatory disbelief. … It borders on a regulatory fraud."

One buyer of Sinclair's stations, conservative commentator Armstrong Williams, defended the deals as a way to ease the transition to new ownership. He also rejected the notion that Sinclair would control the stations he's purchasing in Seattle, Salt Lake City and Oklahoma City. "I get to reject something that I don't want to run," said Williams, a longtime Sinclair ally who is paying $4.95 million for the three stations. Sinclair representatives declined to comment.

In the arrangement with Williams, Sinclair will handle advertising sales and offer news programming to the stations, maintain the studios and stations' websites, and pocket up to 30 percent of the monthly net sales revenue from each station. Sinclair also plans to sell Tribune's WGN station in Chicago, the nation's third-largest television market, to a business associate of Sinclair Executive Chairman David Smith while keeping a similar stake in operations and programming.

The four markets collectively have 6.8 million TV-owning households, or about 6 percent of the U.S. total, according to Nielsen. Those stations are among 23 that Sinclair has said it will divest as it seeks regulators' blessing for the Tribune merger. Sinclair already owns more than 190 stations, and Tribune owns 42. Regulators have sometimes objected to deals that leave another broadcaster entangled in a station's operations, commonly known as "sidecars," although the FCC has previously approved Sinclair's use of them.

Wheeler and other critics say such arrangements are designed to allow Sinclair to push its programming into more households than federal law permits while dominating local advertising markets, despite FCC rules aimed at ensuring diversity in local programming. "This is about subverting the rules that have existed forever, and engaging in a charade that somehow Sinclair does not control what happens on these stations," Wheeler said. "The idea that these are some kind of independent stations is a farce," said Craig Aaron, president of Free Press, an advocacy group that opposes the Sinclair-Tribune merger.

The sidecar deals also present a major test for Republican FCC Chairman Ajit Pai, who faces intense scrutiny over agency actions that critics say have benefited Sinclair. The FCC requires stations to publicly file sidecar agreements — also known as shared services and joint sales agreements — and can step in if the structure of a deal amounts to de facto ownership. When a company uses them in connection with a station sale, which is subject to FCC review, the agency has a chance to weigh in before any sidecars are struck. The FCC looks at policies on station programming, personnel and finances to determine who ultimately controls the station in question.

The agreements Sinclair has proposed in its latest acquisition are similar to those the FCC has previously allowed in connection with the company's earlier mergers and other broadcast transactions. In 2010, the agency permitted a joint sales agreement between TV stations in Corpus Christi, Texas, despite the objections of a competing station because the agency concluded that the agreement did not give improper control. Williams, who now owns seven TV stations, bought his first two from Sinclair with joint sales agreements in place. The latest deal will give him three more.

Harrisburg Patriot-News
Judge hits ex-Pa. House Speaker John Perzel with new $1M restitution order on corruption convictions

Philadelphia Inquirer
Ex-Rep. Charlie Dent joins major law firm with offices in Philly, D.C.

He said the two stations he owns that have agreements with Sinclair supplement the operating costs of his other five stations, which are independently owned. Williams argued it would be "foolish" to pass up the sidecar deals. "In the beginning, while you're getting these stations online, you need that kind of support so you don't lose the stability and consistency of the station and the programming," Williams said. "Once we get a grip of understanding the market, as we've done with other stations, things change and we gradually seize more and more control where we bring in our own people, we bring in our own programming. But you have to get there."

And, Williams said, regulators have declined to rubber-stamp either his arrangement with Sinclair or the underlying Sinclair-Tribune merger. "Everybody thinks we've got this red carpet. … But I've got to tell you something, it doesn't translate over at the Department of Justice and the FCC," Williams said. "If that were the case, our deal would have been closed long ago."

It's unclear if the latest revision to the Sinclair-Tribune deal will pass regulatory muster. In reviewing a merger between Nexstar Broadcasting Group and Media General, the Justice Department under the Obama administration **prohibited** the companies from striking up side deals with divested stations. More recently, the FCC looked askance at an earlier attempt by Sinclair to sell big stations to Smith associates with strings attached, The Wall Street Journal **reported** last month. Sinclair dropped a plan to sell a valuable New York station to a company controlled by the estate of Smith's mother. But it kept in place the WGN deal in Chicago, which The Journal said the FCC also found problematic.

Sinclair has said it would sell Tribune's WGN in Chicago for $60 million to Steven Fader, a Maryland business associate of Smith's who oversees car dealerships. But the deal would see Sinclair handle advertising sales and deliver programming to WGN, while also maintaining the station's technical equipment, providing back-office support like payroll and even operating its website through joint sales and shared services agreements.

WGN would pay Sinclair $5.4 million a month, on top of $500,000 in monthly rent, while Sinclair would also have the right to collect 30 percent of monthly sales revenue. The deal would also give Sinclair the option to buy back the station after eight years. Sinclair also plans to divest stations to Fox, Meredith Corp. and Standard Media Group, an affiliate of investment firm Standard General. Two stations would be sold to Cunningham Broadcasting Corp., a company with close ties to Sinclair. None of those divestitures would include joint sales or shared services agreements.

Cunningham's voting stock was owned until January by the estate of Carolyn Smith, David Smith's mother. The nonvoting stock of the company is owned by trusts that benefit Carolyn Smith's grandchildren. However the FCC ultimately comes down on the mega-merger and affiliated spinoffs, it undeniably created the conditions that cleared a path for Sinclair to pursue the deals in the first place. National ownership requirements limit a broadcast company's reach to 39 percent of the country, but Pai reinstated a loophole that allows owners to count only half of some stations' reach when calculating adherence to the limit. Sinclair's bid for Tribune would have been impossible without the loophole's restoration.

Pai, who has generally supported sidecar arrangements because he says they allow small TV stations to pool resources, also undid a Wheeler rule change that had gutted broadcasters' latitude to strike them up. The FCC under Wheeler tightened agency scrutiny of the arrangements, and warned broadcasters that it would count the sidecar stations when calculating a company's reach in ownership limits.

In Pai's change of the rules, the FCC still cautioned stations that "they must retain ultimate control over their programming and core operations so as to avoid the potential for an unauthorized transfer of control" in pursuing the relationships. Sinclair's critics, including Free Press' Aaron, worry that warning could prove toothless in the face of arrangements like that proposed with Williams. "They've done it in a way that they can convince an ever-friendly FCC that this is somehow in line with ownership regulations, but the entire arrangements are clearly designed to evade ownership limits, and Sinclair has been doing this for years," Aaron said.

But Williams said he — not Sinclair — would be in charge of the stations he's buying. "They will offer programming and commentary for our stations. Sometimes I will reject it," he said. "It's not that we reject it because we don't want it, it's because the time slot and the consistency that they want it does not fit with what we're already populating our stations with." – ***Politico***

The rent-by-the-hour religious Word Network got the word on its complaint against Comcast Corp. – dismissed. Comcast did not unfairly punish, or violate the government's conditions on its deal for NBCUniversal, when it dropped the Word from about 7 million homes on Comcast cable systems in early 2017. The Word leases airtime to preachers, both white and black, for sermonizing and to raise funds. The Word, based in Southfield, Mich., also claimed in its FCC filing that Comcast had sought exclusive rights to its digital content in a carriage agreement. But the FCC said there was no evidence that Comcast asked for this exclusivity.

The FCC made a partial decision in Comcast's favor in late 2017 and now has dismissed the remainder of the Word's complaint. The Word could not be immediately reached for comment. Comcast said it believed the complaint was frivolous and was pleased by the FCC's decision, a spokeswoman said.

In early 2017, Comcast replaced the Word with the Impact Network, another African American religious network, whose preacher, Bishop Wayne T. Jackson, of Great Faith Ministries in Detroit, was close to then-candidate Donald Trump. Comcast and Jackson said that politics did not play a part in the decision to replace the Word with Impact. "This didn't just start with Donald Trump coming to my church. It's just a coincidence of all these events," Jackson told the Inquirer in early 2017. Hundreds of Word supporters traveled to Philadelphia from the Detroit area to protest Comcast's action. The Word is still available on some Comcast systems. – ***Philadelphia Inquirer***

Sen. Scott Wagner will resign from his Senate seat on Monday to concentrate his efforts on unseating Gov. Tom Wolf in the November election. **Wagner submitted a letter** to Senate President Pro Tempore Joe Scarnati, R-Jefferson County, indicating his intention to depart from the Senate seat he has held representing York County for the past four years. Wagner **won the Republican gubernatorial nomination** in the May primary, beating out political newcomers Paul Mango and Laura Ellsworth.

Wagner's spokesman Andrew Romeo said in a statement, "Since winning his historic write-in campaign in 2014, it's been Scott's honor to serve the people of York in the state Senate. However, since Tom Wolf has taken office there has been nothing but gridlock in Harrisburg, and Scott realizes that the way he can bring about the most change and do the most good for the commonwealth is to devote all his time and energy toward getting elected governor and giving Pennsylvanians a different choice."

Gov. Wolf responded a couple hours later to the news, saying that Wagner's decision to resign "one week after skipping crucial votes to protect children in order to attend a political corporate policy summit, and one month before the budget deadline, proves that he is the very worst of Harrisburg." The statement, issued by Beth Melena, communications director for the Wolf campaign, noted that Wagner was a confirmed nominee to attend the Republican Governors Association 2018 New York Corporate Policy Summit from May 22 to May 23.

During that time, she noted in the statement, that Wagner missed votes on keeping 17,000 sex offenders on Pennsylvania's registry, making domestic violence in the presence of children a separate crime, and requiring carbon monoxide detectors in child care facilities. "Scott Wagner is only interested in furthering his own political ambitions, but his resignation does not erase his long record of supporting education cuts for our children, rolling back health care for hundreds of thousands of Pennsylvanians, and throwing seniors out of their nursing homes," the statement said. – ***Harrisburg Patriot-News***