



THE NEWSGUILD – CWA

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July 21, 2022

Dear President Biden,

Your Administration, particularly the Department of Justice and the agencies conducting CFIUS review, has a clear choice: stand with journalists and the American people or stand with anonymous foreign investors and Wall Street firms.

The proposed takeover of a major U.S. local broadcast TV station owner, TEGNA, by hedge fund Standard General and its financiers, like Apollo private equity,¹ should be rejected. Their ploy is the culmination of a multi-year hostile takeover effort of a local broadcast news company that the government should not allow. The record shows why:

- **Threat to local journalism.** The NewsGuild-CWA for years has fought hedge fund takeovers of news organizations. Our members — America’s journalists — overwhelmingly call for public policy to prevent hedge fund ownership of news outlets. The carnage in America’s newsrooms proves why: these funds pay for their debt financing with job cuts. The proposed takeover of TEGNA is no different. The Wall Street takeover artists argue that they do not “intend” to cut jobs but conspicuously fail to put their money where their mouths are with legally binding commitments to preserve jobs. The government should not allow a Wall Street takeover of a first-class local news broadcaster.
- **Lack of transparency.** The NewsGuild-CWA consistently argues that Wall Street funds hide the identities of their investors and terms and conditions of the financing behind their newsroom acquisitions. The TEGNA deal proves this again. Despite attempts by the Federal Communications Commission (FCC) to secure meaningful documents that would show the actual covenants – including any promises to cut jobs– made to their lenders and investors, Standard General and its financiers have failed to produce the documents detailing whose money they invest and whether they agreed to cut costs at the expense of hardworking Americans in order to pay the interest on their enormous debt used to acquire TEGNA.
- **Anonymous foreign investors.** Related to the lack of transparency, Standard General and Apollo have admitted that much of their investment capital comes from unnamed foreign sources, but

¹ The terms “Apollo” and “Standard General” as used here refer to all of the interrelated partnerships and investment funds involved in this transaction.

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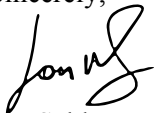
they have not disclosed any details. Apollo even asked² the FCC to rule that a fund containing **100% foreign investment** can hold all 61 U.S. broadcast licenses in this deal, despite the legal requirement capping foreign ownership of U.S. broadcasters at 25%. The FCC should reject this overreach and the Treasury and State Departments should reject any deal that contains a single penny of investment from foreign adversaries. Transparency is a core tenant of good journalistic ethics and shadowy foreign investors should not control America's news.

- **Manipulated price-fixing and collusion.** As reported recently by Bloomberg News, the proposed takeover of TEGNA includes a complex set of transactions that moves the Boston Fox affiliate back and forth between Apollo, Standard General, and related funds, all in an attempt to substantially raise the fees charged by every one of TEGNA's additional TV stations around the country and pass those fee increases onto pay-TV subscribers. When pressed on this issue, the applicants essentially shrug and say, so what? That's just how a contract works and the government should not get involved. Wrong. During the worst inflation in decades, the applicants should not be allowed to play shell games in order to raise prices on hardworking American consumers.
- **Claiming diversity without showing ownership details.** Standard General, a hedge fund, claims that it is increasing broadcast ownership diversity by historic levels because its sole voting shareholder is Asian-American. The NewsGuild-CWA has fought for decades to increase media ownership diversity, as Standard General correctly points out in its filings. However, ownership by large hedge funds with majority financing from anonymous foreign and U.S. institutional investors is not the same as ownership by a historically underrepresented person of color acquiring a broadcast license. To suggest otherwise makes a mockery of the important public interest goal of increasing true ownership diversity. Standard General should disclose the identity of all its investors, and those of the other funds taking a stake in this deal, before claiming an increase in ownership diversity.

Will your administration stand with journalists and American families or stand with anonymous foreign investors and Wall Street funds? The answer is very clear.

Reject the proposed acquisition of TEGNA broadcasting by Standard General and Apollo.

Sincerely,



Jon Schleuss

President

The NewsGuild-CWA

² Public Notice, *Media Bureau Announces Filing of Petition for Declaratory Ruling Filed by Teton Parent Corp.*, DA 22-446, MB Doc. No. 22-166 (Rel. April 21, 2022).