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WHAT THE INDUSTRY READS FIRST

Conspiracy Theory: DirecTV Claims Nexstar Sidecars are Antitrust Violation

Several MVPDs have raised alarms over Nexstar's arrangements with **Mission Broadcasting** and **White Knight Broadcasting**, and now **DirecTV** is taking matters to court. It filed a lawsuit in federal court this week, claiming that Nexstar is violating federal antitrust law by engaging in an illegal conspiracy with Mission and White Knight to manipulate, raise and fix prices of retransmission consent fees.

Nexstar dismissed the claims. "Nexstar's shared services agreements with White Knight and Mission Broadcasting are in full compliance with FCC rules, and each station group independently negotiates its own retransmission consent agreements with its cable, satellite, and telco partners. This lawsuit is without merit and Nexstar looks forward to prevailing in court," a Nexstar spokesperson said.

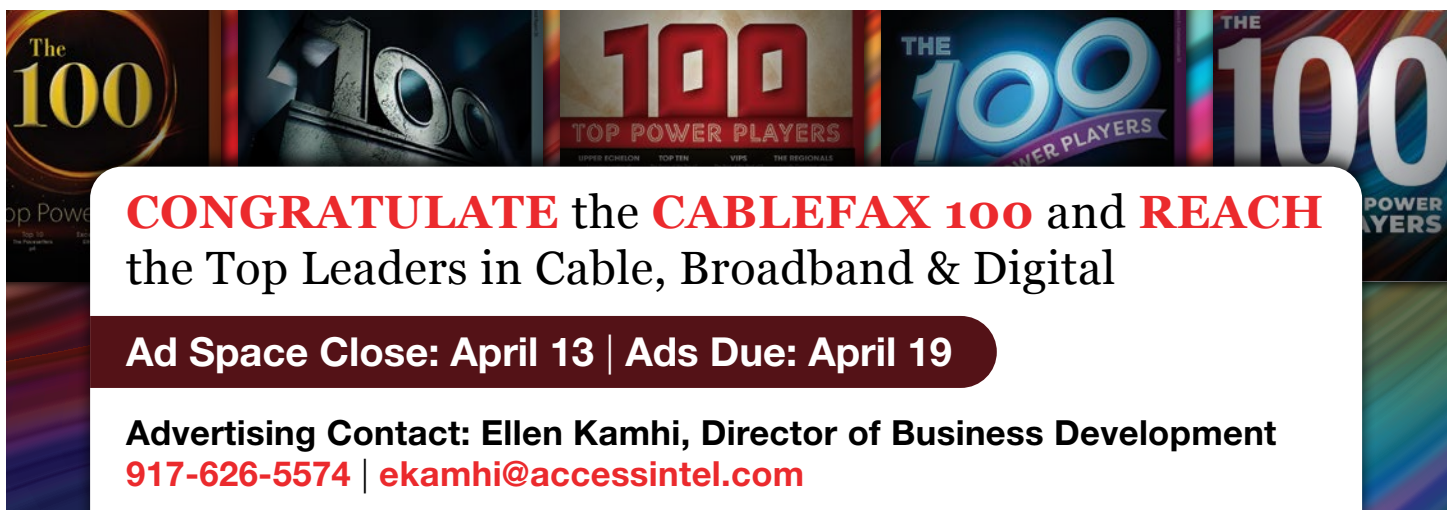
While we've seen [Comcast](#), [Charter](#) and the [American TV Alliance](#) raise similar concerns regarding Nexstar, DirecTV's lawsuit provides details that haven't been made public before. For example, DirecTV said Nexstar has arranged for consultant *Eric Sahl* to be the exclusive negotiator for all of its sidecars, charging that he answers to Nexstar and not the sidecars' management teams. The suit said Sahl became incommunicado during a critical period of negotiations with DirecTV in October 2022 while Nexstar's management was occupied by retransmission consent fee negotiations with **Verizon**.

DirecTV also alleges that Sahl was aware of sensitive non-

public info about Nexstar, including demanding retransmission consent fees for **CW** stations that White Knight did not own two weeks before Nexstar announced to the public it acquired a 75% interest in the entire CW network. "And Sahl has regularly blurred the lines between the various Nexstar sidecars he represents—repeatedly breaching confidentiality obligations and failing to conduct negotiations independently for each of these entities," DirecTV said, offering examples such as referencing other sidecars' retrans rates in negotiations.

While Mission and White Knight stations have been dark on DirecTV since October 2022, the MVPD believes there is a bigger end game: a new, higher cost retrans deal with Nexstar. The lawsuit redacts when their current agreement expires, but based on a 2019 nearly two-month dust-up between **AT&T** and Nexstar, that deal is likely up this year. The broadcaster has said approximately 40% of its subscribers are up for renewal by year-end.

"Given the enormous scale of Big 4 stations owned by Nexstar, the [redacted] contract renewal will be DIRECTV's largest single retransmission consent agreement in terms of total dollars paid to a broadcast station group," DirecTV said. "With an eye to these negotiations, which cover all of Nexstar's stations across the country, Nexstar wants to ensure that its sidecars have set a sufficiently high price floor in their negotiations so Nexstar can enter its own negotiations with DirecTV with confidence that it can attain a similarly supracompetitive rate. Accordingly, Nexstar has coordinated with Mission and White Knight to act as its stalking horses for its own larger deal, and the sidecars



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are therefore incentivized to hold out for higher rates.”

While Comcast did re-up with Mission and Nexstar late last year, it filed a complaint against the two at the FCC alleging that they didn't negotiate in good faith. Such complaints are often dropped once a deal is reached, but Comcast has opted to keep it in play. According to the complaint, Mission, Nexstar's largest sidecar partner, sought to renew carriage of 17 of Mission's-owned-and-licensed stations but withheld any offer for WPIX during the parties' negotiations. Comcast is alleging that Mission and Nexstar refused to put forth more than a single, unilateral proposal and both unreasonably delayed negotiations for WPIX.

The FCC is investigating separate informal complaints filed by Comcast and Charter in 2021 that argue Nexstar is in violation of the 39% national broadcast ownership cap because they believe WPIX should be attributable to Nexstar given its sidecar agreement with Mission. That investigation is still pending.

As for Mission and White Knight, their stations have been off **DISH** and **Sling TV** since Jan. 6. DirecTV argues its lawsuit that they don't have any incentive to maximize equity value, with Nexstar entering into option agreements that would allow it to buy 100% equity in the sidecars at pre-specified prices at any time. “As a practical matter, the ‘owners’ and ‘managers’ of Mission and White Knight have no skin in the game, have no incentive to take any action that would advance their own entity's interests to the detriment of Nexstar, and are simply custodians to Nexstar's strategic directives,” DirecTV said.

The MVPD said White Knight doesn't appear to have a management team, noting that its president has a full-time job as a lobbyist with a trade association and its corporate headquarters is his residence. *Toby Malara* is listed online as president. He also is VP, Government Relations of **American Staffing Association**. Mission's management is made up of two former Nexstar execs who do not participate in retrans negotiations, DirecTV said.

Mission owns television stations in 26 markets, including Big 4 stations in 23 markets in the U.S.—every one of which also has a Nexstar Big 4 station. White Knight owns two Big 4 stations in two markets—each of which also has a Nexstar Big-4 station.

ORIOLES, NATS TV RIGHTS FEE SPAT

A long-running battle between the Baltimore Orioles and the Washington Nationals over the fair split of telecast fees for each team from regional sports net **MASN** had another moment in court Tuesday. The case centers on an agreement that was made when MASN was formed after the Montreal Expos made the move to D.C. The two teams broadcast on the network failed to reach an agreement on the telecast fees each team would be paid for 2012-2016, and the dispute went to arbitration before the **MLB's** Revenue Sharing Definitions Committee, pursuant to the teams'

original agreement. The RSDC determined that the Nationals were owed \$53 million for 2012, \$19 million more than the Orioles' valuation for payment to the Nationals, and that that total should rise by \$3 million each year through 2016. The Orioles have challenged the decision, arguing that the arbitration process was not impartial due to members of the RSDC having connections to the Nationals. In oral arguments before the New York Appeals Court Tuesday, *Carter Phillips*, representing the Orioles, said the case should be sent to a neutral arbitrator outside of MLB in order for a final settlement between the two parties to be reached and to eliminate the potential for a seemingly limitless loop of challenges over the rights fees. Key to his argument is that the entire RSDC was corrupt, leading to a more favorable outcome for the Nationals. But Associate Judge *Jenny Rivera* pushed him on that. “It seemed that the prior commissioner was quite favorable to your side. No one complained about partiality there, right?” she said. “I read your briefs to include statements to the effect that ‘my concern is what happens with the Orioles.’” *Derek Shaffer*, representing the Nationals, instead argued that one person does not a corrupt tribunal make. He also fought that arbitration could not simply be moved to another venue because the RSDC is central to the agreement originally made between the two teams. “No one in this case has offered a coherent, clear analysis of what the basis is for reforming or rescinding the contract as negotiated between sophisticated parties who understood what the RSDC was and how it operated within Major League Baseball and did that with precision and with clarity,” Shaffer said.

PROJECT KUIPER SHOWS OFF THREE SATELLITE TERMINALS

Amazon showed off more details around its **Project Kuiper** satellite broadband product at **Satellite 2023** Tuesday. Project Kuiper's standard customer terminal measures less than 11 inches square and one inch thick, and will weigh less than five pounds without its mounting bracket. Amazon expects to produce the terminals for less than \$400 each, and they'll be capable of delivering speeds of up to 400 Mbps. But Amazon also expects to manufacture two other terminals: a 7-inch square design capable of delivering speeds of up to 100 Mbps for low-income residential customers and a larger terminal measuring 19 inches by 30 inches that will offer enterprise and government customers speeds of up to 1 Gbps. Project Kuiper expects to begin mass-producing satellites by the end of 2023 with customer service beginning later in 2024.

LET THE MADNESS BEGIN

The brackets have been revealed and fans are making their picks for this year's NCAA men's and women's tournaments. The men's

tournament will have all of its games broadcast across **TBS**, **CBS**, **TNT** and **truTV** and the NCAA March Madness Live app. All games on CBS can be watched via **Paramount+** without the need for authentication. The First Four games will begin tonight at 6:40pm on truTV, leading into the 9:10pm game between Pittsburgh and Mississippi State. The second half of the First Four games will take place Wednesday, with tip-off times the same. CBS will have the start of the Round of 64 on Thursday at 12:15pm. For Thursday and Friday, eight games will make up the afternoon session, before eight more games tip off in the evening session. – **ESPN** will have broadcast duties for the women's NCAA tournament for a 28th year. The First Four games begin Wednesday on **ESPN2** and will conclude Thursday on **ESPN2**. Tip off times are slated for 7pm and 9pm on both days. The first round gets underway Friday at 11:30am on ESPN2, with other first-round games available on **ABC** and **ESPNEWS** as well. – In time for March Madness, **DirecTV** is offering new satellite customers up to \$500 in rewards cards if they sign up for a two-year contract on [DirecTV.com](https://www.directv.com). New DirecTV Stream customers can get \$10 off each of their first three months by signing up [online](#), or they can get \$10 off for the first 12 months if they add the DirecTV Stream [device](#). – **Comcast** will have a one-stop destination for live and on-demand coverage of both NCAA Tournaments. X1 customers can utilize the X1 Sports companion app that allows viewers to see scores and stats in real time as well as an interactive bracket. Fans can choose specific teams to follow and receive alerts, and can also record or set reminders for upcoming games.

INTRODUCING CALBROADBAND

The **California Cable and Telecommunications Association** is relaunching to reflect the changing nature of the industry. It will now be known as **CalBroadband**, the California Broadband & Video Association, and it promises to continue educating the industry, policymakers and the public about the importance of broadband while pushing for further innovation across the industry. The association unveiled a revamped [website](#) and social media pages as part of the makeover.

SPECTRUM ENTERPRISE UNIFIES WITH NETCRACKER

Spectrum Enterprise has expanded its relationship with **Netcracker**, choosing the latter's Netcracker Revenue Management as its single billing platform. Those enterprise customers that are migrated to Netcracker's platform will benefit from more detailed invoices while Spectrum Enterprise will be able to further streamline its operations.

YOUTUBE TV ADDING MULTIVIEW

YouTube TV is implementing multiview capabilities in the coming months, allowing viewers to watch up to four streams

at the same time. Select members will have early access, where they can pick among the pre-selected streams in the "Top Picks for You" section. Viewers can switch audio and captions between streams and can select a specific stream for full-screen watching. No specific device is needed as the platform moved processing requirements to YouTube's servers.

FORMER BET, TPS EXEC LAUNCHES WOMEN-LED STUDIO

A new, all-women-led content studio led by former President of Tyler Perry Studios **Michelle Sneed** was introduced Tuesday. **A Few Good Women Productions**, a full-service content studio that can greenlight and hold project autonomy throughout the entire production process, will focus on stories and characters that represent diverse people, places, cultures and concepts. Tsedy Gebeyehu, who spent time at TPS alongside Sneed, will be the company's President.

RATINGS

Fox News took home the top spot in total-day and primetime ratings among cable nets. It led total day with 1.36 million viewers P2+, followed by **MSNBC** with 673,000. That edged out **ESPN's** mark of 665,000, before **HGTV** (468,000) and **CNN** (408,000) wrapped the top five. In primetime, Fox News led the way with 2.24 million. ESPN and MSNBC were close in this category as well at 1.27 million and 1.09 million, respectively, followed by HGTV in fourth with 923,000. **History Channel** capped the prime top five with 814,000.

PROGRAMMING

Vizio is debuting a limited, four-part branded entertainment series "3 Pointers" to be hosted by Casey Webb on Friday. The program highlights the culture of the biggest month in college basketball, showcasing game day recipes, drinks and tips to get the most out of a basketball viewing experience. – "Alex vs. America" will return to **Food Network** starting April 16 at 8pm. – **MSG Networks** and **Caesars Sportsbook** are teaming up again for Season Two of "One Course with JB Smoove, Presented by Caesars Sportsbook." An episode will be telecast at 9pm ET Tuesday ahead of the showdown between the New York Knicks and the Portland Trail Blazers at 10pm.

PEOPLE

Charter promoted **Stephanie Babin** from GVP, Billing Strategy and Design to SVP, Billing Strategy and Design. She'll continue to report to EVP, Customer Operations **Cliff Hagan** and will oversee the creation of a converged customer ordering platform for the company's cable and mobile products, while also helping redesign the customer billing experience.