

# Radio Business Report™

Voice Of The Radio Broadcasting Industry®

June 18, 2001

Volume 18, Issue 25

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### Coen cuts ad growth outlook to 2.5%

Noted ad guru **Bob Coen**, Sr. VP and Director of Forecasting for Universal McCann, said 6/14 that he expects total US ad spending to grow only 2.5% this year, not the 5.8% he forecast in December (*RBR* 12/11/00, p. 2). For radio, Coen now expects growth this year of 2% for national (network



and spot combined), down from his original forecast of 5.5%, and growth of 5% for local, down from 6.5%.

Coen observed that the economy was clearly slowing when he made the previous projection, but the decline has been worse than he had expected. "In the opening months of 2001, when final numbers for the fourth quarter of last year were re-

Paul Weyland tells us how to sell during a recession.  
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Everyone's up in A.R.M.A. in Baltimore.  
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**June 25**

**Feature: Radio Economic Outlook**

**July 2**

**Hispanic Radio - Part 2**

**July 9**

**Feature: Programming for Profit**

# Radio News®

leased, it became evident that the economy was not just moderating a bit but could be moving into a recession," he said.

With the exit of many dot-com companies, Coen says many ad buyers disappear—and those advertisers who remain are spending less. Looking forward, the guru is optimistic but cautious about 2002, noting that there is "still a great deal of uncertainty" and that marketers will be cautious about ad budgets for many months to come. His early forecast is that US ad spending will grow 5% in 2002.

For the full revised chart go to our website [www.rbr.com](http://www.rbr.com) and click on "Coen forecast".—JM

## NAB Board re-elects Fritts; Kennedy new Joint Board Chairman

At the 6/12 NAB board meeting, the NAB board reelected **Eddie Fritts** to NAB President and CEO; **Kenneth Almgren** was re-elected as Secretary/Treasurer for a one-year term. New board



Dille

Kennedy

members include **Jerry Hanszen, Jerry Lee, John Barger, George DeVault, Carlos San Jose, Alex Snipe, Jo Ann Small Fisher, Stephen Levet, Alfred Liggins, Val Maki-Candido, Gunther Meisse, and Madelyn Bonnot.**

**Carl Gardner**, Radio President of Journal Broadcast Group, nominated Federated Media President **John Dille** to Radio Board Chairman, succeeding Susquehanna Radio President/COO **David Kennedy**. The nomination was seconded by Commonwealth Broadcasting President/CEO **Steven Newberry**. Dille was elected unanimously.

**Bill Stakelin** nominated

and **David Barrett** seconded the nomination of Kennedy as NAB Joint Board Chairman. He was voted in.

**Trish MacDonald Garber**, President of MacDonald Garber Broadcasting, nominated Hubbard Radio President **Virginia Morris** to Radio Board Vice Chairman. Emmis Radio President **Doyle Rose** seconded the nomination and she was elected unanimously.

In other news from the board meeting, NAB EVP **John David** said that while NAB membership is at a near-record levels, the financial impact of Infinity Radio (RBR 4/9, cover) and CBS-TV stations withdrawing memberships is being felt.

The National Radio Systems Committee (NRSC) and iBiquity Digital told the board that IBOC system testing is nearly completed and a full report on FM performance and data should be delivered to the FCC by September. The AM system report should be ready early next year. The board issued a resolution on IBOC DAB, which encouraged the NRSC and iBiquity to



## Muhammad Ali honored by NABEF

"There is no one on earth more aware of the media than **Muhammad Ali**," declared **Lonnie Ali** at the third annual NAB Education Foundation Service to America Awards (6/11). And "The Champ" didn't dispute his wife's claim—in fact, he just grinned when she said "his pretty face was always camera ready." Due to Muhammad Ali's ongoing battle with Parkinson's Disease, Lonnie Ali delivered the main address at the

NABEF dinner in Washington, recalling her husband's career in boxing and use of his celebrity status to battle hunger and promote peace and humanitarianism—work which the couple hope to see carried on by the Muhammad Ali Center, to be built in their hometown of Louisville, KY. "He knows he will not be able to travel and work as he has done forever," she noted.

Muhammad Ali was surprisingly clear of voice, however, when he climbed the stairs and walked across the stage (pictured above with NAB President **Eddie Fritts** joining in the applause) to the podium and briefly addressed the crowd of broadcasters. Clips of his early fights provided by WAVE-TV Louisville had been interspersed in a video biography of his life, and Ali acknowledged that he was always attracted by media exposure. When he won his first fight at age 12, a clip from the bout was shown on local TV and seen by many classmates at his school. "I enjoyed that. It made me feel good," Ali said.—JM



# Who is The T-Man?

How does he get these ratings?

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Adults 18-24 #1

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Adults 18-44 #1

Adults 18-49 #1

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\*Source: Arbitron, WINTER '01 -- M-F, Cumulative Persons 6AM-10AM, MSA



complete their tests as "rapidly as practical." It also stated support for an early decision by the FCC to adopt a single DAB standard and stated its preference for IBOC as the best path for transition to digital.—CM

## Wicks and Computer Concepts swap systems

In a rather unique business arrangement, but one that makes complete sense, automation systems provider Computer Concepts Corp. will "trade" its Visual Traffic software division for Wicks Broadcast Solutions' Digital Universe automation system.

Visual Traffic, with 500 client stations, adds to Wicks' already substantial (8,000 clients) traffic/management software business, garnered from its acquisitions of CBSI and Datacount (*RBR* 2/14/00, p.4).

Digital Universe, originally developed by CBSI, will further Computer Concepts' and parent Scott Studios' specialties in the digital automation system business, adding to a stable of 3,800 client stations.

Says Scott Studios/Computer Concepts CEO **Dave Scott**: "This swap is a positive move for customers of both these products because it keeps the main thing the main thing. Computer Concepts and sister Scott Studios' core business is digital audio systems. Wicks' core business is radio traffic software. Neither company will be distracted by commitments made outside its core business. Customers will be best serviced by a company that lives and breathes and loves the product that they have."—CM

## CMR says Q1 ad spending fell 5.2%

National spot radio was hit harder than any other national medium in Q1, according to data released 6/13 by Competitive Media Reports (CMR). While total ad spending dipped 5.2% to \$22.6B, CMR said national

# Radio News®

spot radio fell 24.1% to \$433.3M. Next worse was network radio, down 18.4% to \$182.5M. The biggest gainer among the media tracked by CMR was cable TV, up 6.6% to \$2.46B.

Don't blame it all on dot-com. CMR's figures show that ad spending by auto companies was down 5.4% to \$2.5B. General Motors (N:GM) slashed advertising 25.8% to \$480M across all media, Ford (N:F) was down 19.1% to \$252M, and Honda decreased 1.2% to \$166M. Surprisingly, DaimlerChrysler (N:DCX) increased ad spending 2.1% to \$373M (Huh? Where did they spend it?) and Toyota was the big gainer—increasing ad spending 12.6% to \$184M. CMR released figures only for the big five, so there was no data to buttress reports from many radio executives that other foreign car makers had been taking advantage of the ad slowdown by domestic car companies to go after market share.—JM

## Judge allows pirate to challenge Radio Broadcasting Preservation Act

U.S. District Court Judge **Warren Eginton** has ruled that **Mark Blake**, who operates a pirate FM on 105.3 MHz "Prayze FM" in Bloomfield, CT (Hartford), can challenge the Radio Broadcasting Preservation Act of 2000's constitutionality. Congress' answer to **Bill Kennard's** LPFM quest, the act requires third-adjacent channel protections for existing FMs, greatly diminishing the number of LPFMs that the Commission can license.

The station has operated illegally beginning in 11/96 and was first shut down by a Federal Judge's ruling 9/98.—CM

## CCU leaving NYMRAD

Clear Channel (N:CCU) is pulling all five of its NYC FMs from the New York Market Radio Association (NYMRAD) 7/1. CCU claims it can give marketing presentations to local advertisers and agencies on its own, and save money in the process. See agency reaction, p. 8.—CM

## Copps taps trio of FCC insiders



New FCC Commissioner **Michael Copps** (D) has signed on three veteran FCC staffers as "interim members of his personal staff" while he ponders who to hire on a permanent basis. For now, **Jordan Goldstein** will serve as Senior Legal Advisor and focus on common carrier issues. He had been Legal Advisor to departed Commissioner Susan Ness. Of particular interest to broadcasters, **Susanna Zwerling** has taken a Legal Advisor post in Copps' office and will handle mass media and cable issues. She had been Assistant Bureau Chief for Planning and Communication in the Mass Media Bureau. Also serving as a Legal Advisor is Lauren **Maxim Van Wazer**, who will focus on wireless and international issues.—JM

## Terion paging asking stations to drop monthly rent by 50%

Sub-carrier (SCA) paging and two-way messaging company Terion Corp. is dropping some stations and asking the remaining stations to take a 50% cut in the monthly subcarrier rent, according to an *RBR* source who adds Terion's sales to truckers are running behind projections.

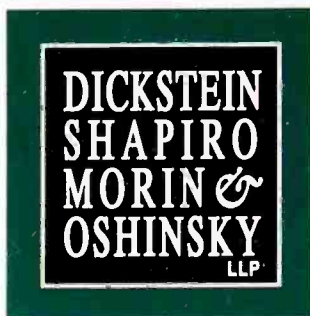
Terion and Q-Paging have all the key FM SCAs. Terion was even thinking of buying Q-Paging as late as April the source says. "Their system is very good and well designed. The system makes the stereo better by putting and active phase correction into the broadcast chain. It samples the transmitted signal then shifts the 19 kHz phase to give sort of perfect stereo. Seems to reduce multipath by keeping the pilot dead on," adds our source.

Terion is based in Melbourne, FL. Calls asking for comment were not returned.—CM

## Media criticized for minority portrayals

Panelists at the NAB Educational Foundation Summit in Washington (6/11) complained that radio and TV are not doing a good job of portraying minorities, despite evidence from the 2000 census that America is more diverse than ever. Noting the growth of the Hispanic community, La Raza President **Raul Yzaguirre** complained, "We're portrayed more negatively than any other group in this country."

Both he and National Urban League President **Hugh Price** charged that broadcast news focuses only on extremists and ignores the mainstream of mi-



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nority communities. "If you're not loud and outrageous, you're not newsworthy," Price said.

Rising from the audience to defend the industry, Cromwell Group CEO **Bud Walters** complained that broadcasters aren't given credit for all the service they do provide to their communities. Panelist **Leo Ramos**, GM, WSCS-TV Chicago, suggested that the real problem was not with broadcasters who support public service ventures like NABEF, but with those who weren't represented at the Service to America Summit. "We're all members of the same choir," he noted.

As NABEF graduated the first class from its Broadcast Leadership Training Program, some summit participants questioned whether there were still ownership opportunities for minorities after deregulation and consolidation. "We're going to have a lot of people with training, but no place to go for ownership," said **Lorain Ballard Morrill**, News & Public Affairs Dir., WUSL-FM Philadelphia.—JM

## Opening at Radio & TV Marti

The *Miami Herald* reports that **Herminio San Roman** has submitted his resignation to President **Bush** as Director of the US Office of Cuban Broadcasting—the government agency which operated Radio Marti and TV Marti. The move was not a surprise, since San Roman was a Democrat appointed in 1997 by President **Clinton**. Although the post is not one which requires congressional approval, its occupant normally changes with each change of administration.

According to the *Miami Herald*, the Republican White House already has a short list of Cuban-American candidates, including veteran Miami broadcasters **Salvador Lew** and **Ninoska Perez Castellon**, documentary film maker **Eduardo Alberto Palmer** and **Antonio Navarro**, a Democrat who has experience going

for him—he held the post during the administration of the first President Bush.

**RBR observation:** Radio and TV Marti have long been a sore point for US broadcasters. Jamming by the Cuban government is said to be pretty successful in keeping most of the population of Cuba from hearing Radio Marti and TV Marti (launched during Navarro's tenure) apparently has virtually no Cuban viewers—even when its Rube Goldberg-style balloon-antenna is able to stay aloft. Cuba, however, retaliated for the attempts to penetrate its borders via the airwaves by boosting power on its AM stations and increasing jamming—both of which have caused interference problems for US AM stations.—JM

## Amber Plan going national

As Dallas-Ft. Worth broadcasters and law enforcement agencies were honored with the NABEF Service to America Samaritan Award for the ground-breaking Amber Plan, presenter **Dan Snyder**, owner of the NFL Washington Redskins, announced that the program is going national next month.

Details of the Amber Plan for quick, coordinated local action to locate kidnapped or missing children will be available at the website of the National Center for Missing and Exploited Children, [www.missingkids.com](http://www.missingkids.com), where Snyder is a member of the board of directors.

In accepting the award for the Amber Plan, named for a young girl whose death inspired the quick-response plan in the Dallas-Ft. Worth area, Tarrant County Sheriff **Dee Anderson** urged other communities to implement the Amber Plan: "It'll make

you feel so much better if you have it and never need it—than if you need it and never have it."—JM

## McDonald's pulls ads from WTIC-AM

From the *Hartford Courant*: McDonald's has pulled ads from WTIC-AM Hartford after Talk-show host **Colin McEnroe** criticized a company visit to a local high school. Mickey D's had recruited students during the visit, which involved an assembly that was supposed to help them prepare for job interviews. When a student at the assembly criticized the fast-food giant, he was forced to apologize to the entire school. During its visit, McDonald's recruited students by offering coupons for free meals if they filled out a job application.

So, during his 6/4 show, McEnroe took up the student's cause and said the company should not have been in the school in the first place. The company has since suspended advertising with the station and is considering whether it will resume advertising in the future, a McDonald's spokeswoman said 6/12. "McDonald's has pulled ads on WTIC-AM and is evaluating its advertising presence with the station based on the extensive commentary from an on-air personality," she told *The Courant*. "McDonald's supports free speech, but I think in this case they felt that it went more beyond the reporting of the news and provided personal commentary. That's what's going to be evaluated."

McEnroe responded: "McDonald's shouldn't have had access to the school. It's not a place where one company should be allowed to proselytize. ... There's plenty of room for kids to ask ques-

tions of a major corporation. It's completely legitimate. I thought it was impressive for the kid to say."—CM

## XM adds another 14 programmers; adds to artists stable

XM Satellite Radio (O:XMSR) announced 6/13 more additions to its programming staff, as the company nears launch this summer. WLVE-FM Miami MD **Trinity Colon** will program the company's Contemporary Jazz channel; Smithereens lead vocalist **Pat Dinizio**, will program a channel targeted toward unsigned bands and small independent labels; FAT Music Radio Network chief **Felton Pruitt** will program XM's Bluegrass channel; WQCD-FM NY MD **Russ Davis** will program the Modern Jazz and New Age channels; Nashville legend **Eddie Kilroy** will serve as PD for one of XM's Country channels; WGUF-FM Ft. Myers, FL PD **Bill Schmalfeldt** will program the Broadway/Show Tunes channel; and **Emma Wilson**, a.k.a. Red, will program the Youth channel.

XM also hired seven new MDs: **Brian Chamberlain** (Soft Alternative), **Dan Dixon** (Country), **Dermot Hussey** (Reggae), **Patrick Lemiux** (Dance), **Curt Mathies** (Alt. Country), **Cystal McKenzie** ('80s) and **Tobi** (College/Alternative).

Two new additions to XM's Artists Family were also announced: **Junior Marvin**, former lead guitarist for Bob Marley, will help create programming for XM that features live Marley concerts. Platinum album act Insane Clown Posse will produce their monthly *Juggalo Show*, which began in Detroit radio, for one of XM's Rock channels.—CM



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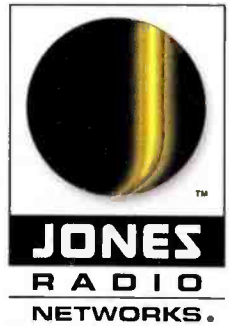
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## CCU bids farewell to NYMRAD; NYC spot buyers react

Clear Channel (N:CCU), not long after re-jiggering upper management in the Big Apple, says it will pull all five FMs (WHTZ, WKTU, WAXQ, WLTW and WTJM) from the New York Market Radio Association (NYMRAD) 7/1. CCU claims it can give its own marketing/new business presentations to local advertisers and agencies, saving money in the process. The nation's largest broadcaster, it has been postulated, also doesn't like sharing station data with in-market competitors via NYMRAD. Could this be the start of other organizational pull-outs? If so, the impact could be devastating to the progress these groups have made.

NYMRAD Executive Director **Sandy Josephsen** tells *RBR* he's very disappointed with the decision and hopes they will reconsider: "The New York radio community has always taken the attitude, 'What's good for New York radio is good for the individual stations.' Even though they have been competitive as stations, they have always recognized the need for someone without an order book in their pocket who could be a non-threatening resource and counsel them about radio."

We asked two NYC spot buyers a few questions on the issue: **Dennis McGuire**, VP/Senior Spot Radio Manager, Carat USA; and **Colleen Kelly** Senior Broadcast Negotiator, Initiative Media.

### What's your reaction and what experiences have you had with NYMRAD?

**McGuire** I'm surprised by the move, I can certainly say that. I think that NYMRAD is a wonderful organization that supports radio in its entirety

for all the stations. And I think that the seminars and the parties that it hosts is really a unifying effect for everybody who is involved with radio. It lets people come together and really to discuss ideas, whether on a social basis, professionally and intellectually. And I'm sort of sorry that Clear Channel will not be part of that.

**Kelly** I think it's unfortunate. I think it brings a lot of people together and they can work as a nice media community, and I think they are going to lack that now by pulling out.

The information that they provided us and those business breakfasts that they have are really informative. I think Sandy has done a fabulous job of running that whole organization and I think that he's put so much work into it that it's a shame. I mean the business has been in a tough situation right now as it is. I just think this is just another negative impact on it.

### We hear they may have wanted to stop sharing data with other NY market stations via the seminars and presentations. What do you think?

**McGuire** I can't comment on that because I don't know that to be a fact. But I think that as an organization that supports radio in New York and the work that Sandy Josephsen does I think is just terrific—you know to try and get more radio dollars down. I think a certain amount of information can be shared if it's going to help the entire radio community.

**Kelly** I can't understand that, I'm not sure they were sharing that much with them.

# Radio AdBiz

By Carl Marcucci



McGuire

### Apparently, Clear Channel is going to do its own promotions and presentations for the NY spot buying community. Do you think it will have the same positive impact for the stations as NYMRAD?

**McGuire** I think it's going to limit them somewhat because they're not going to have the shared experiences of other stations to contribute to their decision-making policies. But I'll tell you something, they're not stupid people. The company is run by very smart individuals and they probably feel that they can forward the cause of Clear Channel Radio on its own. I just feel that it's sad that they're not part of an outfit that's trying to benefit all radio in NY. Yes, these are bright people, these are smart people, there's no denying it, and they're probably going to do their organization some good. Will they do more good than if they remained with NYMRAD? That remains to be seen. But I'll tell you one thing—people will always put a good spin on everything. So even if it proves to be a

decision that they rue in time, you'll never hear it.

**Kelly** I think it's unfortunate for the New York media community that they would kind of distance themselves. I had heard that they are going to do their own thing now. I don't know what their own thing is, they have been very quiet about that. It all depends on how well they do their own thing, because if they don't do it well, they are going to suffer.

I will tell you, the biggest loss for radio is the **Jimmy de Castro** loss. That definitely has not been a positive. He was a powerful, positive influence. He made it easy to do business, he made you feel that you were important to the stations.

### How do you think NYMRAD will be changed without Clear Channel's participation and revenues, especially the annual Christmas party?

**McGuire** It's going to be a smaller event, but they will still have it, I think. But that's the other thing—the Christmas party was always a good event for everybody really to get together. And even though it was a social occasion, a great deal of business and exchange of ideas went on at that Christmas party. It was a great forum for people to talk to each other, find out what's going on. I mean a lot of deals were made, a lot of resumes were passed around. It was really a great clearinghouse for the people in radio to do a lot.

**Kelly** It's not just all about the parties, it's the other things—the information they provide you. The parties just won't be the same.



# Engineered For Profit

By Carl Marcucci

Radio equipment makers strutted their stuff at the fourth ARMA (American Radio Manufacturers Association) Expo 6/4-6/5, held midway between Washington and Baltimore (Columbia, MD) at the Columbia Hilton Hotel. The 10-session event, entirely organized and funded by the exhibitors, also featured a combined Baltimore, Washington and Fort Meade SBE Meeting paired with a Digital Plant panel presentation by **Ray Esparolini** of Klotz Digital, **Russ Mundschenk** of Ibiquty Digital, **Dan Braverman** of Radio Systems, **Ken Tankel** of Dalet Digital Media Systems and **Marty Sacks** of Telos/Omnia.

Exhibitors this year included: Scott Studios, Klotz Digital, LPB, Fidelipac, Omnitronix, Gorman Redlich, Studio Technology, MediaTouch, Broadcasters General Store, Dalet, Radio Systems, Lightner Electronics, Wheatstone, Management Data Media Systems, Dielectric, RF Specialties, Audio Precision, ERI and Telos Systems.

**Vince** and **Robin Fiola** of Studio Technology did much of the work in setting up the event, attended by nearly 150. "The show went great. A group of good exhibitors and good sessions, and the attendance was as good or better than last year's," says Vince. "ARMA originally started as a group to sell their products away from distributors, and was originally a very prejudiced idea. Now anyone who is interested in becoming a part of it is welcome."

**RBR's Ken Lee**, who attended the event, got some feedback from the exhibitors:

In May 2000, transmitter manufacturer LPB acquired console manufacturer Fidelipac, and in December 2000, the company acquired transmitter manufacturer Omnitronix. **John Devecka**, VP Sales, LPB, discussed his experience with the show: "This is our fourth time—actually Fidelipac was doing it and LPB has been participating since we bought Fidelipac. ARMA is a good way to run the flag up the flagpole, let everyone know you're here and be able to show some solidarity

among the manufacturers trying to support radio. There isn't generally a good small East Coast show to get the local engineers involved and give them an opportunity to see equipment and have some of these sessions to talk about what's going on in the industry. Not all of these guys can afford or get the sponsorship to go out to the NAB Show."

Says **Matt Leland**, FM Product Manager, Dielectric: "We've been here a couple of years now, with the previous shows being in Atlantic City. It's a group of us manufacturers in the radio industry that are getting a better response from industry engineers and our customers to get them in to a more consolidated show. We're doing a lot of regional SBE shows typically. Our goal is to get together enough manufacturers that we can go and consolidate some of these smaller shows to make them more worthwhile."

**Marty Sacks**, National Sales Director, Telos/Omnia, brought the company's new "Smart Surface" control surface/console that will be shipping within six months and the new Zephyr XStream codec. "We have been involved with ARMA for two years now, this is our first year exhibiting. We came up and participated in the panel last year at the Hyatt in Baltimore. In these regional shows, the attendance is quite a bit less than the larger venues like NAB, but the advantage is you can be very close to the end users. That's the positive—that people don't have to travel as far to get to you. The downside is between ARMA and Harris and some of the regional SBE shows, there are only a couple that you could call a tremendous success. I think that to a certain extent, you've got to do some regional

shows as a manufacturer because less and less people are being given the resources to go away from the station for long periods of time."

Fiola says the ARMA plan has always been, and it hasn't grown into that yet, is to do a series of shows throughout the country as growth permits: "I think we're almost there. We are determined to have one in the Washington-Baltimore area every year from this point on and we will probably look to do one in the South at the end of this year; and possibly one in New Hampshire or Vermont."

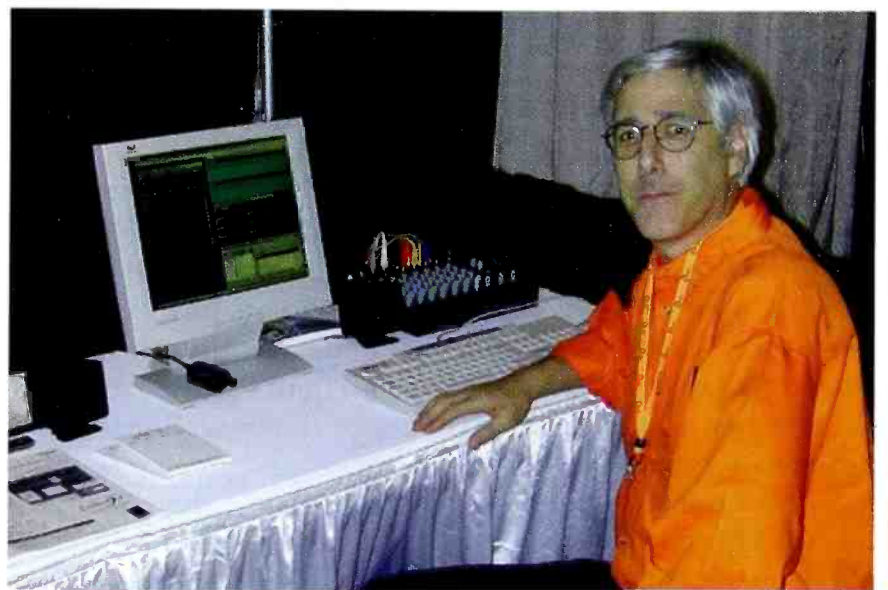
To hear more, go to [www.rbr.com](http://www.rbr.com).



**Jay Tyler** of Wheatstone shows off the company's new digital router.



Ibiquty Digital's Broadcast Technical Manager **Jeff Detweiler** discusses the company's plan to roll out in New York, LA, Chicago, San Francisco, Miami and Seattle (*RBR* 6/11, p. 3).



Dalet's **Ken Tankel** demos the company's latest and greatest automation system: Dalet 5.1.



## 10 WAYS TO SELL MORE EFFECTIVELY IN A SOFT ECONOMY



By Paul Weyland

*Here are 10 ways to improve your attitude and work more logically in a softer economy.*

**1.** Avoid negative self-talk. Teach yourself to recognize that little voice inside your head that tells you that you will fail. Refuse to dwell on guilt from the past or worry about the future. You have no control over events from the past. You can't accurately predict the future. All you really have control over is "right now". So logically, anguishing about something from the past or fearing the future is a complete waste of time. You must stay focused in the present moment, which is really the essence of your life.

**2.** Discipline yourself to make more calls. Take a look at the white business pages of your phone book and get a good idea of how many businesses there are in your market. Keep in mind that in an average month a typical radio station will have fewer than 50 direct accounts on the air. This means that most of the businesses in your area have never been called on properly, or have never been

# Sales

called on at all and that means tremendous opportunities for those who bother to just make the calls.

**3.** Distance yourself from negative people, office gossip and any other negative conversation. Refuse to participate. Negativity spreads like a virus. Practice The Three C's...Try not to CRITICIZE, CONDEMN OR COMPLAIN. Remember that you can change your internal "operating system". You can choose to replace your negative thought with a positive one. When you catch yourself thinking negatively, consciously bring yourself back into the present moment and focus on something positive.

**4.** Change the way you think about your closing ratio. I always believed that the old adage, "Call on ten...get three appointments...close one sale" seemed bleak. So I changed my closing ratio to NINE OUT OF TEN. Here's what I mean. If I believe that I can help a client and that the client has the resources to allow me to help, I'll close that client EVENTUALLY. Maybe not today...maybe not tomorrow, maybe not this quarter. But sooner or later, sometime this year I'll close that sale.

**5.** Stop selling spots and start educating clients. Educated clients buy more than uneducated clients. Most direct clients know very little about the overall marketing process and much less about advertising, the strengths and weaknesses of different media, the difference between a good spot and a bad spot or how to calculate

return on investment from a media campaign. (See *RBR* article, "The 10 Essential Things You Must Do To Sell More Direct Business in a Recession" by Paul Weyland in the 4/2 and 9 issues).

**6.** Instead of "ganging up" on the same direct clients everybody else in town is calling on, go out into neighborhoods you rarely frequent and call on clients who are unlikely to have been contacted by other stations and other media.

**7.** Always ask for long-term contracts every time you close a sale. Otherwise, your client will have the impression that you are always trying to "sell" him. Get the selling over with as quickly as possible and then you can move on to properly building and maintaining a long-term relationship with your client. Remember...if you don't ask for a long-term commitment from your client, you won't get one.

**8.** Remind clients that every time rumors of a recession develop, big publicly traded companies tend to cut back on advertising. These are excellent times for smaller clients to really start building brand awareness. There is more available inventory and less market "clutter". And remind the client that provided he does not have marketing problems, even in softer economies X% of any market population will be buying your client's product or service from somebody this week.

**9.** If you come up with a brilliant campaign for a client and he doesn't buy it, don't just shelve the idea. Pitch a

similar idea to everybody else in that product category until you sell it.

**10.** To get a meeting with a prospective client, use a headline to break through the clutter. "I just wanted to take a few minutes to talk about your advertising" just doesn't cut it any more. A better way would be to use an immediate attention-getting device, just like we do when we write a spot. Here are some headlines you might try.

**A.** "I think I've figured out a way that you haven't thought about yet to get more qualified traffic into your store. Is there a good time this week when I could show you what I've discovered?"

**B.** "I have a great idea for a commercial for you. I've sketched it out and I'd love to show it to you. When would be a good time for me to come by?"

**C.** "I've learned a logical way to calculate return on investment (Paul Weyland *RBR* article from 4/9 issue) on any advertising you do. It will make it much easier for you to track your newspaper, direct mail, any advertising you do. When would be a good time to meet so I can show it to you?"

**D.** "I've been studying your business and I think I've discovered a marketing problem with your store and a way to overcome it. But perhaps I'm overlooking something important. Could I come by and show you what I've found?"

*Paul Weyland is president of Paul Weyland Training Seminars. He can be reached at (512) 236-1222 or by email at [weyland@subell.net](mailto:weyland@subell.net)*



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Daily reviews of the newest films released by the movie industry.

Find out the cool places to go on the NET. Pros take you there to get connected.

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A weekly younger audience count-down packed with hitz, entertainment features, and celebrity interviews. Featuring Skip Cheatham of K 104-FM in Dallas and Queen of Gossip Wendy Williams from Power 99-FM in Philadelphia.



Daily entertainment news on celebrities direct from the entertainment capital.



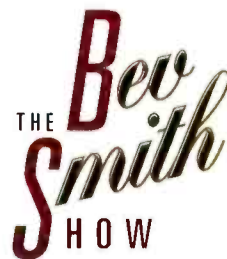
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## Interrep & Katz settle suit

Interrep (O:IREP) and Katz Media Group have settled their court battle over rep contract compensation. Interrep had sued Katz and Clear Channel (N:CCU) in April 2000, alleging that its national rep contract had been breached when Clear Channel acquired Katz and took its rep affiliations in-house, just months after Interrep had made buyout payments to Katz for stations newly acquired by Clear Channel. Interrep had claimed it was owed buyout payments for the Clear Channel stations moved en masse to Katz and that it shouldn't have to make any more buyout payments to Katz for stations which were no longer Interrep clients. Katz had countersued, claiming contract breaches by Interrep. Terms of the settlement haven't been revealed.

# Media Markets & Money™

by Jack Messmer

## Banta strikes again with yet another New Jersey deal

**Charlie Banta** insists that Millennium Radio Group isn't going to be limited to New Jersey, it's just worked out that way with the new company's first three buys. The latest has Millennium buying the Monmouth-Ocean superduopoly that was assembled by **Lou Mercatanti's** Nassau Broadcasting. Millennium is paying \$90M for WADB-AM, WOBB-AM & FM, WBBO-FM & WJLK-FM.

Repeating his observation that New Jersey is underserved by local media, Banta said, "Our

acquisition of Nassau's five Monmouth-Ocean County radio stations will be an important part of our efforts to properly serve the entire state of New Jersey." But he's also making it clear that the new group won't be confined to The Garden State. "We are interested in looking at further radio acquisitions in New Jersey and the rest of the US."

For his part, Mercatanti says the deal will allow Nassau to continue expansion in Central New Jersey and Pennsylvania. "Our goal and focus will be to establish the new Nassau as the leading suburban group serving the greater Philadel-

phia market," he said.

**Peter Handy** of Star Media Group represented Millennium in the transaction. Salomon Smith Barney represented Nassau.

**RBR observation:** Now we know why Press Communications didn't include its Monmouth-Ocean stations in its group sale to Millennium (*RBR* 6/11, p. 12). This deal has obvious advantages for both parties. Millennium adds regional bulk with an already-assembled cluster. Nassau needed to de-leverage after the sudden economic downturn spoiled Mercatanti's IPO plans last year and Monmouth-Ocean was a valuable cluster that wasn't vital to the rest of the Nassau. The other non-contiguous market in his stable is a combo in the Newburgh-Middletown, NY market. We wouldn't be at all surprised to see that sold to **Frank Osborn's** Aurora group.

## Millennium Radio Group, LLC

a joint venture of

**UBS Capital Americas, LLC  
and Mercury Capital Partners, L.P.**

*has agreed to acquire the assets of*

**New Jersey 101.5 (WKXW-FM),  
WBSS-FM and WBUD-AM**

*serving*

**New Jersey**

*from*

**Press Communications, LLC**

*Total Value*

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## Cumulus settles shareholder lawsuits

Putting the past behind it will cost Cumulus Media (O:CMLS) \$16M. The company announced 6/12 that it had settled the class action lawsuits filed by angry shareholders after Cumulus restated its 1999 financial results and began an executive suite shakeup (*RBR* 3/27, p. 12).

Under the settlement, people who bought Cumulus shares during the time period covered by the suits will receive compensation from a pool of \$13M in cash and 240K shares of new Cumulus stock (worth a bit over \$3M). \$7.25M of the cash portion will be paid by Cumulus' insurers, so CEO **Lew Dickey Jr.** is free of this headache with only \$5.75M in cash leaving Cumulus' coffers.

"These lawsuits were the remaining vestige of an old prob-



lem, and it was time to put them behind us," said Dickey. "Their resolution constitutes still another step forward in our plan to make the new Cumulus the premier company in our industry."

### Mega AM skips to Liu

**Arthur Liu's** Multicultural Radio Broadcasting is picking up a fourth AM in the Washington, DC market—and once again the seller is Mega Communications. **Alfredo Alonzo's** Mega has been building up its Spanish FM presence in the DC market, so WKDM-AM, licensed to Rockville, MD, will segue to Liu's stable of time-brokered Ethnic stations for \$800K. An LMA began 6/5. According to the sale filing with the FCC, WKDM, on 1600 kHz, has no city-grade contour overlap with Liu's existing three AMs in the DC market—two of which were also acquired from Alonzo.

### FCC working on CDBS problems

The Federal Communications Commission's Mass Media Bureau is attempting to resolve the problems with its electronic filing system cited in *RBR's* recent petition asking for an emergency shut-down of the trouble-plagued CDBS system (*RBR* 6/11, p. 1). **Peter Doyle**, Acting Chief of Audio Services, says the FCC staff is now checking each station sale filing (Forms 314 & 315) to ensure that all required attachments are indeed present and that the sale contract includes price information, as required by the FCC's rules—and that all of the required information is available to the public via the CDBS Internet site. He assured *RBR* that applications will not be allowed to go on public notice until they are complete.

Doyle admitted that two applications were granted which did not have all of the required documentation, but all of the documents for four other

granted applications cited in *RBR's* petition have been located and are being made available to the public.

Changes are also being made to the engineering database portion of CDBS to cut down on errors, Doyle said. Software enhancements will prevent acceptance of typos and other human errors where the entry is obviously wrong—such as entering a TV frequency for an FM station.

### Delayed contracts surface

As the FCC works to straighten out problems with its electronic filing system, some of the missing contracts have been located and made available on the CDBS system.

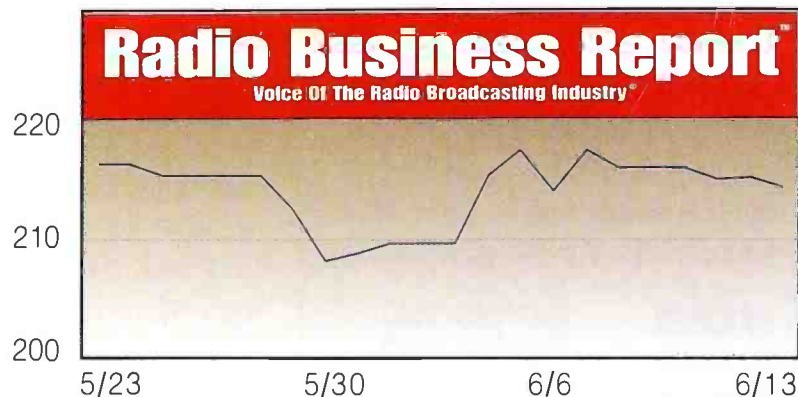
• We now know that **Ernie Anastos** and his Anastos Media Group is paying \$2.1M for **Keating Wilcox's** Willow Farm group AM stations: WMSX Bos-

ton, WGAW Worcester, MA, WPEP New Bedford, MA, WNRI Providence, RI and WMVU Manchester, NH.

• We now know that **Hector Villalobos** is paying \$5.75M for the spin-offs that had been placed into trust when Z-Spanish Radio was merged into Entravision (N:EVC). Villalobos will launch his new Wolfhouse Radio Group Inc. with KCTY-AM, KTGE-AM, KHMZ-FM,

### The Radio Index™

Stock prices flattened out. The Radio Index™ gained 0.417 for the week to close 6/13 at 214.353.



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# Transaction Digest

by Dave Seyler & Jack Messmer

**The deals listed below were taken from recent FCC filings.**

*RBR's Transaction Digest reports on all deals that involve assignment of a station license (FCC Form 314) and substantial transfers of control of a licensee via a stock sale (FCC Form 315), but not internal corporate restructurings (FCC Form 316). All deals are listed in descending order of sales price. Broker credits are based on contracts filed with the FCC.*

**\$2,600,000 KEWE-AM & KHHZ-FM** Chico CA (Oroville) from Entravision Holdings LLC (Walter F. Ulloa) to Clear Channel Broadcasting Licenses Inc. (Lowry Mays), a subsidiary of Clear Channel Communications (N:CCU). **Superduopoly** with KPAY-AM, KMXI-FM & KHSL-FM in the Chico market. Also overlaps KFBK-AM & KSTE-AM from the Sacramento market, forming two distinct markets, each with no more than six stations. LMA since March.

**\$1,800,000 WFAL-FM** Falmouth VA. 66.7% of Rappahannock River Broadcasting LLC from RJ Broadcasting Co. LLC (33.3% to 0%) & Stafford County Broadcasting Inc. (33.3% to 0%) to Soundwaves Inc. (33.3% to 100%) (Carl W. Hurlebaus). \$90K escrow, balance in cash at closing. Station calls were WGRX.

**\$800,000 WKDM-AM** Washington DC (Rockville MD) from Mega Communications (Alfredo Alonzo, George & Adam Lindeman) to Multicultural Radio Broadcasting Inc. (Arthur & Yvonne Liu). \$40K escrow, balance in cash at closing. LMA since 6/5. Note: No contour overlap with WKDV-AM, WZHF-AM & WKCW-AM, which are Liu-owned stations licensed to communities in the Virginia suburbs of Washington DC.

**\$750,000 KAIQ-FM** Littlefield TX from 21<sup>st</sup> Century Radio Ventures Inc. (James Primm) to Littlefield Broadcasting LLC (Andrew Guest, Edward Seeger, James Fort). \$37.5K escrow, balance in cash at closing.

**\$675,000 KMBQ-FM** Anchorage (Wasilla AK). 100% of KMBQ Corporation from John N. Klapperich to Ubik Corporation (Aaron D. Wallender, Michael Robbins, David Cherhoniak). Ubik's prior loan of \$75K to seller will be canceled at closing. Additional \$50K cash at closing, \$550K note. \$250K allocated to five year consulting agreement with John Klapperich, \$350K allocated to Klapperich under a non-compete agreement. **Duopoly** with KNIK-FM.

**\$650,000 WBNZ-FM** Traverse City MI (Franfort) from Crystal Clear Communications Inc. (Marc & Vicki Rosseels) to Fort Bend Broadcasting Co. (Roy E. Henderson). \$20K escrow, balance in cash at closing.

**\$650,000** for 51% **WTVY-FM** Dothan AL, 51% stock sale of Jarrell Communications Inc. from James Jarrell (0% thereafter) to Tom DiBacco (100% thereafter). \$650K note. The agreement also states that Jarrell Communications will borrow \$700K from Textron and settle litigation with former station owner Woods Communication Group in conjunction with this deal. Note: This sale does not include Jimmy Jarrell's two other stations in the Dothan market, WQLS-AM & WJRL-FM.

**\$275,000 WOKX-AM** Greensboro/Winston-Salem/High Point NC (High Point NC) from Key Broadcasting Corp. (Joel Key) to Alliance Broadcasting Group Inc. (Joe Newman, Thomas Kearney, O:RADO). \$27.5K escrow, balance in cash at closing. Broker: John Willis, Satterfield & Perry

**\$180,000 WFAD-AM** Middlebury VT from Lakeside Media Inc. (Thomas & L. Kathryn Messner) to Addison Broadcasting Co. Inc. (Jane Cole, Steven Silberberg, Edward Flanagan). \$10K escrow, additional \$83.6K (less LMA payments and assumed bank debt of approximately \$73K) in cash at closing, \$86.4K under consulting agreement. LMA since May.

**\$64,654** for 50% **WANY-AM & FM** Albany KY, 50% stock transfer of Albany Broadcasting Co. from James T. Butler (widower of Phyllis Butler) and Marsha Norris to Pamela Allred (100% thereafter). \$1 cash and \$5K note to each seller, balance in debt assumption.

**\$62,500 WCOP-AM** Warner Robbins GA from Toccoa Falls College Inc. (W. Wayne Gardner, Exec. VP) to Chase Broadcasting Inc. (Gordon Van Mol). \$62.5K cash.



KHNZ-FM, KRAY-FM & KZSL-FM. He's been LMAing the cluster since 3/1.

### **Berkadia wins FINOVA bidding**

Federal Bankruptcy Judge **Peter Walsh** has given his approval to a bail-out of FINOVA Group (N:FNV) by Berkadia LLC, a joint venture of Berkshire Hathaway (N:BRKa) and Leucadia National Corp. (N:LUK). All that remains is a formal vote by FINOVA's creditors, whose representatives have already given the plan a thumbs-up.

The Berkadia bid was originally valued at \$6B, but a competing \$7B bid by General Electric's (N:GE) GE Capital and Goldman Sachs (N:GS)—urged on by the creditors—forced Berkadia to up the ante. It's difficult to say exactly what any bid is really worth, when a substantial portion is in the form of securities, rather than cash. Reuters values the winning bid at \$8.1B, but Bloomberg calls it \$7.35B.

**RBR observation:** GE Capital may have been taken for a ride by FINOVA's creditors, but we wouldn't be surprised to see it come right back and bid for whatever loan portfolios Berkadia decides to sell to improve FINOVA's balance sheet. One of those might well be media loans worth close to \$1B. Look for Heller Financial (N:HF) to be in the bidding as well.

### **Salem selling \$150 in bonds**

Salem Communications (O:SALM) is going back to Wall Street for more cash so it can buy more stations. The Religious radio giant is selling \$150M in senior subordinated notes in a private placement. The proceeds will be used to pay down bank debt, but that will just free up borrowing capacity for **Ed Atsinger** to go shopping for more stations.

### **Adelphia bonds gobbled up**

Cable MSO (and single radio station owner) Adelphia Communications (O:ADLAC) had planned to sell \$400M in new bonds, but Wall Street's appetite for the issue was to great that the company expanded the sale to a cool \$1B. Adelphia sold the 10-year senior notes 6/6 at a yield of 10.25% in an offering led by Salomon Smith Barney and Banc of America Securities.

With the stock market down in a soft US economy, bonds have been attracting lots more interest from investors. Reuters reports that with Adelphia's \$1B sale, total US junk bond sales this year have totaled \$44B—already beating 2000's full year total of \$42.75B.

**RBR observation:** Oops, it was Reuters which used the term "junk bonds." As we know, Wall Street no longer has any junk bonds, which got a lot of bad publicity in the 1980s. Instead, companies with credit ratings below investment grade sell "high-yield bonds." Now appears to be a good time for radio companies to think about selling some of those high-yield bonds.

### **Small Town Radio names board members**

Small Town Radio Inc. is now a public company, having completed its merger with Worldwide PetroMoly and spinning off the company's petroleum assets. The stock symbol is still MOLY on the over-the-counter bulletin board, but that's likely to change.

What Small Town Radio doesn't have yet is any radio stations, although the company insists that it has deals in the works. It also doesn't have a CEO, although the hunt is underway.

Three new members have been added to the company's board of directors—veteran broadcast investment banker **Bill Fleming** of William Fleming & Associates, **Laurie Kahn**, President of Media Staffing Network, and **John McMullen**, CEO of Camden Real Estate Co. They join Small town Radio co-founders **William Ross**, a psychologist, and **R.S. "Robin" Vail**, a CPA who is now the company's CFO, and two directors from Worldwide PetroMoly, **Lance Rosmarin** and **Norton Cooper**.

## **NORTHERN COMMUNICATIONS ACQUISITION CORP.**

has acquired

## **SHOCKLEY COMMUNICATIONS CORPORATION**

Television Stations in: Madison, Wausau, Eagle River,  
La Crosse, Eau Claire, Rochester

Six Radio Stations in: Duluth/Superior  
ProVideo • A Post Production Facility

The undersigned acted as exclusive broker  
in this transaction and assisted in the negotiations.



# **Kalil & Co., Inc.**

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Hands-free redundancy is one of many reasons why major stations in New York, Chicago, Los Angeles, Houston, Dallas, Philadelphia, San Francisco, DC, San Antonio, Phoenix and Toronto installed Scott Studios' SS32 recently. 3,500 stations in the U.S. have Scott systems and those of our sister company, Computer Concepts Corp. More stations use our systems than the second and third largest digital vendors combined! Our customers benefit from the biggest and best service and support staff in radio's digital audio industry, with 105 people at your service.

Scott's *Invincible* SS32 is the most robust digital system of all! SS32 delivers more streams of perfect uncompressed and MPEG audio than any other system. You get industrial rack computers, the fastest CPUs, mega-memory, hot swap redundant power supplies, ultra-fast RAID mirrored hard drives, extra cooling, NT networking, two premium four-output stereo audio cards per system, the best flat panel touchscreens and up to a 5-year exchange warranty! Nothing else gives so much peace of mind as Scott's *Invincible*.

Scott Studios SS32's user-friendly intuitive touchscreen is the simplest for announcers to use and gives all the features that creative major market air talent demands.

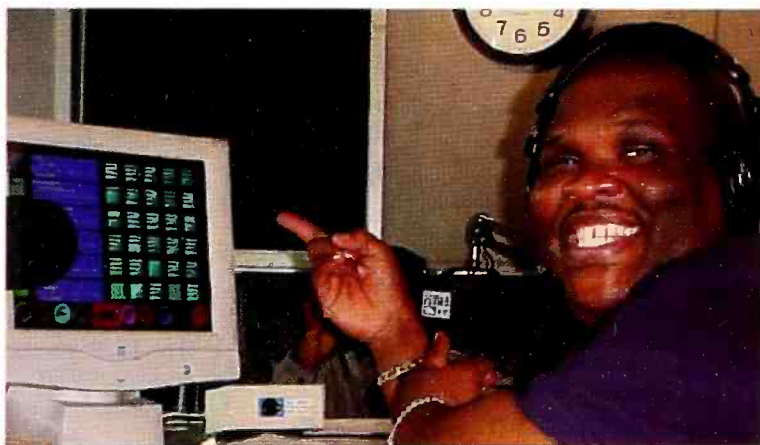
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For details about SS32 *Invincible*, go to [ss32.com](http://ss32.com) or call toll-free at 1-888-GET-SCOTT.



Shown above is the top-rated "Big Boy" morning drive personality pointing to the SS32 touchscreen at KPWR, Power 106 FM in Los Angeles. For details, visit [ss32.com](http://ss32.com) or call 1 888 GET SCOTT.

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