

larly televised" in one but not both of those two years preceding the proposed pay-TV showing, the event could be siphoned by pay-TV.

In addition, I made clear in my presentation that, wholly apart from the confusion over the length of time involved in the "two-year" rule, there could be siphoning of sports events from free television by pay-TV even if there were a true two-year limitation for the reasons set forth in the attached transcript of my remarks.

Since this is a matter of some importance, I am taking the liberty of supplying you with a copy of the official transcript of my remarks on the proposed sports rule for your files.

Sincerely,

LESTER W. LINDOW,
Executive Director.

SUPPLEMENTAL STATEMENT OF LESTER W. LINDOW, EXECUTIVE DIRECTOR,
ASSOCIATION OF MAXIMUM SERVICE TELECASTERS, INC.

"There has been considerable discussion this week about the proposed FCC rules for pay TV as they would affect sports events. Quite understandably, there has been a certain amount of confusion. Let me say, first of all, that the proposed rules regarding sports are quite complex. It is certainly understandable that confusion has been created. I do not blame you one bit for having problems with these things.

"However, the proposed FCC Fourth Report and Order does set forth the proposed rules although, as I say, they are somewhat complicated. First of all, it is important to understand that there are two kinds of sports events established by the proposed rules. The first type is what are called specific sports events. These include such features as the World Series, the All Star Game, the various Bowl games, League Championships, and, of course, they extend not only to baseball but other kinds of sports, as well.

"The second type is what is described as non-specific sports events. Generally speaking, these include those games played as a part of a regular season, in other words, all the regular games of the Washington Redskins or the Washington Senators.

"Within the non-specific type there is a further breakdown of categories, again applying to all types of sports having a regular season. It includes home games, games away from home, pre-season games or exhibition games, or the so-called Games of the Week. These matters are set forth in detail on page 91, paragraph 261 of the proposed FCC Report as well as in paragraph 262 which immediately follows that.

"Let us refer back to the type described as specific sports events; the World Series, the All Star Game. The proposed Commission rules would provide that if such an event had been broadcast on free television for two consecutive years in the community, and I emphasize "in the community", where the pay television station is located, not nationwide but in the community, pay television cannot broadcast it. I refer now to page 92 of the proposed Report at paragraph 264.

"Let us take the World Series as an example. If the Series were on free TV in that community in October 1965 as well as in October 1966, both years, pay television could not show it in October 1967 on the pay TV station licensed to that community. Here I quote from the Report, 'If the Series were on free TV in that community in either October 1965 or 1966 but not in both years it would be viewed as not having been regularly televised there and an STV station could show the Series in October 1967.'

"This is the rule. Would it prevent siphoning? I don't think that it would. Let us see how this could conceivably work. It could work in several ways. Assume that the Series was broadcast on free television in 1966 and again this year, in 1967. The pay television station operator in Washington, D.C. could go to the baseball people, offer them a sufficient amount of money if they would refuse to sell the World Series rights for Washington for free television in 1968—they only have to do it in Washington—and agree to make up the difference in income. The following year it could be placed on pay TV and every year thereafter.

"Another method to get around this might well be to keep it off free television in 1968, but, through mutually agreeable arrangements, put the Series in 1968 into theater pay television in Washington, in near-by Maryland, Virginia, all through our whole area, with the idea of bringing it on pay TV the following year. Under this method, the baseball people would not stand to lose any revenue