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House Republicans voted nearly unanimously Tuesday to revoke the FCC's broadband privacy rules, sending legislation to the White House that would undo the federal government's strongest-ever online privacy regulations.

Republicans passed the measure 215-205 over the fierce objections of Democrats, who are widely supportive of the Obama-era regulations. Set to go into effect later this year, the rules would block internet service providers like Comcast and Verizon from using data on customers' web browsing and app habits for advertising without their consent.

Telecom industry groups and Republicans have been targeting the rules for months, saying they are too strict and unfairly hold ISPs to a tougher privacy standard than that faced by web companies like Google and Facebook. "These rules are unnecessary and just another example of big government overreach," said Rep. Marsha Blackburn (R-Tenn.), who led the legislative effort in the House.

The Senate passed the same Congressional Review Act resolution last week, and with the White House signaling its support for the measure, Republicans are poised to undo one of President Barack Obama's top internet policy achievements. The FCC's previous Democratic majority approved the rules last October on a party-line 3-2 vote, after the agency gave itself more authority over broadband companies via its 2015 net neutrality rules.

Democrats and consumer groups strongly supported the rules, hailing them as the first government regulation to truly protect internet users from companies that seek to monetize their activity. Proponents of the rules said broadband providers, which operate the pipes through which internet traffic flows, require special privacy restrictions because they have a comprehensive view into people's movements across the web — and because changing providers can be difficult.

"Our broadband providers know deeply personal information about us and our families," said Minority Leader Nancy Pelosi. "Where we are, what information we want to know, every site we visit and more." Republicans, however, called the rules an internet power grab and said they create an unfair playing field that favors tech giants like Google and Facebook, which have business models that rely heavily on user data but wouldn't be affected by the FCC's rules. GOP lawmakers also suggested that privacy oversight of broadband providers should be handled by the FTC, which generally affords companies more flexibility, instead of the FCC. "These rules are applied unevenly, based on what type of company you are or what kind of technology you use," said Steve Scalise, the No. 3 Republican in the House.

Fifteen Republicans broke ranks with House leadership and voted against the resolution, including Justin Amash (R-Mich.) and Kevin Yoder (R-Kan.), who often speak out on privacy issues. No Democrat voted for the measure.

Democrats and consumer groups unsuccessfully tried to block the repeal effort, urging internet users to press Congress not to unravel them. But even with the repeal of the rules now likely, liberal groups are still trying to make Republicans pay politically for pursuing repeal. Tech activist group Fight For The Future said it will put up multiple billboards in Washington and in key districts across the country attacking congressional Republicans who voted to undo the privacy regulations. "America, listen up today. There may not be that many people on the floor of the House, but this is a big one," Anna Eshoo said, describing the GOP effort as a "betrayal" of Americans on "one of the issues they care most about."

FCC Chairman Ajit Pai has previously suggested he wants the FCC to have privacy rules that are more flexible and akin to the FTC's privacy approach, and if the Obama-era rules are rescinded, Pai could launch a rulemaking to create such regulations. But in a statement following the House vote, Pai indicated that he may focus instead on returning privacy oversight to the FTC, which he could pursue by repealing the FCC's net neutrality rules.

"I want the American people to know that the FCC will work with the FTC to ensure that consumers' online privacy is protected though a consistent and comprehensive framework," Pai said. "In my view, the best way to achieve that result would be to return jurisdiction over broadband providers' privacy practices to the FTC, with its decades of experience and expertise in this area." – ***Politico***

When Hallmark Channel makes its annual pitch to advertisers Wednesday at New York's Rainbow Room, the network plans to emphasize how it offers brands safe, high-quality content compared to the unknown risks of the web. The sell just got a bit easier.

For two weeks, digital juggernaut Google has been on the defensive over its placement of ads alongside objectionable content, including videos promoting terrorism, racism and anti-Semitism. The imbroglio, which has spurred big brands like Johnson & Johnson and Coca-Cola to withhold ad dollars from Google, is giving TV networks ammunition as they prepare to pitch their upcoming programming in the annual Madison Avenue bonanza known as the "upfront" marketplace. "We don't like to go after any competitor but in a case like this it's so egregious and so obvious," said Bill Abbott, chief executive of Crown Media, which owns the Hallmark Channel and Hallmark Movies & Mysteries channel. "We would be foolish not to lean into that in some way," he added, especially given the family-friendly nature of the company's programming.

TV networks for the past few years have been playing defense -- trying to persuade marketers not to shift money into digital outlets like Google's YouTube. So they welcome the chance to throw some punches back. In the upfronts, negotiations between media companies and advertisers generally don't heat up until a bit later into the spring. But one TV ad sales executive said he would push to advance those deal discussions to take advantage of the uproar over Google.

Sean Moran, head of marketing and partner solutions for MTV and Comedy Central-owner Viacom Inc., said he talked about providing advertisers with a safe environment during a meeting with about 250 ad buyers in New York last Thursday. He said he didn't have to mention Google by name thanks to the attention that the recent issues have received in the press. Ad buyers and marketers have been eager to bring up their concerns, he said. "Trust is really coming to the forefront" of many of the discussions, Mr. Moran said.

In a statement, Google **noted that it has begun a review of its ad policies and pledged to give brands more control** over where their ads appear. "While we recognize that no system will be 100% perfect, we believe these major steps will further safeguard our advertisers' brands and we are committed to being vigilant and continuing to improve over time," the company said.

The stakes are rising as big marketers whose ads have run next to objectionable content suspend advertising on Google's YouTube video platform and network of third-party sites. That list includes GlaxoSmithKline, PepsiCo and Wal-Mart Stores, among others. The financial toll on Google could be significant: analysts at Nomura Instinet estimated a hit of roughly $750 million in revenue. "Investor confidence in YouTube's ability to take incremental share of TV ad budgets has been reduced to some degree," they wrote.

Indeed, some TV executives and ad buyers say money could flow back from YouTube to TV. "Some advertisers use YouTube as a TV replacement and as a way to offset declining TV ratings. If they still need that reach, some of the money could come back to linear TV," said one ad buyer.Mr. Moran at Viacom said the company's networks have seen some money coming in because of Google's recent issue.

But media executives shouldn't chill the champagne just yet. Marketers remain concerned about the state of television -- the steep declines in ratings at many networks and the loss of young viewers as people cut the cable cord. "I don't think it [Google controversy] will have any meaningful benefit [for TV] but we will hear plenty of noise about the problems in digital," said Brian Wieser, a senior research analyst for Pivotal Research Group. Mr. Wieser predicts that overall prime-time ad spending commitments for broadcast TV during this upfront may decline 2% to 3% compared with last year, to roughly $9 billion.
Last year, digital ad spending reached $71.6 billion in the U.S., overtaking for the first time TV spending, which totaled $71.2 billion (excluding outlays on TV programming that runs online), according to estimates from eMarketer. Marketers who hold back money from Google have plenty of options besides putting it in TV. If Google doesn't find a satisfactory remedy, they could direct spending to premium content publishers like Hulu, Weather.com and the New York Times, said one major ad buyer. "Anyone that can provide targeting and high quality content will benefit," the buyer said, so long as they can match the bargain rates that Google often provides.

It's possible that marketers won't spend the money they've withheld -- but instead will just wait for resolution with Google. Pointing out problems with digital advertising is not a new tactic for TV executives. In recent years they've highlighted issues plaguing the digital ecosystem, from bogus Web traffic to concerns about ads that run on parts of websites where they can't be seen.

Ad buyers realize the controversy over Google has reduced their leverage over TV networks just before the critical upfront season. "This is the worst time for this to happen," said one ad buyer. Still, many buyers believe they have a strong hand in negotiations with the networks, because of the pressures on television.

Interpublic Group's ad buying arm, Magna Global, **last year moved $250 million in spending from TV to YouTube**, searching for young audiences. David Cohen, Magna's president of North America, said he will have no problem moving more money to YouTube when Google's issues are resolved. Prime-time TV ratings among adults 18 to 49 have "dropped about 32% over the past four years and prices have not dropped 32%," he said. "There is no part of our business where that math makes sense, except for the linear TV business." – ***Wall Street Journal***

Shareholders of telecommunications companies Consolidated Communications and FairPoint Communications voted on Tuesday to approve a proposed merger. Consolidated announced in December it was buying FairPoint for $1.5 billion, assuming its debt and offering dividends to stockholders. Shareholder voting took place Tuesday at Consolidated in Illinois and at FairPoint in North Carolina.

FairPoint, based in Charlotte, North Carolina, is a telephone and internet provider that serves homes, businesses and public institutions. The lion's share of FairPoint's business is in Maine, New Hampshire and Vermont. The two companies emphasized that shareholders resoundingly approved of the merger. Consolidated officials said the merger will enable "long-term growth" for the company.

"Today our shareholders voted overwhelmingly in favor of the merger bringing together two companies to create one strong, leading, business and broadband provider serving 24 states," said Bob Udell, president and chief executive officer at Consolidated Communications. Consolidated said 98 percent of its shareholders who voted were in support of the merger, accounting for more than 70 percent of the company's outstanding stock. FairPoint reported that approximately 96 percent of shareholders who voted approved, representing nearly 75 percent of the company's outstanding stock.

Consolidated, based in Mattoon, Illinois, provides business and broadband communications in 11 states. A merger with FairPoint would significantly broaden its portfolio. FairPoint has a fiber-based Ethernet network with about 18,000 miles of fiber wires in northern New England and is a major player in telecommunications in the region.

There remain regulatory hurdles for the two companies to clear before the merger can be finalized. FairPoint officials said they expect the transaction to be complete by the middle of the year. Public utilities commissions in the northern New England states will hold hearings in April and May on the merger. FairPoint officials said the companies are "securing the necessary state and federal regulatory approvals" to close the deal. – ***Associated Press***

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