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Senate Commerce Committee chairman John Thune (R-S.D.) took to the Senate floor Thursday (July 7) to criticize the FCC and its chairman over alleged disclosure of nonpublic information.

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In a lengthy speech, Thune said independent agencies need to be accountable to the people but that in recent years the FCC has been behaving more like a de facto arm of the executive branch "wholly subservient to the President" than an independent agency reporting to Congress. President Obama has publicly pressed for Title II reclassification and "unlocking" the set-top box, both FCC hot topics.

Thune also talked about the recent partisanship at the agency, which he attributed to "an institution that has seized regulatory power while simultaneously shutting down bipartisan dialog and

compromise." As examples he cited the FCC's Lifeline reform, "backward looking" set-top box proposal, "power grab of stunning proportions" of new Title II-based net-neutrality rules, broadband privacy "power grab" and other actions, which he said had all been characterized by a lack of respect for the limits of the FCC's authority as delegated by Congress. He called that a downward trajectory for the agency and blamed FCC chairman Tom Wheeler.

other
Republicans
meet with
Donald
Trump

Thune said Wheeler had "embraced" partisanship over compromise. He also said the chairman exercises his powers with neither humility nor a light touch. Thune particularly took aim at what he suggested was selectively leaking nonpublic information, counter to FCC rules. Thune cited the FCC's March 31 open meeting to illustrate selective leaks in service of his general "power grab" theme. That was the FCC's vote on Lifeline reform, which included the collapse of a compromise between the two Republican commissioners and Democrat Mignon Clyburn.

The compromise was reported by various outlets, including *Multichannel News*, prior to the delayed meeting start. It ultimately fell through over Clyburn's decision that she could not support a cap on the Lifeline subsidy. Thune said Wheeler was trying to exempt himself from the rule preventing disclosure of nonpublic information by selectively leaking information about the compromise. Thune said the result of the leak was that "the story spurred outside political pressure against the emerging bipartisan compromise, which subsequently fell apart" to be replaced by a party-line vote on the chairman's proposal, which did not have the cap Republicans favored.

The chairman's office had no comment, but Wheeler has explained his position in a letter to Thune. The senator said that, when pressed, the chairman would not say whether he had authorized the leak. Thune said Wheeler did answer that he was "empowered to do anything that streamlines the FCC's work." Thune called that a "specious" attempt to exempt the chairman from a clear FCC rule.

The senator said Wheeler was using the rule against disclosure of nonpublic information as both a shield and a sword, saying he was free to share such information, but suggesting Republican Ajit Pai had actually done so in violation of the rule. The FCC Inspector General is currently investigating the leak, and Thune said he is looking forward to the findings. — *Multichannel News*

For the past few years, media moguls who descended on Sun Valley, Idaho, for a swanky annual retreat predicted that consolidation among content companies--TV networks and studios--was around the corner. This year, as industry titans from John Malone and Rupert Murdoch to Brian Roberts and Leslie Moonves gathered again, roaming the bucolic Sun Valley Resort on their bicycles, taking long hikes or going white-water rafting, the long-awaited wave of deal-making may finally be arriving.

Two possible catalysts are Comcast Corp.'s recent acquisition of DreamWorks Animation and last week's announcement of a merger of Lions Gate Entertainment Corp., the TV and film studio behind "The Hunger Games" and "Orange is the New Black," with the pay TV channel Starz. "This is just the tip of the iceberg," said Michael Ovitz, the former high-powered Hollywood agent and Walt Disney Co. chief operating officer, referring to the recent deals.

Another potential trigger is the continuing power struggle in the media empire of Sumner Redstone and the operational turmoil at Viacom Inc., which he controls along with CBS Corp. That drama has led Viacom to seek an investor for its Paramount Pictures movie studio and could eventually spur other deals including a recombination of Viacom and CBS, which split in 2006, according to some media executives and analysts.

Getting bigger could help content players get their programming on traditional and new media platforms, giving them more leverage against distribution giants like Comcast and the behemoths that have emerged from the mergers of AT&T Inc. and DirecTV, and Charter Communications Inc. and Time Warner Cable Inc. "Content players with great intellectual property will be very appealing," said David Zaslav, the chief executive of Discovery Communications Inc., owner of networks such as Discovery Channel and TLC.

Until recently most deal-making has been limited to smaller and midsize television production companies, particularly those that specialize in reality or unscripted programming. Among those that are said to be actively on the hunt now is Mr. Malone,

the cable mogul and chairman of Liberty Media Corp., who was instrumental in the Lions Gate-Starz deal as he is both a Lions Gate board member and the largest voting shareholder of Starz.

CBS Corp., which has kept its powder dry for some time, may now also be preparing to open up its wallet. The broadcaster, which owns pay-channel Showtime, took a hard look at Starz before Lions Gate acquired it, according to a person familiar with the matter. "I'm always interested in making deals," said Mr. Moonves, CBS chairman and chief executive.

Potential targets could include the likes of AMC Networks and MGM as well as Scripps Networks Interactive, analysts have said. A union of CBS and Viacom may give a boost to Viacom, some observers have said. Viacom's stock has fallen as cord-cutting and ratings woes have nagged its cable division and Paramount struggles to produce hits, while CBS has performed better. "Les Moonves would do a terrific job if they wanted to go that way," Mr. Malone said of a possible recombination. Spokesmen for Viacom and CBS declined to comment.

The Viacom-CBS scenario is one possible outcome from a messy battle over control of the empire as Mr. Redstone's health deteriorates. Viacom Inc. Chairman Philippe Dauman and Mr. Redstone's daughter, Vice Chair Shari Redstone, are on opposite sides of a legal fight that will determine the makeup of Viacom's board and who will steer the ailing mogul's assets after he dies or is declared incapacitated. The Paramount sale has been stalled by the drama, but the studio is now seen as being in play. Mr. Malone said he isn't interested in investing in Paramount but noted Viacom's cable assets are under appreciated. "They've got some great assets and right at the moment because of the turmoil they're substantially undervalued," Mr. Malone said.

Ms. Redstone, who was on hand at Sun Valley, declined to comment on the controversy. She spent much of her time with Mr. Moonves (she is also a vice chair of CBS) as well as Nicole Seligman, the former high-ranking Sony executive who would be appointed as a Viacom director if the Redstone family holding company, National Amusements, prevails in court. Mr. Dauman didn't attend.

Not everyone in the industry is a fan of consolidation. "There is so little independent production, that's never healthy," said Barry Diller, the chairman of IAC and a former top executive at Fox, adding that there are "too few decision makers." Although there is constant speculation that a tech giant will make a play for a media company, Mr. Diller said those who go down that road do so "at their peril." – *Wall Street Journal*

Huawei Technologies Co. said it has filed a lawsuit against T-Mobile US Inc., alleging the U.S. telecommunications carrier violated the Chinese company's patents related to wireless networks. In its complaint filed this week in the U.S. District Court for the Eastern District of Texas, Huawei said T-Mobile is using its patented technology without signing a licensing agreement. A T-Mobile spokeswoman declined to comment.

The lawsuit is the latest indication of the Chinese company's aggressive strategy to expand internationally by accumulating patents. Huawei, one of the world's biggest suppliers of telecom networking equipment such as base stations, has been filing an increasing number of patent applications overseas while pouring billions of dollars into research and development.

Last year, Huawei was the largest filer of applications under the Patent Cooperation Treaty that makes it easier for companies to file patents in multiple countries, according to Geneva-based World Intellectual Property Organization. Huawei is also the world's third-largest seller of smartphones globally, behind Samsung Electronics Co. and Apple Inc.

In a statement about its latest lawsuit against T-Mobile, Huawei said it owns patents essential to the operation of fourth-generation wireless network services. Groups that set the industry's technical standards often require holders of essential patents that are part of

the standards to offer to license those patents to other companies on a “fair, reasonable and nondiscriminatory” basis. Huawei said it had offered to license its patents to T-Mobile but the two companies disagreed over whether the Chinese firm’s licensing offer was in line with the “fair, reasonable and nondiscriminatory” basis.

This isn’t the first time Huawei and T-Mobile have been involved in a legal tussle. In 2014, T-Mobile filed a lawsuit in the U.S. against Huawei alleging the Chinese company had taken its technology related to phone-testing robots. That suit is going to trial in the fall. Huawei’s latest lawsuit comes after it [sued Samsung in the U.S.](#) and China in May, alleging the South Korean firm had violated its mobile patents. The move marked the first major legal challenge by a Chinese smartphone maker against a market leader. Samsung has said it would defend itself in the lawsuit. – *Wall Street Journal*



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