

Section 6(b) of the Act on July 15, 2009 (74 FR 34364).

The last notification was filed with the Department on January 16, 2014. A notice was published in the **Federal Register** pursuant to Section 6(b) of the Act on March 27, 2014 (79 FR 17181).

Patricia A. Brink,

Director of Civil Enforcement, Antitrust Division.

[FR Doc. 2014-17353 Filed 7-22-14; 8:45 am]

BILLING CODE P

DEPARTMENT OF JUSTICE

Antitrust Division

Notice Pursuant to the National Cooperative Research and Production Act of 1993—AllSeen Alliance, Inc.

Notice is hereby given that, on June 26, 2014, pursuant to Section 6(a) of the National Cooperative Research and Production Act of 1993, 15 U.S.C. 4301 *et seq.* (“the Act”), AllSeen Alliance, Inc. (“AllSeen Alliance”) has filed written notifications simultaneously with the Attorney General and the Federal Trade Commission disclosing changes in its membership. The notifications were filed for the purpose of extending the Act’s provisions limiting the recovery of antitrust plaintiffs to actual damages under specified circumstances. Specifically, Throughtek Co., Ltd., Taipei City, Taiwan; Geo Semiconductor Inc., San Jose, CA; Razer USA Ltd., Carlsbad, CA; Robert Bosch LLC, Palo Alto, CA; Local Motors, Chandler, AZ; Red Bend Software, Hod Hasharon, Israel; Octoblu, Inc., Tempe, AZ; and Symantec Corporation, Mountain View, CA, have been added as parties to this venture.

No other changes have been made in either the membership or planned activity of the group research project. Membership in this group research project remains open, and AllSeen Alliance intends to file additional written notifications disclosing all changes in membership.

On January 29, 2014, AllSeen Alliance filed its original notification pursuant to Section 6(a) of the Act. The Department of Justice published a notice in the **Federal Register** pursuant to Section 6(b) of the Act on March 4, 2014 (79 FR 12223).

The last notification was filed with the Department on April 16, 2014. A notice was published in the **Federal**

Register pursuant to Section 6(b) of the Act on May 16, 2014 (79 FR 28554).

Patricia A. Brink,

Director of Civil Enforcement, Antitrust Division.

[FR Doc. 2014-17351 Filed 7-22-14; 8:45 am]

BILLING CODE P

DEPARTMENT OF JUSTICE

Antitrust Division

Notice Pursuant to the National Cooperative Research and Production Act of 1993—Joint Task-Force Networked Media

Notice is hereby given that, on June 18, 2014, pursuant to Section 6(a) of the National Cooperative Research and Production Act of 1993, 15 U.S.C. 4301 *et seq.* (“the Act”), Joint Task-Force Networked Media (“JT-NM”) has filed written notifications simultaneously with the Attorney General and the Federal Trade Commission disclosing changes in its membership. The notifications were filed for the purpose of invoking the Act’s provisions limiting the recovery of antitrust plaintiffs to actual damages under specified circumstances. Specifically, AJA Video, Grass Valley, CA; Aperi, Camarillo, CA; Artel Video Systems, Westford, MA; b-com, Geveze, FRANCE; Beck Associates, Cedar Grove, NJ; Broadcom, Santa Cruz, CA; BT Media and Broadcast, London, UNITED KINGDOM; Huawei, Shenzhen, PEOPLE’S REPUBLIC OF CHINA; Huffman Technical Services, Middletown, NJ; Letterboxes, London, UNITED KINGDOM; Mesclado, Languedoc Roussillon, FRANCE; metaFrontier.jp, Tokyo, JAPAN; National TeleConsultants, Inc., New York, NY; Perspective Media Group, Los Angeles, CA; RGB Spectrum, El Dorado Hills, CA; SDNSquare-NV, Ghent, BELGIUM; TeloSalliance, Lancaster, PA, have been added as parties to this venture.

No other changes have been made in either the membership or planned activity of the group research project. Membership in this group research project remains open, and JT-NM intends to file additional written notifications disclosing all changes in membership.

On July 10, 2013, JT-NM filed its original notification pursuant to Section 6(a) of the Act. The Department of Justice published a notice in the **Federal Register** pursuant to Section 6(b) of the Act on August 15, 2013 (78 FR 49768).

The last notification was filed with the Department on February 6, 2014. A notice was published in the **Federal**

Register pursuant to Section 6(b) of the Act on March 4, 2014 (79 FR 12224).

Patricia A. Brink,

Director of Civil Enforcement, Antitrust Division.

[FR Doc. 2014-17362 Filed 7-22-14; 8:45 am]

BILLING CODE 4410-11-P

DEPARTMENT OF JUSTICE

Antitrust Division

United States *et al.* v. Sinclair Broadcast Group, Inc. and Perpetual Corporation

Proposed Final Judgment and Competitive Impact Statement

Notice is hereby given pursuant to the Antitrust Procedures and Penalties Act, 15 U.S.C. 16(b)–(h), that a proposed Final Judgment, Stipulation and Competitive Impact Statement have been filed with the United States District Court for the District of Columbia in *United States of America et al. v. Sinclair Broadcast Group, Inc. and Perpetual Corporation*, Civil Action No. 14-01186. On July 15, 2014, the United States and the Pennsylvania Office of Attorney General filed a Complaint alleging that the proposed acquisition by Sinclair Broadcast Group, Inc. of the broadcast television stations and related assets of Perpetual Corporation would violate Section 7 of the Clayton Act, 15 U.S.C. 18. The proposed Final Judgment and a Hold Separate Stipulation and Order, filed the same time as the Complaint, require the defendants to divest the assets of WHTM-TV, a broadcast television station in Harrisburg, Pennsylvania, along with certain tangible and intangible assets.

Copies of the Complaint, proposed Final Judgment and Competitive Impact Statement are available for inspection at the Department of Justice, Antitrust Division, Antitrust Documents Group, 450 Fifth Street, NW., Suite 1010, Washington, DC 20530 (telephone: 202-514-2481), on the Department of Justice’s Web site at <http://www.usdoj.gov/atr>, and at the Office of the Clerk of the United States District Court for the District of Columbia. Copies of these materials may be obtained from the Antitrust Division upon request and payment of the copying fee set by Department of Justice regulations.

Public comment is invited within 60 days of the date of this notice. Such comments, including the name of the submitter, and responses thereto, will be posted on the U.S. Department of Justice, Antitrust Division’s internet Web site, filed with the Court and,

under certain circumstances, published in the **Federal Register** and filed with the Court. Comments should be directed to Scott Scheele, Chief, Telecommunications and Media Enforcement Section, Antitrust Division, Department of Justice, Washington, DC 20530, (telephone: 202-514-5621).

Patricia A. Brink,
Director of Civil Enforcement.

United States District Court for the District of Columbia

United States of America, Department of Justice, Antitrust Division, 450 Fifth Street, N.W. Suite 7000, Washington, D.C. 20530, and Commonwealth of Pennsylvania, 14th Floor, Strawberry Square, Harrisburg, PA 17120, Plaintiffs, v. Sinclair Broadcast Group, Inc., 10706 Beaver Dam Rd., Hunt Valley, Maryland 21030, and Perpetual Corporation, 1000 Wilson Blvd., Suite 2700, Arlington, Virginia 22209, Defendants.

CASE NO. 1:14-cv-01186

JUDGE: Honorable Tanya S. Chutkan

FILED: 07/15/2014

COMPLAINT

The United States of America, acting under the direction of the Attorney General of the United States, and the Commonwealth of Pennsylvania, acting by and through its Attorney General, bring this civil action to enjoin the proposed acquisition of Perpetual Corporation (“Perpetual”) by Sinclair Broadcast Group, Inc. (“Sinclair”) and to obtain other equitable relief. The acquisition likely would substantially lessen competition in the sale of broadcast television spot advertising in the Harrisburg-Lancaster-Lebanon-York, Pennsylvania Designated Market Area (“HLLY DMA”), in violation of Section 7 of the Clayton Act, 15 U.S.C. 18. Plaintiffs allege as follows:

I. NATURE OF THE ACTION

1. Pursuant to a Purchase Agreement dated as of July 28, 2013, Sinclair has agreed to purchase all of the outstanding voting securities of Perpetual for a total value of \$963 million, inclusive of the acquisition of voting securities and payoff of certain indebtedness of Perpetual and its subsidiaries. Perpetual owns broadcast television station WHTM-TV, the only ABC affiliate serving the HLLY DMA.

2. Sinclair already operates two broadcast television stations in the HLLY DMA. It owns and operates WHP-TV, the only CBS affiliate serving that market. Sinclair also operates WLYH-TV, a CW affiliate, pursuant to an agreement with WLYH-TV’s owner,

Nexstar Broadcasting, Inc., including the day-to-day operation and management of WLYH-TV’s advertising. Accordingly, WHP-TV and WLYH-TV do not meaningfully compete with one another for advertisers.

4. If consummated, Sinclair’s acquisition of Perpetual would result in Sinclair owning or controlling the sale of advertising for three of six broadcast television stations selling advertising in the HLLY DMA: WHP-TV (CBS affiliate), WHTM-TV (ABC affiliate) and WLYH-TV (CW affiliate). Together, these stations account for approximately a 38% share of the gross revenues for broadcast television advertising in the HLLY DMA.

5. Currently, Perpetual (on behalf of WHTM-TV) and Sinclair (on behalf of WHP-TV and WLYH-TV) vigorously compete for the business of local and national companies that seek to advertise on broadcast television stations in the HLLY DMA. WHTM-TV and WHP-TV are particularly close competitors due to their respective affiliations with ABC and CBS, their news programming, and their viewership strengths in certain geographic areas. Advertisers benefit from the ability to substitute advertising placement between WHTM-TV and WHP-TV in particular, as well as among the three stations.

6. The acquisition would eliminate the head-to-head competition between Sinclair and Perpetual in the HLLY DMA and so eliminate the benefits of this competition. Unless blocked, the transaction is likely to lead to higher prices for broadcast television spot advertising in the HLLY DMA in violation of Section 7 of the Clayton Act, 15 U.S.C. 18.

II. JURISDICTION AND VENUE

7. The United States brings this action pursuant to Section 15 of the Clayton Act, as amended, 15 U.S.C. 25, to prevent and restrain defendants from violating Section 7 of the Clayton Act, 15 U.S.C. 18.

8. The Commonwealth of Pennsylvania brings this action under Section 16 of the Clayton Act, 15 U.S.C. 26, to prevent and restrain defendants from violating Section 7 of the Clayton Act, 15 U.S.C. 18. The Commonwealth, by and through its Attorney General, brings this action as *parens patriae* on behalf of the citizens, general welfare, and economy of Pennsylvania.

9. Sinclair and Perpetual sell broadcast television spot advertising, a commercial activity that substantially affects, and is in the flow of, interstate commerce, and commerce in the

Commonwealth of Pennsylvania. The Court has subject-matter jurisdiction over this action pursuant to Section 15 of the Clayton Act, 15 U.S.C. 25, and 28 U.S.C. 1331, 1337(a), and 1345.

10. Sinclair transacts business and is found in the District of Columbia, and is subject to the personal jurisdiction of this Court. All Defendants have consented to venue and personal jurisdiction in this District. Therefore, venue is proper in this District under Section 12 of the Clayton Act, 15 U.S.C. 22, and 28 U.S.C. 1391(c).

III. THE DEFENDANTS

11. Sinclair is a Maryland corporation, with its headquarters in Hunt Valley, Maryland. Sinclair reported broadcast revenues of over \$1.2 billion in 2013. Sinclair owns and operates, or provides programming, operating, or sales services to more than 145 stations in 70 markets. The broadcast television stations that Sinclair owns or operates include two in the HLLY DMA: WHP-TV, a CBS affiliate, and WLYH-TV, a CW affiliate.

12. Perpetual is a Delaware corporation, with its headquarters in Arlington, Virginia. Perpetual owns seven broadcast television stations in six markets throughout the United States, including WHTM-TV, the ABC affiliate in the HLLY DMA.

IV. TRADE AND COMMERCE

A. Broadcast Television Spot Advertising is a Relevant Product Market

13. Broadcast television stations attract viewers through their programming, which is delivered for free over the air or retransmitted to viewers, mainly through wired cable or other terrestrial television systems and through satellite television systems. Broadcast television stations then sell advertising time to businesses that want to advertise their products to television viewers. Broadcast television “spot” advertising, which comprises the majority of a television station’s revenues, is sold directly by the station itself or through its national representative on a localized basis and is purchased by advertisers who want to target potential customers in specific geographic areas. Spot advertising differs from network and syndicated television advertising, which are sold by television networks and producers of syndicated programs on a nationwide basis and broadcast in every market where the network or syndicated program is aired.

14. Broadcast television spot advertising possesses a unique

combination of attributes that set it apart from advertising using other types of media. Television combines sight, sound, and motion, thereby creating a more memorable advertisement. Moreover, of all media, broadcast television spot advertising generally reaches the largest percentage of all potential customers in a particular target geographic area and is therefore especially effective in introducing, establishing, and maintaining the image of a product. For a significant number of advertisers, broadcast television spot advertising, because of its unique combination of attributes, is an advertising medium for which there is no close substitute. Other media, such as radio, newspapers, or outdoor billboards, are not desirable substitutes for broadcast television advertising. None of these media can provide the important combination of sight, sound, and motion that makes television unique and impactful as a medium for advertising.

15. Like broadcast television, subscription television channels such as those carried over cable or satellite television combine elements of sight, sound, and motion, but they are not a desirable substitute for broadcast television spot advertising for two important reasons. First, satellite, cable, and other subscription content delivery systems do not have the “reach” of broadcast television. Typically, broadcast television can reach well-over 90% of homes in a DMA, while cable television often reaches much less. Even when several subscription television companies within a DMA jointly offer cable television spot advertising through a consortium called an interconnect, cable spot advertising does not match the reach of broadcast television spot advertising. As a result, an advertiser can achieve greater audience penetration through broadcast television spot advertising than through advertising on a subscription television channel. Second, because subscription services may offer more than 100 channels, they fragment the audience into small demographic segments. Because broadcast television programming typically has higher rating points than subscription television programming, it is much easier and more efficient for an advertiser to reach a high proportion of its target demographic on broadcast television. Media buyers often buy time on subscription television channels not so much as a substitute for broadcast television, but rather to supplement a broadcast television message, to reach a narrow demographic with greater

frequency (e.g., 18–24 year olds) or to target narrow geographic areas within a DMA. A small but significant price increase by broadcast television spot advertising providers would not be made unprofitable by advertisers switching to advertising on subscription television channels.

16. Internet-based media is not currently a substitute for broadcast television spot advertising. Although Online Video Distributors (“OVDs”) such as Netflix and Hulu are important sources of video programming, as with cable television advertising, the local video advertising of OVDs lacks the reach of broadcast television spot advertising. Non-video Internet advertising, e.g., Web site banner advertising, lacks the important combination of sight, sound, and motion that gives television its impact. Consequently, local media buyers currently purchase Internet-based advertising primarily as a supplement to broadcast television spot advertising, and a small but significant price increase by broadcast television spot advertising providers would not be made unprofitable by advertisers switching to Internet-based advertising.

17. Broadcast television stations generally can identify advertisers with strong preferences for using broadcast television advertising. Broadcast television stations negotiate prices individually with advertisers and consequently can charge different advertisers different prices. During the individualized negotiations on price and available advertising slots that commonly occur between advertisers and broadcast television stations, advertisers provide stations with information about their advertising needs, including their target audience. Broadcast television stations could profitably raise prices to those advertisers who view broadcast television as a necessary advertising medium, either as their sole means of advertising or as a necessary part of a total advertising plan.

18. Accordingly, the sale of broadcast television spot advertising is a line of commerce under Section 7 of the Clayton Act and a relevant product market for purposes of analyzing the proposed acquisition under Section 7 of the Clayton Act.

B. The HLLY DMA is the Relevant Geographic Market

19. DMAs are geographic units defined by the A.C. Nielsen Company, a firm that surveys television viewers and furnishes broadcast television stations, advertisers, and advertising agencies in a particular area with data

to aid in evaluating audience size and composition. DMAs are ranked according to the number of households therein, and the HLLY DMA is the 43rd largest in the United States, containing 724,000 television households. The HLLY DMA includes each of its named cities and the surrounding ten counties in central Pennsylvania. Signals from broadcast television stations located in the HLLY DMA reach viewers throughout the DMA, but signals from broadcast television stations located outside the DMA reach few viewers within the DMA. DMAs are used to analyze revenues and shares of broadcast television stations in the *Investing in Television BIA Market Report 2014* (1st edition), a standard industry reference.

20. Advertisers use broadcast television stations within the HLLY DMA to reach the largest possible number of viewers across the DMA. Some of these advertisers are located in the DMA and need to reach customers there; others are regional or national businesses that want to target consumers across the DMA. Advertising on television stations outside the HLLY DMA is not an alternative for these advertisers because such stations cannot be viewed by a significant number of potential customers within the DMA. Thus, if there were a small but significant increase in broadcast television spot advertising prices within the HLLY DMA, an insufficient number of advertisers would switch advertising purchases to television stations outside the DMA to render the price increase unprofitable.

21. Accordingly, the HLLY DMA is a section of the country under Section 7 of the Clayton Act and a relevant geographic market for the sale of broadcast television spot advertising for purposes of analyzing the proposed acquisition under Section 7 of the Clayton Act.

C. The Proposed Acquisition would Harm Competition in the HLLY DMA

22. Broadcast television stations compete for advertisers through programming that attracts viewers to their stations. In developing their own programming and in considering the programming of the networks with which they may be affiliated, broadcast television stations try to select programs that appeal to the greatest number of viewers and to differentiate their stations from others in the same DMA by appealing to specific demographic groups. Advertisers, in turn, are interested in using broadcast television spot advertising to reach both a large audience and a high proportion of the

type of viewers that are most likely to buy their products.

23. Broadcast station ownership in the HLLY DMA is already significantly concentrated. Four stations, each affiliated with a major network, had more than 90% of gross advertising revenues in 2013, with Sinclair's WHP-TV having a revenue share of nearly 16% and Perpetual's WHTM-TV having a revenue share of nearly 17%. Together, the three stations run by Sinclair and Perpetual have approximately 38% of all television station gross advertising revenues in the HLLY DMA.

24. Using the Herfindahl-Hirschman Index ("HHI"), a standard measure of market concentration (defined and explained in Appendix A), a combination of WHTM-TV, WHP-TV, and WLYH-TV in the HLLY DMA would result in both a large change in concentration and a highly concentrated market, increasing the HHI by 693 points from 2615 to 3308. Under the Horizontal Merger Guidelines issued by the Department of Justice and Federal Trade Commission, mergers resulting in highly concentrated markets (with an HHI in excess of 2500) and with an increase in the HHI of more than 200 points are presumed to be likely to enhance market power.

25. In addition to increasing concentration in the HLLY DMA, the transaction combines stations that are close substitutes and vigorous competitors in a market with limited alternatives. Their respective affiliations with CBS and ABC, and their local news operations, lead the stations to have a variety of competing programming options that are often each other's next-best or second-best substitutes for many advertisers. WHP-TV and WHTM-TV both have viewership strengths in the northern counties of the geographically disperse Harrisburg-Lancaster-Lebanon-York DMA, making them particularly close substitutes. Moreover, WHP-TV and WHTM-TV appeal to similar demographic groups, making them close substitutes for many viewers and advertisers.

26. Advertisers benefit from Sinclair's and Perpetual's head-to-head competition in the sale of broadcast television spot advertising in the HLLY DMA. During individual price negotiations between advertisers and television stations in the HLLY DMA, advertisers are able to "play off" the stations against each other and obtain competitive rates for programs targeting similar demographic groups.

27. Advertisers purposefully spread their advertising dollars across numerous spot ad suppliers to reach

most efficiently their marketing goals. After the proposed acquisition, advertisers in the HLLY DMA would likely find it more difficult to "buy around" WHP-TV, WHTM-TV, and WLYH-TV in response to higher advertising rates, than to "buy around" Sinclair's WLYH-TV and WHP-TV, or Perpetual's WHTM-TV, separately, as they could have done before the proposed merger. The presence of the remaining, independent stations alone would not be sufficient to enable enough advertisers to "buy around" WHP-TV, WHTM-TV, and WLYH-TV to defeat a price increase. Because a significant number of advertisers would likely be unable to reach their desired audiences as effectively unless they advertise on at least one station that is controlled by Sinclair, those advertisers' bargaining positions will be weaker after the proposed acquisition, and the advertising rates they pay would likely increase.

28. Accordingly, the proposed acquisition is likely to substantially reduce competition and will restrain trade in the sale of broadcast television spot advertising in the HLLY DMA.

D. Lack of Countervailing Factors

1. Entry and Expansion Are Unlikely

29. De novo entry into the HLLY DMA is unlikely. The FCC regulates entry through the issuance of broadcast television licenses, which are difficult to obtain because the availability of spectrum is limited and the regulatory process associated with obtaining a license is lengthy. Even if a new signal became available, commercial success would come, at best, over a period of many years. In the HLLY DMA, all of the major broadcast networks (CBS, NBC, ABC, FOX) are already affiliated with a licensee, the contracts last for many years, and the broadcast networks rarely switch licensees when the contracts expire. Thus, entry into the HLLY DMA broadcast television spot advertising market would not be timely, likely, or sufficient to deter Sinclair from anticompetitive increases in price or other anticompetitive conduct after the proposed acquisition occurs.

30. Other broadcast television stations in the HLLY DMA could not readily increase their advertising capacity or change their programming sufficiently in response to a price increase by Sinclair. The number of 30-second spots in a DMA is largely fixed by programming and time constraints. This fact makes the pricing of spots very responsive to changes in demand. During so-called political years, for example, political advertisements crowd

out commercial advertising and make the spots available for commercial advertisers more expensive than they would be in nonpolitical years. Adjusting programming in response to a pricing change is risky, difficult, and time-consuming. Network affiliates are often committed to the programming provided by the network with which they are affiliated, and it often takes years for a station to build its audience. Programming schedules are complex and carefully constructed, taking many factors into account, such as audience flow, station identity, and program popularity. In addition, stations typically have multi-year contractual commitments for individual shows. Accordingly, a television station is unlikely to change its programming sufficiently or with sufficient rapidity to overcome a small but significant price increase imposed by Sinclair.

2. The Alleged Efficiencies Do Not Offset the Harm

31. Although Defendants assert that the proposed acquisition would produce efficiencies, they cannot demonstrate acquisition-specific and cognizable efficiencies that would be sufficient to offset the proposed acquisition's anticompetitive effects.

V. VIOLATIONS ALLEGED

32. Plaintiffs hereby repeat and reallege the allegations of paragraphs 1 through 31 as if fully set forth herein.

33. The proposed acquisition likely would lessen competition substantially in interstate trade and commerce, in violation of Section 7 of the Clayton Act, 15 U.S.C. 18. The acquisition likely would have the following effects, among others:

- a. competition in the sale of broadcast television spot advertising in the HLLY DMA would be lessened substantially;
- b. competition among WHP-TV, WHTM-TV, and WLYH-TV in the sale of broadcast television spot advertising in the HLLY DMA would be eliminated; and
- c. the prices for spot advertising time on broadcast television stations in the HLLY DMA would likely increase.

35. Unless restrained, the acquisition will violate Section 7 of the Clayton Act, 15 U.S.C. 18.

VI. REQUEST FOR RELIEF

36. Plaintiffs request:
- a. that the Court adjudge the proposed acquisition to violate Section 7 of the Clayton Act, 15 U.S.C. 18;
 - b. that the Court permanently enjoin and restrain Defendants from carrying out the transaction, or entering into any other agreement, understanding, or plan

by which Perpetual would be acquired by Sinclair, unless Defendants divest WHTM-TV in accordance with the proposed Final Judgment and Hold Separate Stipulation and Order filed concurrently with this Complaint;

c. that the proposed Final Judgment giving effect to the divestiture be entered by the Court after compliance with the Antitrust Procedures and Penalties Act, 15 U.S.C. 16;

d. that the Court award Plaintiffs the costs of this action; and

e. that the Court award such other relief to Plaintiffs as the Court may deem just and proper.

Respectfully submitted,

For Plaintiff United States:

/s/

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/s/

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Dated: July 15, 2014

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Dated: July 15, 2014

APPENDIX A

Herfindahl-Hirschman Index

The term “HHI” means the Herfindahl-Hirschman Index, a commonly accepted measure of market concentration. The HHI is calculated by squaring the market share of each firm competing in the market and then summing the resulting numbers. For example, for a market consisting of four firms with shares of 30, 30, 20, and 20 percent, the HHI is 2,600 (30² + 30² + 20² + 20² = 2,600). The HHI takes into account the relative size distribution of the firms in a market. It approaches zero when a market is occupied by a large number of firms of relatively equal size and reaches its maximum of 10,000 points when a market is controlled by a single firm. The HHI increases both as the number of firms in the market decreases and as the disparity in size between those firms increases. Markets in which the HHI is between 1,500 and 2,500 points are considered to be moderately concentrated, and markets in which the HHI is in excess of 2,500 points are considered to be highly concentrated. See U.S. Department of Justice & FTC, *Horizontal Merger Guidelines* § 5.3 (2010). Transactions that increase the HHI by more than 200 points in highly concentrated markets presumptively raise antitrust concerns under the *Horizontal Merger Guidelines* issued by the Department of Justice and the Federal Trade Commission. See *id.*

United States District Court for the District of Columbia

United States of America, and Commonwealth of Pennsylvania, Plaintiffs, v. Sinclair Broadcast Group, Inc., and Perpetual Corporation, Defendants.

CASE NO. 1:14-cv-01186

JUDGE: Honorable Tanya S. Chutkan

FILED: 07/15/2014

COMPETITIVE IMPACT STATEMENT

Pursuant to Section 2(b) of the Antitrust Procedures and Penalties Act (“APPA” or “Tunney Act”), 15 U.S.C. 16(b)–(h), plaintiff United States of America (“United States”) files this Competitive Impact Statement relating to the proposed Final Judgment submitted for entry in this civil antitrust proceeding.

I. NATURE AND PURPOSE OF THE PROCEEDING

Defendants Sinclair Broadcast Group, Inc. (“Sinclair”), and Perpetual Corporation (“Perpetual”) entered into a

Purchase Agreement, dated July 28, 2013, pursuant to which Sinclair will acquire Perpetual for approximately \$963 million, inclusive of assumed debt. Sinclair competes head to head against Perpetual in the sale of broadcast television spot advertising in the Harrisburg-Lancaster-Lebanon-York, Pennsylvania Designated Market Area (“HLLY DMA”).

The United States filed a civil antitrust Complaint on July 15, seeking to prevent the proposed acquisition. The Complaint alleges that the acquisition’s likely effect would be to increase broadcast television spot advertising prices in the HLLY DMA in violation of Section 7 of the Clayton Act, 15 U.S.C. 18.

At the same time the Complaint was filed, the United States also filed a Hold Separate Stipulation and Order (“Hold Separate”) and proposed Final Judgment designed to eliminate the anticompetitive effects of the proposed acquisition. The proposed Final Judgment, which is explained more fully below, requires Defendants to divest WHTM-TV to an Acquirer approved by the United States in a manner that preserves competition in the HLLY DMA. The Hold Separate requires Defendants to take certain steps to ensure that WHTM-TV is operated as a competitively independent, economically viable business that is uninfluenced by Sinclair so that competition is maintained until the required divestiture occurs.

The United States and Defendants have stipulated that the proposed Final Judgment may be entered after compliance with the APPA. Entry of the proposed Final Judgment would terminate this action, except that the Court would retain jurisdiction to construe, modify, or enforce the provisions of the proposed Final Judgment and to punish violations thereof.

II. DESCRIPTION OF THE EVENT'S GIVING RISE TO THE ALLEGED VIOLATION

A. The Defendants and the Proposed Acquisition

Sinclair, a Maryland corporation with its headquarters in Hunt Valley, Maryland, owns or operates over 145 commercial broadcast television stations in 70 markets in the United States, including two in the HLLY DMA, WHP-TV and WLYH-TV. Perpetual, a Delaware corporation with headquarters in Arlington, Virginia, owns and operates ABC-affiliated full-power broadcast television stations in six

DMA, including the only ABC affiliate serving the HLLY DMA, WHTM-TV.

Pursuant to a Purchase Agreement dated July 28, 2013, Sinclair has agreed to purchase all of the outstanding voting securities of Perpetual.

The proposed acquisition would lessen competition substantially in the sale of broadcast television spot advertising in the HLLY DMA. This acquisition is the subject of the Complaint and proposed Final Judgment filed by the United States on July 15, 2014.

B. Anticompetitive Consequences of the Transaction

1. The Relevant Product

The Complaint alleges that the sale of broadcast television spot advertising constitutes a relevant product market for analyzing this acquisition under Section 7 of the Clayton Act. Television stations attract viewers through their programming and then sell advertising time to businesses wanting to advertise their products to those television viewers. Broadcast television "spot" advertising is purchased by advertisers seeking to target potential customers in specific geographic markets. It differs from network and syndicated television advertising, which are sold on a nationwide basis by major television networks and by producers of syndicated programs and are broadcast in every market where the network or syndicated program is aired.

Broadcast television spot advertising possesses a unique combination of attributes that sets it apart from advertising using other types of media. Television combines sight, sound, and motion, thereby creating a more memorable advertisement. Broadcast television spot advertising generally reaches the largest percentage of potential customers in a targeted geographic market and is therefore especially effective in introducing, establishing, and maintaining a product's image.

Because of this unique combination of attributes, broadcast television spot advertising has no close substitute for a significant number of advertisers. Spot advertising on subscription television channels and Internet-based video advertising lack the same reach; radio spots lack the visual impact; and newspaper and billboard ads lack sound and motion, as do many internet search engine and Web site banner ads. Through information provided during individualized price negotiations, stations can readily identify advertisers with strong preferences for using broadcast television spot advertising

and ultimately can charge different advertisers different prices. Consequently, a small but significant increase in the price of broadcast television spot advertising is unlikely to cause enough advertising customers to switch enough advertising purchases to other media to make the price increase unprofitable.

1. The Relevant Market

The Complaint alleges that the HLLY DMA constitutes a relevant geographic market for analyzing this acquisition under Section 7 of the Clayton Act. DMAs are geographic units defined by A.C. Nielsen Company for advertising purposes. The HLLY DMA is the 43rd largest in the United States, containing over 745 thousand television households. Signals from full-powered television stations in the Harrisburg-Lancaster-Lebanon-York area reach viewers throughout that DMA, so advertisers use television stations in the HLLY DMA to target the largest possible number of viewers within that DMA. Some of these advertisers are located in the Harrisburg-Lancaster-Lebanon York area and trying to reach customers there; others are regional or national businesses wanting to target consumers in the area. Advertising on television stations outside the HLLY DMA is not an alternative for either group, because signals from television stations outside the HLLY DMA reach relatively few viewers within the DMA. Thus, advertising on those stations does not reach a significant number of potential customers in the HLLY DMA.

2. Harm to Competition in the HLLY DMA

The Complaint alleges that the proposed acquisition likely would lessen competition substantially in interstate trade and commerce, in violation of Section 7 of the Clayton Act, 15 U.S.C. 18, and likely would have the following effects, among others:

- a) competition in the sale of broadcast television spot advertising in the HLLY DMA would be lessened substantially;
 - b) competition between WHP-TV, WHTM-TV, and WLYH-TV in the sale of broadcast television spot advertising in the HLLY DMA would be eliminated; and
 - c) the prices for spot advertising time on broadcast television stations in the HLLY DMA likely would increase.
- By virtue of its ownership and operation of CBS-affiliated WHP-TV and the existing agreement with non-party Nexstar Broadcasting, Inc. under which it operates WLYH-TV, Sinclair currently controls the advertising time of two broadcast television stations in

the HLLY DMA. Post-acquisition, Sinclair would control the advertising time of three of six broadcast television stations selling advertising in the DMA: WHP-TV (CBS), WLYH-TV (CW), and WHTM-TV (ABC). In addition to increasing Sinclair's share of broadcast television spot advertising revenue from 21 to 38 percent, the proposed acquisition would increase substantially the already high concentration in the HLLY DMA broadcast television spot advertising market. Using the Herfindahl-Hirschman Index ("HHI"), a standard measure of market concentration (defined and explained in Appendix A), the post-acquisition HHI would be approximately 3308, representing an increase of about 693 points. Under the Horizontal Merger Guidelines issued by the Department of Justice and Federal Trade Commission, mergers resulting in highly concentrated markets (with an HHI in excess of 2500) with an increase in the HHI of more than 200 points are presumed to be likely to enhance market power.

In addition to increasing concentration in the HLLY DMA, the transaction combines stations that are close substitutes and vigorous competitors in a market with limited alternatives. Their respective affiliations with CBS and ABC, and their local news operations, lead the stations to have a variety of competing programming options that are often each other's next-best or second-best substitutes for many advertisers. WHP-TV and WHTM-TV both have viewership strengths in the northern counties of the geographically disperse Harrisburg-Lancaster-Lebanon-York DMA, making them particularly close substitutes. Moreover, WHP-TV and WHTM-TV appeal to similar demographic groups, making them close substitutes for many viewers and advertisers.

Currently, WHTM-TV on the one hand, and WHP-TV and WLYH-TV on the other, vigorously compete for the business of local, regional, and national firms seeking to advertise on HLLY DMA television stations. Advertisers benefit from this competition. During individual price negotiations between advertisers and Harrisburg-Lancaster-Lebanon-York television stations, advertisers are able to "play off" these stations against each other and obtain competitive rates for programs that target similar demographics. The proposed acquisition is likely to eliminate this competition and thereby adversely affect a substantial volume of interstate commerce. After the proposed acquisition, a significant number of HLLY DMA advertisers would not be able to reach their desired audiences

with equivalent efficiency without advertising on stations controlled by Sinclair. The proposed acquisition, therefore, is likely to enable Sinclair to raise prices unilaterally.

3. Lack of Countervailing Factors

The Complaint alleges that entry or expansion in the HLLY DMA broadcast television spot advertising market would not be timely, likely, or sufficient to prevent anticompetitive effects. New entry is unlikely since a new station would require an FCC license, which is difficult to obtain. Even if a new station became operational, commercial success would come over a period of many years at best. Other television stations in the HLLY DMA could not readily increase their advertising capacity or change their programming in response to a price increase by Sinclair. The number of 30-second spots available at a station is generally fixed, and additional slots cannot be created. Adjusting programming in response to a pricing change is risky, difficult, and time-consuming. Programming schedules are complex and carefully constructed, and television stations often have multi-year contractual commitments for individual shows or are otherwise committed to programming provided by their affiliated network.

III. EXPLANATION OF THE PROPOSED FINAL JUDGMENT

The divestiture requirement of the proposed Final Judgment will eliminate the anticompetitive effects of the transaction in the HLLY DMA by maintaining WHTM-TV as an independent, economically viable competitor. The proposed Final Judgment requires Sinclair to divest WHTM-TV to Media General, an Acquirer selected by Defendants and approved by the United States. The Antitrust Division required such an upfront buyer in order to provide greater certainty and efficiency in the divestiture process.

The "Divestiture Assets" are defined in Paragraph II.G of the proposed Final Judgment to cover all assets used primarily in the operation of WHTM-TV. These assets are essentially the same HLLY DMA assets that Sinclair would have acquired from Perpetual under the Purchase Agreement. The assets include real property, equipment, FCC licenses, contracts, intellectual property rights, programming materials, and customer lists maintained by Sinclair or Perpetual in connection with WHTM-TV. These do not include assets that are not primarily used in the operation of WHTM-TV, but are maintained at the corporate level and

used to support multiple stations. Thus, Defendants will be able to retain back-office systems or other assets and contracts used at the corporate level to support multiple broadcast television stations, which they would need to conduct their remaining operations, and which an Acquirer with experience operating broadcast television stations, such as Media General, can supply for itself.

To ensure that WHTM-TV is operated as an independent competitor after the divestiture, Paragraph IV.A and Section XI of the proposed Final Judgment prohibit Defendants from entering into any agreements during the term of the Final Judgment that create a long-term relationship with the Divestiture Assets after the divestiture is completed. Examples of prohibited agreements include options to repurchase or assign interests in WHTM-TV; agreements to provide financing or guarantees for financing; local marketing agreements, joint sales agreements, or any other cooperative selling arrangements; shared services agreements; and agreements to jointly conduct any business negotiations with the Acquirer with respect to WHTM-TV. This shared services prohibition does not preclude agreements limited to helicopter sharing and stock video pooling in the form that are customary in the industry. It also does not preclude other non-sales-related agreements approved in advance by the United States in its sole discretion. These limited exceptions do not permit Defendants to enter into broader news sharing agreements with respect to WHTM-TV. To the extent the Acquirer needs Defendants to provide any transitional services that facilitate continuous operation of WHTM-TV until the Acquirer can provide such capabilities independently, the United States retains discretion to approve such arrangements.

Defendants are required to take all steps reasonably necessary to accomplish the divestiture quickly and to cooperate with prospective purchasers. Because transferring the WHTM-TV license requires FCC approval, Defendants are specifically required to use their best efforts to obtain all necessary FCC approvals as expeditiously as possible. This divestiture of WHTM-TV must occur within 90 calendar days after the filing of the Complaint in this matter or 5 days after notice that the Court has entered the Final Judgment, whichever is later, and subject to extension during the pendency of any necessary FCC order pertaining to the divestiture. The United States, in its sole discretion, may agree to one or more extensions of this time

period not to exceed ninety (90) calendar days in total, and shall notify the Court in such circumstances.

If the divestiture does not occur within this prescribed timeframe, the proposed Final Judgment provides that the Court, upon application of the United States, will appoint a trustee selected by the United States to sell WHTM-TV. Sinclair will pay all costs and expenses of the trustee. The trustee's commission will be structured to provide an incentive for the trustee based on the price obtained and the speed with which the divestiture is accomplished. The trustee would file monthly reports with the Court and the United States describing efforts to divest WHTM-TV. If the divestiture has not been accomplished after 6 months, the trustee and the United States will make recommendations to the Court, which shall enter such orders as appropriate, to carry out the purpose of the trust.

IV. REMEDIES AVAILABLE TO POTENTIAL PRIVATE LITIGANTS

Section 4 of the Clayton Act, 15 U.S.C. 15, provides that any person who has been injured as a result of conduct prohibited by the antitrust laws may bring suit in federal court to recover three times the damages the person has suffered, as well as costs and reasonable attorneys' fees. Entry of the proposed Final Judgment will neither impair nor assist the bringing of any private antitrust damage action. Under the provisions of Section 5(a) of the Clayton Act, 15 U.S.C. 16(a), the proposed Final Judgment has no prima facie effect in any subsequent private lawsuit that may be brought against Defendants.

V. PROCEDURES AVAILABLE FOR MODIFICATION OF THE PROPOSED FINAL JUDGMENT

The United States and Defendants have stipulated that the proposed Final Judgment may be entered by the Court after compliance with the provisions of the APPA, provided that the United States has not withdrawn its consent. The APPA conditions entry upon the Court's determination that the proposed Final Judgment is in the public interest.

The APPA provides a period of at least sixty (60) days preceding the effective date of the proposed Final Judgment within which any person may submit to the United States written comments regarding the proposed Final Judgment. Any person who wishes to comment should do so within sixty (60) days of the date of publication of this Competitive Impact Statement in the **Federal Register**, or the last date of publication in a newspaper of the summary of this Competitive Impact

Statement, whichever is later. All comments received during this period will be considered by the United States Department of Justice, which remains free to withdraw its consent to the proposed Final Judgment at any time prior to the Court's entry of judgment. The comments and the response of the United States will be filed with the Court. In addition, comments will be posted on the United States Department of Justice, Antitrust Division's Internet Web site and, under certain circumstances, published in the **Federal Register**.

Written comments should be submitted to: Scott A. Scheele, Chief, Telecommunications and Media Enforcement Section, Antitrust Division, United States Department of Justice, 450 5th Street, NW, Suite 7000, Washington, DC 20530.

The proposed Final Judgment provides that the Court retains jurisdiction over this action, and Defendants may apply to the Court for any order necessary or appropriate for the modification, interpretation, or enforcement of the Final Judgment.

VI. ALTERNATIVES TO THE PROPOSED FINAL JUDGMENT

The United States considered, as an alternative to the proposed Final Judgment, a full trial on the merits against Defendants. The United States could have continued the litigation and sought preliminary and permanent injunctions against consummation of the transaction. The United States is satisfied, however, that the divestiture of assets described in the proposed Final Judgment will preserve competition for the sale of broadcast television spot advertising in the HLLY DMA. Thus, the proposed Final Judgment would achieve all or substantially all of the relief the United States would have obtained through litigation, but avoids the time, expense, and uncertainty of a full trial on the merits of the Complaint.

VII. STANDARD OF REVIEW UNDER THE APPA FOR THE PROPOSED FINAL JUDGMENT

The Clayton Act, as amended by the APPA, requires that proposed consent judgments in antitrust cases brought by the United States be subject to a sixty-day comment period, after which the court shall determine whether entry of the proposed Final Judgment "is in the public interest." 15 U.S.C. 16(e)(1). In making that determination, the court, in accordance with the statute as amended in 2004, is required to consider:

(A) the competitive impact of such judgment, including termination of

alleged violations, provisions for enforcement and modification, duration of relief sought, anticipated effects of alternative remedies actually considered, whether its terms are ambiguous, and any other competitive considerations bearing upon the adequacy of such judgment that the court deems necessary to a determination of whether the consent judgment is in the public interest; and

(B) the impact of entry of such judgment upon competition in the relevant market or markets, upon the public generally and individuals alleging specific injury from the violations set forth in the complaint including consideration of the public benefit, if any, to be derived from a determination of the issues at trial. 15 U.S.C. 16(e)(1)(A) & (B). In considering these statutory factors, the court's inquiry is necessarily a limited one as the government is entitled to "broad discretion to settle with the defendant within the reaches of the public interest." *United States v. Microsoft Corp.*, 56 F.3d 1448, 1461 (D.C. Cir. 1995); *see generally United States v. SBC Commc'ns, Inc.*, 489 F. Supp. 2d 1 (D.D.C. 2007) (assessing public interest standard under the Tunney Act); *United States v. InBev N.V./S.A.*, 2009-2 Trade Cas. (CCH) ¶ 76,736, 2009 U.S. Dist. LEXIS 84787, No. 08-1965 (JR), at *3, (D.D.C. Aug. 11, 2009) (noting that the court's review of a consent judgment is limited and only inquires "into whether the government's determination that the proposed remedies will cure the antitrust violations alleged in the complaint was reasonable, and whether the mechanism to enforce the final judgment are clear and manageable.").¹

As the United States Court of Appeals for the District of Columbia Circuit has held, under the APPA a court considers, among other things, the relationship between the remedy secured and the specific allegations set forth in the government's complaint, whether the decree is sufficiently clear, whether enforcement mechanisms are sufficient, and whether the decree may positively harm third parties. *See Microsoft*, 56 F.3d at 1458-62. With respect to the adequacy of the relief secured by the decree, a court may not "engage in an unrestricted evaluation of what relief

would best serve the public." *United States v. BNS, Inc.*, 858 F.2d 456, 462 (9th Cir. 1988) (citing *United States v. Bechtel Corp.*, 648 F.2d 660, 666 (9th Cir. 1981)); *see also Microsoft*, 56 F.3d at 1460-62; *United States v. Alcoa, Inc.*, 152 F. Supp. 2d 37, 40 (D.D.C. 2001); *InBev*, 2009 U.S. Dist. LEXIS 84787, at *3. Courts have held that:

[t]he balancing of competing social and political interests affected by a proposed antitrust consent decree must be left, in the first instance, to the discretion of the Attorney General. The court's role in protecting the public interest is one of insuring that the government has not breached its duty to the public in consenting to the decree. The court is required to determine not whether a particular decree is the one that will best serve society, but whether the settlement is "within the reaches of the public interest." More elaborate requirements might undermine the effectiveness of antitrust enforcement by consent decree.

Bechtel, 648 F.2d at 666 (emphasis added) (citations omitted).² In determining whether a proposed settlement is in the public interest, a district court "must accord deference to the government's predictions about the efficacy of its remedies, and may not require that the remedies perfectly match the alleged violations." *SBC Commc'ns*, 489 F. Supp. 2d at 17; *see also Microsoft*, 56 F.3d at 1461 (noting the need for courts to be "deferential to the government's predictions as to the effect of the proposed remedies"); *United States v. Archer-Daniels-Midland Co.*, 272 F. Supp. 2d 1, 6 (D.D.C. 2003) (noting that the court should grant due respect to the United States' prediction as to the effect of proposed remedies, its perception of the market structure, and its views of the nature of the case).

Courts have greater flexibility in approving proposed consent decrees than in crafting their own decrees following a finding of liability in a litigated matter. "[A] proposed decree must be approved even if it falls short of the remedy the court would impose on its own, as long as it falls within the range of acceptability or is 'within the reaches of public interest.'" *United*

² Cf. *BNS*, 858 F.2d at 464 (holding that the court's "ultimate authority under the [APPA] is limited to approving or disapproving the consent decree"); *United States v. Gillette Co.*, 406 F. Supp. 713, 716 (D. Mass. 1975) (noting that, in this way, the court is constrained to "look at the overall picture not hypercritically, nor with a microscope, but with an artist's reducing glass"). *See generally Microsoft*, 56 F.3d at 1461 (discussing whether "the remedies [obtained in the decree are] so inconsonant with the allegations charged as to fall outside of the 'reaches of the public interest'").

¹ The 2004 amendments substituted "shall" for "may" in directing relevant factors for court to consider and amended the list of factors to focus on competitive considerations and to address potentially ambiguous judgment terms. *Compare* 15 U.S.C. 16(e) (2004) with 15 U.S.C. 16(e)(1) (2006); *see also SBC Commc'ns*, 489 F. Supp. 2d at 11 (concluding that the 2004 amendments "effected minimal changes" to Tunney Act review).

States v. Am. Tel. & Tel. Co., 552 F. Supp. 131, 151 (D.D.C. 1982) (citations omitted) (quoting *United States v. Gillette Co.*, 406 F. Supp. 713, 716 (D. Mass. 1975)), *aff'd sub nom. Maryland v. United States*, 460 U.S. 1001 (1983); see also *United States v. Alcan Aluminum Ltd.*, 605 F. Supp. 619, 622 (W.D. Ky. 1985) (approving the consent decree even though the court would have imposed a greater remedy). To meet this standard, the United States “need only provide a factual basis for concluding that the settlements are reasonably adequate remedies for the alleged harms.” *SBC Commc’ns*, 489 F. Supp. 2d at 17.

Moreover, the court’s role under the APPA is limited to reviewing the remedy in relationship to the violations that the United States has alleged in its Complaint, and does not authorize the court to “construct [its] own hypothetical case and then evaluate the decree against that case.” *Microsoft*, 56 F.3d at 1459; see also *InBev*, 2009 U.S. Dist. LEXIS 84787, at *20 (“the ‘public interest’ is not to be measured by comparing the violations alleged in the complaint against those the court believes could have, or even should have, been alleged”). Because the “court’s authority to review the decree depends entirely on the government’s exercising its prosecutorial discretion by bringing a case in the first place,” it follows that “the court is only authorized to review the decree itself,” and not to “effectively redraft the complaint” to inquire into other matters that the United States did not pursue. *Microsoft*, 56 F.3d at 1459–60. As this Court recently confirmed in *SBC Communications*, courts “cannot look beyond the complaint in making the public interest determination unless the complaint is drafted so narrowly as to make a mockery of judicial power.” *SBC Commc’ns*, 489 F. Supp. 2d at 15.

In its 2004 amendments, Congress made clear its intent to preserve the practical benefits of utilizing consent decrees in antitrust enforcement, adding the unambiguous instruction that “[n]othing in this section shall be construed to require the court to conduct an evidentiary hearing or to require the court to permit anyone to intervene.” 15 U.S.C. 16(e)(2). The language wrote into the statute what Congress intended when it enacted the Tunney Act in 1974, as Senator Tunney explained: “[t]he court is nowhere compelled to go to trial or to engage in extended proceedings which might have the effect of vitiating the benefits of prompt and less costly settlement through the consent decree process.” 119 Cong. Rec. 24,598 (1973) (statement

of Senator Tunney). Rather, the procedure for the public interest determination is left to the discretion of the court, with the recognition that the court’s “scope of review remains sharply proscribed by precedent and the nature of Tunney Act proceedings.” *SBC Commc’ns*, 489 F. Supp. 2d at 11.³

VIII. DETERMINATIVE DOCUMENTS

There are no determinative materials or documents within the meaning of the APPA that were considered by the United States in formulating the proposed Final Judgment.

Dated: July 15, 2014.

Respectfully submitted,
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United States District Court for the District of Columbia

United States of America, and Commonwealth of Pennsylvania, Plaintiffs, v. Sinclair Broadcast Group, Inc., and Perpetual Corporation, Defendants.

CASE NO. 1:14-cv-01186

JUDGE: Honorable Tanya S. Chutkan

FILED: 07/15/2014

PROPOSED FINAL JUDGMENT

WHEREAS, plaintiffs, the United States of America and the Commonwealth of Pennsylvania, filed their Complaint on July __, 2014, and plaintiffs and defendants Sinclair Broadcast Group, Inc. (“Sinclair”), and Perpetual Corporation (“Perpetual”), by their respective attorneys, have consented to the entry of this Final Judgment without trial or adjudication

³ See *United States v. Enova Corp.*, 107 F. Supp. 2d 10, 17 (D.D.C. 2000) (noting that the “Tunney Act expressly allows the court to make its public interest determination on the basis of the competitive impact statement and response to comments alone”); *United States v. Mid-Am. Dairyman, Inc.*, 1977–1 Trade Cas. (CCH) ¶ 61,508, at 71,980 (W.D. Mo. 1977) (“Absent a showing of corrupt failure of the government to discharge its duty, the Court, in making its public interest finding, should . . . carefully consider the explanations of the government in the competitive impact statement and its responses to comments in order to determine whether those explanations are reasonable under the circumstances.”); S. Rep. No. 93–298, 93d Cong., 1st Sess., at 6 (1973) (“Where the public interest can be meaningfully evaluated simply on the basis of briefs and oral arguments, that is the approach that should be utilized.”).

of any issue of fact or law herein, and without this Final Judgment constituting any evidence against or an admission by any party with respect to any issue of law or fact herein;

AND WHEREAS, defendants have agreed to be bound by the provisions of this Final Judgment pending its approval by the Court;

AND WHEREAS, the essence of this Final Judgment is the prompt and certain divestiture of certain rights and assets by the defendants to assure that competition is not substantially lessened;

AND WHEREAS, the United States requires defendants to make certain divestitures for the purpose of remedying the loss of competition alleged in the Complaint;

AND WHEREAS, defendants have represented to the United States that the divestitures required below can and will be made, and that defendants will later raise no claim of hardship or difficulty as grounds for asking the Court to modify any of the divestiture provisions contained below;

NOW THEREFORE, before any testimony is taken, without trial or adjudication of any issue of fact or law, and upon consent of the parties, it is hereby ORDERED, ADJUDGED, and DECREED:

I. JURISDICTION

This Court has jurisdiction over each of the parties hereto and over the subject matter of this action. The Complaint states a claim upon which relief may be granted against defendants under Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18.

II. DEFINITIONS

As used in this Final Judgment:

A. “Sinclair” means defendant Sinclair Broadcast Group, Inc., a Maryland corporation headquartered in Hunt Valley, Maryland, its successors and assigns, and its subsidiaries, divisions, groups, affiliates, partnerships and joint ventures, and their directors, officers, managers, agents, and employees.

B. “Perpetual” means defendant Perpetual Corporation, a Delaware corporation headquartered in Arlington, Virginia, its successors and assigns, and its subsidiaries, divisions, groups, affiliates, partnerships and joint ventures, and their directors, officers, managers, agents, and employees.

C. “Acquirer” means Media General, or another entity to which the defendants divest the Divestiture Assets.

D. “Media General” means Media General, Inc., a Virginia corporation headquartered in Richmond, Virginia,

its successor and assigns, and its subsidiaries, divisions, groups, affiliates, partnerships and joint ventures, including but not limited to Media General Operations, Inc., and their directors, officers, managers, agents, and employees.

E. "DMA" means Designated Market Area as defined by A.C. Nielsen Company based upon viewing patterns and used by the *Investing in Television BIA Market Report 2014* (1st edition). DMAs are ranked according to the number of households therein and are used by broadcasters, advertisers, and advertising agencies to aid in evaluating television audience size and composition.

F. "WHTM-TV" means the ABC-affiliated broadcast television station located in the Harrisburg-Lancaster-Lebanon-York DMA owned by defendant Perpetual.

G. "Divestiture Assets" means all of the assets, tangible or intangible, used in the operation of WHTM-TV, including, but not limited to, all real property (owned or leased) used in the operation of the station, all broadcast equipment, office equipment, office furniture, fixtures, materials, supplies, and other tangible property used in the operation of the station; all licenses, permits, authorizations, and applications therefore issued by the Federal Communications Commission ("FCC") and other government agencies related to the station; all contracts (including programming contracts and rights), agreements, network affiliation agreements, leases and commitments and understandings of Sinclair or Perpetual relating to the operation of WHTM-TV; all trademarks, service marks, trade names, copyrights, patents, slogans, programming materials, and promotional materials relating to WHTM-TV; all customer lists, contracts, accounts, and credit records; and all logs and other records maintained by Sinclair or Perpetual in connection with WHTM-TV.

III. APPLICABILITY

A. This Final Judgment applies to Sinclair and Perpetual as defined above, and all other persons in active concert or participation with any of them who receive actual notice of this Final Judgment by personal service or otherwise.

B. If, prior to complying with Sections IV and V of this Final Judgment, defendants sell or otherwise dispose of all or substantially all of their assets or of lesser business units that include the defendants' Divestiture Assets, they shall require the purchaser to be bound by the provisions of this Final

Judgment. Defendants need not obtain such an agreement from the Acquirer of the assets divested pursuant to the Final Judgment.

IV. DIVESTITURES

A. Defendants are ordered and directed, within ninety (90) calendar days after the filing of the Hold Separate Stipulation and Order in this matter, to divest the Divestiture Assets to an Acquirer acceptable to the United States, in its sole discretion. The United States, in its sole discretion, may agree to one or more extensions of this time period not to exceed ninety (90) calendar days in total, and shall notify the Court in such circumstances. With respect to divestiture of the Divestiture Assets by defendant or the trustee appointed pursuant to Section V of this Final Judgment, if applications have been filed with the FCC within the period permitted for divestiture seeking approval to assign or transfer licenses to the Acquirer of the Divestiture Assets, but an order or other dispositive action by the FCC on such applications has not been issued before the end of the period permitted for divestiture, the period shall be extended with respect to divestiture of the Divestiture Assets for which no FCC order has issued until five (5) days after such order is issued. Defendants shall use their best efforts to accomplish the divestitures ordered by this Final Judgment as expeditiously as possible, including using their best efforts to obtain all necessary FCC approvals as expeditiously as possible. This Final Judgment does not limit the FCC's exercise of its regulatory powers and process with respect to the Divestiture Assets. Authorization by the FCC to conduct the divestiture of a Divestiture Asset in a particular manner will not modify any of the requirements of this decree.

B. In the event that defendants are attempting to divest the assets to an Acquirer other than Media General, in accomplishing the divestiture ordered by this Final Judgment,

(1) Defendants promptly shall make known, by usual and customary means, the availability of the Divestiture Assets;

(2) Defendants shall inform any person making inquiry regarding a possible purchase of the Divestiture Assets that they are being divested pursuant to this Final Judgment and provide that person with a copy of this Final Judgment;

(3) Defendants shall offer to furnish to all prospective Acquirers, subject to customary confidentiality assurances, all information and documents relating to the Divestiture Assets customarily provided in a due diligence process

except such information or documents subject to the attorney-client privileges or work-product doctrine; and

(4) Defendants shall make available such information to the United States at the same time that such information is made available to any other person.

C. Defendants shall provide the Acquirer and the United States information relating to the personnel involved in the operation and management of the Divestiture Assets to enable the Acquirer to make offers of employment. Defendants shall not interfere with any negotiations by the Acquirer to employ or contract with any employee of any defendant whose primary responsibility relates to the operation or management of the Divestiture Assets.

D. Defendants shall permit the Acquirer of the Divestiture Assets to have reasonable access to personnel and to make inspections of the physical facilities of WHTM-TV; access to any and all environmental, zoning, and other permit documents and information; and access to any and all financial, operational, or other documents and information customarily provided as part of a due diligence process.

E. Defendants shall warrant to the Acquirer that each asset will be operational on the date of sale.

F. Defendants shall not take any action that will impede in any way the permitting, operation, or divestiture of the Divestiture Assets.

G. Defendants shall warrant to the Acquirer that there are no material defects in the environmental, zoning, or other permits pertaining to the operation of each asset, and that following the sale of the Divestiture Assets, defendants will not undertake, directly or indirectly, any challenges to the environmental, zoning, or other permits relating to the operation of the Divestiture Assets.

H. Unless the United States otherwise consents in writing, the divestiture pursuant to Section IV, or by trustee appointed pursuant to Section V of this Final Judgment, shall include the entire Divestiture Assets, and be accomplished in such a way as to satisfy the United States, in its sole discretion, that the Divestiture Assets can and will be used by the Acquirer as part of a viable, ongoing commercial television broadcasting business, and the divestiture of such assets will achieve the purposes of this Final Judgment and remedy the competitive harm alleged in the Complaint. The divestitures, whether pursuant to Section IV or Section V of this Final Judgment:

(1) shall be made to an Acquirer that, in the United States' sole judgment, has the intent and capability (including the necessary managerial, operational, technical, and financial capability) of competing effectively in the television broadcasting business in the Harrisburg-Lancaster-Lebanon-York DMA; and

(2) shall be accomplished so as to satisfy the United States, in its sole discretion, that none of the terms of any agreement between the Acquirer and defendants gives defendants the ability unreasonably to raise the Acquirer's costs, to lower the Acquirer's efficiency, or otherwise to interfere in the ability of the Acquirer to compete effectively.

V. APPOINTMENT OF TRUSTEE

A. If either (a) the defendants have not divested the Divestiture Assets within the time period specified in Paragraph IV(A), or (b) the defendants have reason to believe that the Acquirer may be unable to complete the purchase of the Divestiture Assets, defendants shall notify the United States of that fact in writing.

B. If (a) the defendants have not divested the Divestiture Assets within the time period specified in Paragraph IV(A), or (b) the United States decides in its sole discretion that the Acquirer is likely to be unable to complete the purchase of the Divestiture Assets, upon application of the United States in its sole discretion, the Court shall appoint a trustee selected by the United States and approved by the Court to effect the divestiture of the Divestiture Assets.

C. After the appointment of a trustee becomes effective, only the trustee shall have the right to sell the Divestiture Assets. The trustee shall have the power and authority to accomplish the divestiture to an Acquirer, and in a manner acceptable to the United States in its sole discretion, at such price and on such terms as are then obtainable upon reasonable effort by the trustee, subject to the provisions of Sections IV, V, and VI of this Final Judgment, and shall have such other powers as this Court deems appropriate. Subject to Paragraph V(E) of this Final Judgment, the trustee may hire at the cost and expense of Sinclair any investment bankers, attorneys, or other agents, who shall be solely accountable to the trustee, reasonably necessary in the trustee's judgment to assist in the divestiture. Defendants shall inform any person making an inquiry regarding a possible purchase of the Divestiture Assets that they are being divested pursuant to this Final Judgment and provide that person with a copy of this Final Judgment and contact information for the trustee.

D. Defendants shall not object to a sale by the trustee on any ground other than the trustee's malfeasance. Any such objection by defendants must be conveyed in writing to the United States and the trustee within ten (10) calendar days after the trustee has provided the notice required under Section VI.

E. The trustee shall serve at the cost and expense of Sinclair, on such terms and conditions as the United States approves, including confidentiality requirements and conflict of interest certifications. The trustee shall account for all monies derived from the sale of the assets sold by the trustee and all costs and expenses so incurred. After approval by the Court of the trustee's accounting, including fees for its services yet unpaid and those of any professionals and agents retained by the trustee, all remaining money shall be paid to defendants and the trust shall then be terminated. The compensation of the trustee and any professionals and agents retained by the trustee shall be reasonable in light of the value of the Divestiture Assets and based on a fee arrangement providing the trustee with an incentive based on the price and terms of the divestiture and the speed with which it is accomplished, but timeliness is paramount. If the trustee and Defendants are unable to reach agreement on the trustee's compensation or other terms and conditions of sale within fourteen (14) calendar days of appointment of the trustee, the United States may, in its sole discretion, take appropriate action, including making a recommendation to the Court.

F. Defendants shall use their best efforts to assist the trustee in accomplishing the required divestiture. The trustee and any consultants, accountants, attorneys, and other persons retained by the trustee shall have full and complete access to the personnel, books, records, and facilities of the business to be divested, and defendants shall develop financial and other information relevant to such business as the trustee may reasonably request, subject to reasonable protection for trade secret or other confidential research, development or commercial information. Defendants shall take no action to interfere with or to impede the trustee's accomplishment of the divestiture.

G. After its appointment, the trustee shall file monthly reports with the United States and, as appropriate, the Court setting forth the trustee's efforts to accomplish the divestiture ordered under this Final Judgment. To the extent such reports contain information that the trustee deems confidential, such

reports shall not be filed in the public docket of the Court. Such reports shall include the name, address and telephone number of each person who, during the preceding month, made an offer to acquire, expressed an interest in acquiring, entered into negotiations to acquire, or was contacted or made an inquiry about acquiring, any interest in the Divestiture Assets, and shall describe in detail each contact with any such person. The trustee shall maintain full records of all efforts made to divest the Divestiture Assets.

H. If the trustee has not accomplished the divestiture ordered under this Final Judgment within six (6) months after its appointment, the trustee shall promptly file with the Court a report setting forth: (1) the trustee's efforts to accomplish the required divestiture, (2) the reasons, in the trustee's judgment, why the required divestiture has not been accomplished, and (3) the trustee's recommendations. The trustee shall at the same time furnish such report to the United States, which shall have the right to make additional recommendations consistent with the purpose of the trust. The Court thereafter shall enter such orders as it shall deem appropriate to carry out the purpose of the Final Judgment, which may, if necessary, include extending the trust and the term of the trustee's appointment by a period requested by the United States.

I. If the United States determines that the trustee has ceased to act or failed to act diligently or in a reasonably cost-effective manner, it may recommend the Court appoint a substitute trustee.

VI. NOTICE OF PROPOSED DIVESTITURE

A. If the trustee is responsible for effecting the divestitures required herein, within two (2) business days following execution of a definitive divestiture agreement, the trustee, shall notify the United States of any proposed divestiture required by Section IV or V of this Final Judgment. The notice provided to the United States shall set forth the details of the proposed divestiture and list the name, address, and telephone number of each person not previously identified who offered or expressed an interest in or desire to acquire any ownership interest in the Divestiture Assets, together with full details of the same.

B. Within fifteen (15) calendar days of receipt by the United States of such notice, the United States may request from defendants, the proposed Acquirer, any other third party, or the trustee if applicable, additional information concerning the proposed divestiture, the proposed Acquirer, and any other

potential Acquirer. Defendants and the trustee shall furnish any additional information requested within fifteen (15) calendar days of the receipt of the request, unless the parties shall otherwise agree.

C. Within thirty (30) calendar days after receipt of the notice or within twenty (20) calendar days after the United States has been provided the additional information requested from defendants, the proposed Acquirer, any third party, and the trustee, whichever is later, the United States shall provide written notice to defendants and the trustee, if there is one, stating whether or not it objects to the proposed divestiture in its sole discretion. If the United States provides written notice that it does not object, the divestiture may be consummated, subject only to defendants' limited right to object to the sale under Paragraph V(D) of this Final Judgment. Absent written notice that the United States does not object to the proposed Acquirer or upon objection by the United States, a divestiture proposed under Section IV or Section V shall not be consummated. Upon objection by defendants under Paragraph V(D), a divestiture proposed under Section V shall not be consummated unless approved by the Court.

VII. FINANCING

Defendants shall not finance all or any part of any purchase made pursuant to Section IV or V of this Final Judgment.

VIII. HOLD SEPARATE

Until the divestiture required by this Final Judgment has been accomplished, defendants shall take all steps necessary to comply with the Hold Separate Stipulation and Order entered by this Court. Defendants shall take no action that would jeopardize the divestiture ordered by this Court.

IX. AFFIDAVITS

A. Within twenty (20) calendar days of the filing of the Complaint in this matter, and every thirty (30) calendar days thereafter until the divestiture has been completed under Section IV or V of this Final Judgment, defendants shall deliver to the United States and to the Commonwealth of Pennsylvania an affidavit as to the fact and manner of their compliance with Section IV or V of this Final Judgment. Each such affidavit shall include the name, address and telephone number of each person who, during the preceding thirty (30) days, made an offer to acquire, expressed an interest in acquiring, entered into negotiations to acquire, or

was contacted or made an inquiry about acquiring, any interest in the Divestiture Assets, and shall describe in detail each contact with any such person during that period. Each such affidavit shall also include a description of the efforts defendants have taken to solicit buyers for and complete the sale of the Divestiture Assets, including efforts to secure FCC or other regulatory approvals, and to provide required information to prospective acquirers, including the limitations, if any, on such information. Assuming the information set forth in the affidavit is true and complete, any objection by the United States to information provided by defendants, including limitations on information, shall be made within fourteen (14) days of receipt of such affidavit.

B. Within twenty (20) calendar days of the filing of the Complaint in this matter, each defendant shall deliver to the United States and to the Commonwealth of Pennsylvania an affidavit that describes in reasonable detail all actions defendants have taken and all steps defendants have implemented on an ongoing basis to comply with Section VIII of this Final Judgment. Each such affidavit shall also include a description of the efforts defendants have taken to complete the sale of the Divestiture Assets, including efforts to secure FCC or other regulatory approvals. Defendants shall deliver to the United States and to the Commonwealth of Pennsylvania an affidavit describing any changes to the efforts and actions outlined in defendants' earlier affidavits filed pursuant to this section within fifteen (15) calendar days after the change is implemented.

C. Defendants shall keep all records of all efforts made to preserve and divest the Divestiture Assets until one year after such divestiture has been completed.

X. COMPLIANCE INSPECTION

A. For the purposes of determining or securing compliance with this Final Judgment, or of any related orders such as the Hold Separate Stipulation and Order, or of determining whether the Final Judgment should be modified or vacated, and subject to any legally recognized privilege, from time to time duly authorized representatives of the United States Department of Justice, including consultants and other persons retained by the United States, shall, upon written request of an authorized representative of the Assistant Attorney General in charge of the Antitrust Division, and on reasonable notice to defendants, be permitted:

(1) Access during defendants' office hours to inspect and copy, or at the option of the United States, to require defendants to provide hard copies or electronic copies of, all books, ledgers, accounts, records, data and documents in the possession, custody or control of defendants, relating to any matters contained in this Final Judgment; and

(2) to interview, either informally or on the record, defendants' officers, employees, or agents, who may have their individual counsel present, regarding such matters. The interviews shall be subject to the reasonable convenience of the interviewee and without restraint or interference by defendants.

B. Upon the written request of an authorized representative of the Assistant Attorney General in charge of the Antitrust Division, defendants shall submit written reports or responses to written interrogatories, under oath if requested, relating to any of the matters contained in this Final Judgment as may be requested.

C. No information or documents obtained by the means provided in this section shall be divulged by the United States to any person other than an authorized representative of the executive branch of the United States, or of the Commonwealth of Pennsylvania, except in the course of legal proceedings to which the United States is a party (including grand jury proceedings), or for the purpose of securing compliance with this Final Judgment, or as otherwise required by law.

D. If at the time information or documents are furnished by defendants to the United States, defendants represent and identify in writing the material in any such information or documents to which a claim of protection may be asserted under Rule 26(c)(1)(G) of the Federal Rules of Civil Procedure, and defendants mark each pertinent page of such material, "Subject to claim of protection under Rule 26(c)(1)(G) of the Federal Rules of Civil Procedure," then the United States shall give defendants ten (10) calendar days notice prior to divulging such material in any legal proceeding (other than a grand jury proceeding).

XI. NO REACQUISITION OR OTHER PROHIBITED ACTIVITIES

Defendants may not (1) reacquire any part of the Divestiture Assets, (2) acquire any option to reacquire any part of the Divestiture Assets or to assign the Divestiture Assets to any other person, (3) enter into any local marketing agreement, joint sales agreement, other cooperative selling arrangement, or shared services agreement, or conduct

other business negotiations jointly with the Acquirer with respect to the Divestiture Assets, or (4) provide financing or guarantees of financing with respect to the Divestiture Assets, during the term of this Final Judgment. The shared services prohibition does not preclude Defendants from continuing or entering into agreements in a form customarily used in the industry to (1) share news helicopters or (2) pool generic video footage that does not include recording a reporter or other on-air talent, and does not preclude defendants from entering into any non-sales-related shared services agreement that is approved in advance by the United States in its sole discretion.

XII. RETENTION OF JURISDICTION

This Court retains jurisdiction to enable any party to this Final Judgment to apply to this Court at any time for further orders and directions as may be necessary or appropriate to carry out or construe this Final Judgment, to modify any of its provisions, to enforce compliance, and to punish violations of its provisions.

XIII. EXPIRATION OF FINAL JUDGMENT

Unless this Court grants an extension, this Final Judgment shall expire ten (10) years from the date of its entry.

XIV. PUBLIC INTEREST DETERMINATION

Entry of this Final Judgment is in the public interest. The parties have complied with the requirements of the Antitrust Procedures and Penalties Act, 15 U.S.C 16, including making copies available to the public of this Final Judgment, the Competitive Impact Statement, and any comments thereon, and the United States' responses to comments. Based on the record before the Court, which includes the Competitive Impact Statement and any comments and responses to comments filed with the Court, entry of this Final Judgment is in the public interest.

Date: _____

Court approval subject to procedures of Antitrust Procedures and Penalties Act, 15 U.S.C. 16

United States District Judge

[FR Doc. 2014-17366 Filed 7-22-14; 8:45 am]

BILLING CODE P

DEPARTMENT OF LABOR

Office of the Secretary

Agency Information Collection Activities; Submission for OMB Review; Comment Request; Occupational Requirements Survey

ACTION: Notice.

SUMMARY: The Department of Labor (DOL) is submitting the Bureau of Labor Statistics (BLS) sponsored information collection request (ICR) proposal titled, "Occupational Requirements Survey," to the Office of Management and Budget (OMB) for review and approval for use in accordance with the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. 3501 et seq.). Public comments on the ICR are invited.

DATES: The OMB will consider all written comments that agency receives on or before August 22, 2014.

ADDRESSES: A copy of this ICR with applicable supporting documentation; including a description of the likely respondents, proposed frequency of response, and estimated total burden may be obtained free of charge from the RegInfo.gov Web site at http://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=201403-1220-002 (this link will only become active on the day following publication of this notice) or by contacting Michel Smyth by telephone at 202-693-4129 (this is not a toll-free number) or by email at DOL_PRA_PUBLIC@dol.gov.

Submit comments about this request by mail or courier to the Office of Information and Regulatory Affairs, Attn: OMB Desk Officer for DOL-BLS, Office of Management and Budget, Room 10235, 725 17th Street NW., Washington, DC 20503; by Fax: 202-395-6881 (this is not a toll-free number); or by email: OIRA_submission@omb.eop.gov. Commenters are encouraged, but not required, to send a courtesy copy of any comments by mail or courier to the U.S. Department of Labor-OASAM, Office of the Chief Information Officer, Attn: Departmental Information Compliance Management Program, Room N1301, 200 Constitution Avenue NW., Washington, DC 20210; or by email: DOL_PRA_PUBLIC@dol.gov.

FOR FURTHER INFORMATION CONTACT: Michel Smyth by telephone at 202-693-4129 (this is not a toll-free number) or by email at DOL_PRA_PUBLIC@dol.gov.

Authority: 44 U.S.C. 3507(a)(1)(D).

SUPPLEMENTARY INFORMATION: This ICR seeks PRA authority for the Occupational Requirements Survey

(ORS). More specifically, this request is for the approval of a nationwide, pre-production test for the ORS to evaluate the survey's processes and operations in a possible production environment. Information collections will include initiation test samples to obtain general establishment information, pay, work levels, and job requirements and re-interviews for quality assurance activities of ORS job requirements for initiations. A full evaluation of the data elements captured for this pre-production test will be followed by an evaluation of the processes, survey design, and other test program elements. This information collection is authorized by 29 U.S.C. 9, 9a.

This proposed information collection is subject to the PRA. A Federal agency generally cannot conduct or sponsor a collection of information, and the public is generally not required to respond to an information collection, unless it is approved by the OMB under the PRA and displays a currently valid OMB Control Number. In addition, notwithstanding any other provisions of law, no person shall generally be subject to penalty for failing to comply with a collection of information if the collection of information does not display a valid Control Number. See 5 CFR 1320.5(a) and 1320.6. For additional information, see the related notice published in the **Federal Register** on March 24, 2014 (79 FR 16058).

Interested parties are encouraged to send comments to the OMB, Office of Information and Regulatory Affairs at the address shown in the **ADDRESSES** section within thirty (30) days of publication of this notice in the **Federal Register**. In order to help ensure appropriate consideration, comments should mention OMB Control Number 201403-1220-002. The OMB is particularly interested in comments that:

- Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;
- Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;
- Enhance the quality, utility, and clarity of the information to be collected; and
- Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or