#8
HRC Subject File

4/25
Martha Whetstone 415 461 3577

9TH STORY of Level 1 printed in FULL format.

USA TODAY

room 284

August 27, 1993, Friday, FINAL EDITION

John Goodman

626 SECTION: MONEY; Pg. 2B

Sylvia →

→ Chris a

LENGTH: 455 words

Greg Simon

→ Mukala
→ Eric
→ Jim

HEADLINE: 'Journal' quits newspaper group

BYLINE: Pat Guy

415
989
3500
rm 327

BODY:

The Wall Street Journal has resigned from the Newspaper Association of America, the newspaper industry's major trade organization.

The Journal says the NAA, which was reorganized a year ago, no longer meets its needs. A large increase in dues for NAA members was also a factor, but The Journal won't comment on that.

Under the new dues structure, based on a newspaper's circulation, The Journal (circulation: 1,852,967) was to pay about $ 800,000 for the fiscal year that began June 1. Neither The Journal nor NAA would say what the newspaper was paying before the reorganization, which combined the American Newspaper Publishers Association, the Newspaper Advertising Bureau and several other organizations representing groups such as circulation officials.

The Journal was only a member of ANPA, and member dues before the reorganization ranged from $ 250 to $ 100,000 a year. Dues were based on a sliding scale involving ad rates and circulation, and they were capped. There is no cap in the NAA dues structure, which is being phased in over three years.

The Journal "saw a significant increase. That is the primary reason" for the resignation, NAA spokeswoman Nancy Jones says.

The Journal told NAA last year it would probably resign. "The NAA's mission is representing metropolitan and smaller newspapers," says Roger May, spokesman for Dow Jones, The Journal's parent company. "There was no particular industry issue that prompted the resignation," May says. The 21 daily newspapers in Dow Jones' Ottaway Newspapers remain members.

NAA's Jones says since June, NAA has lost 11 members, including The Journal. The other 10 were newspapers of circulation under 25,000 that had belonged to one of the smaller groups that preceded NAA, she says. Jones says just three of the 25 newspapers with the largest circulations are not NAA members now. The New York Post and New York Daily News dropped out before the reorganization. Jones says NAA expected some resignations because of the dues changes, but she says there's no large-scale revolt.

Laura Morgan, spokeswoman for the Los Angeles Times (circulation: 1,138,353), said Thursday, "We think (NAA) is an important organization representing the newspaper industry from Capitol Hill to Madison Avenue and we are definitely committed to paying our fair share."

NAA members account for 85% of U.S. newspaper circulation. The organization's annual budget is $ 31 million.

'Tribune' editor: Howard Tyner, 50, becomes editor and vice president of The Chicago Tribune Wednesday. The newspaper said Thursday that Tyner, Tribune's associate editor, will succeed Jack Fuller, who will be president and chief executive of the newspaper (circulation: 691,941).

GRAPHIC: PHOTO, b/w, Chicago Tribune via AP

LANGUAGE: ENGLISH

12TH STORY of Level 1 printed in FULL format.

Federal Document Clearing House Congressional Testimony

February 10, 1994, Thursday

SECTION: CAPITOL HILL HEARING TESTIMONY

LENGTH: 4575 words

HEADLINE: TESTIMONY FEBRUARY 10, 1994 FRANK A. BENNACK, JR. PAST CHAIRMAN
NEWSPAPER ASSOCIATION OF AMERICA HOUSE JUDICIARY/ECONOMIC AND COMMERCIAL LAW
ANTITRUST REFORM ACT OF 1993

BODY:
Statement of

Frank A. Bennack, Jr.

on Behalf of

THE NEWSPAPER ASSOCIATION of AMERICA

Before the

U.S. HOUSE OF REPRESENTATIVES SUBCOMMITTEE ON ECONOMIC AND

COMMERCIAL LAW COMMITTEE ON THE JUDICIARY

on

H.R. 3626

February 10, 1994

Mr. Chairman and Members of the Subcommittee, my name is Frank A. Bennack, Jr. and I am President and Chief Executive Officer of The Hearst Corporation and the Immediate Past Chairman of the Newspaper Association of America ("NAA"). Thank you for allowing me to appear before you on behalf of the NAA and its members.

The Newspaper Association of America is a non-profit corporation serving approximately 1,225 member newspapers in the United States and Canada. The majority of these members are daily newspapers that account for more than 80 percent of the daily circulation in the United States. In addition, nearly 200 individuals and companies allied with the newspaper industry are associate members of NAA.

I want to thank this Committee and its staff for their efforts extending over a period of years to develop legislation that will resolve the many troubling issues that have arisen under the AT&T Consent Decree ("MFJ"), and especially one that the courts have not been able to address properly--namely, the need for strong safeguards to prevent the Bell Operating Companies ("BOCs") from expanding their local exchange monopolies into electronic publishing markets. I would like to extend our association's special appreciation to Chairman Brooks, as well as to Energy and Commerce Chairman Dingell, whose leadership on this issue has been essential to getting where we are today.

Section 203 of your bill-H.R. 3626-represents an historic compromise between the interests of our industry and those of the Bell companies. The bill recognizes that both of us have essential roles to play in bring exciting new information services to the American public. Today I can assure you that this legislation is necessary and will promote competition.

H.R. 3626 Is Needed Now

In August of 1989, Robert M. Johnson of Newsday, testifying on behalf of our predecessor organization-the American Newspaper Publishers Association-before this Subcommittee, stated that "Congress has a crucial role" to play in establishing public policy with regard to the availability of competitive electronic publishing services. He urged you to "clearly endorse the line of business distinction" within the MFJ between transmission and content-a distinction that has served U. S. commerce so well that, today, we enjoy both the world's most efficient telephone service and the world's best and most diverse electronic information services. Again in 1989, before the House Telecommunications and Finance Subcommittee, David E. Easterly of Cox Newspapers
reiterated the position of our Association in this regard. And two years ago, NAA's President and Chief Executive Officer, Cathleen Black emphasized that "Congress must fill this policy void and, in the process, protect competition in electronic publishing services." Today, we are extremely pleased to see that you have heard our concerns and are moving forward with a bill that we support enthusiastically.

In recent years, developments in the courts and at the FCC have eroded the protections that competition in electronic publishing once had from monopoly abuse by the BOCS. The MFJ restriction against BOC entry into information services was removed-albeit reluctantly by Judge Greene in 1991, and the final avenue of appeal was exhausted last year. Also in 1991, the FCC scuttled its decades-old structural separation requirements, allowing the BOCs to provide information services on an integrated basis, rather than through a separate subsidiary. These actions eliminated any effective protection against anti-competitive behavior by the BOCs at a time when local exchange competition was still more promise than reality, and when the basic shape of the future electronic publishing industry was beginning to take shape.

Even now, in early 1994, the BOCs have not yet entered the electronic publishing field in a major way. Congress is still free to set the rules of the road without the constraint of major BOC businesses investment already in place.

Thus, it is timely now to enact H.R. 3626, before the world of electronic publishing changes too much and sound public policy is left behind.

Recent Market Developments

Significant changes have begun to occur in both electronic publishing and local telecommunications. The electronic publishing sector is beginning to emerge from its infancy. Although far from a mature market, electronic publishing has taken on significant momentum and can be expected to become increasingly important in the remainder of this decade.

It is now estimated that close to ten percent of homes have computers equipped with the modems needed to receive electronically published information. More and more customers are signing up for these services, and industry is responding with ever greater and more diverse service offerings. For example, our own member newspapers now provide more than 600 electronic services, including audiotex, on-line services, and facsimile publishing. The rate of growth in end user/consumer services is now the fastest growing market segment. According to industry statistics, total sales in that segment rose by approximately 35 percent in 1992, and are forecast to continue to grow at a similar annual rate in the near future. And overall growth in electronic publishing is expected to continue at a growth rate of 15 to 20 percent annually for the remainder of this century. All of these developments benefit the public by making available a wide and diverse universe of electronic information from competitive sources.

This growing and robust electronic publishing market still depends on local telephone exchange service to connect information providers with their customers. Telephone exchange service is largely still controlled as a monopoly by the franchised local telephone operating companies, which for most of America means one of the BOCS. However, it is now possible to envision the development of significant competition to the BOCs before this century draws to a close. We do not accept the rhetoric which claims that competition for the BOCs is already here; it quite simply is not for the type of universal local exchange connections that electronic publishers need. But we do see competition coming-much faster than once anticipated-in the form of cellular and PCS radio systems, enhancements to the technology of existing cable companies, and the installation of facilities by fiber- optic based metropolitan area networks.

There are still substantial economic and legal barriers to the full growth of these competing means of communication, but we fully expect that they can offer service that is functionally equivalent to that of the BOCs within the next five to seven years, or somewhat sooner if public policy strongly encourages their development. For that reason, NAA also supports H.R. 3636, now being considered by the Committee on Energy and Commerce, which will promote
local telephone competition and thus create the market conditions that will be needed for the electronic publishing industry to flourish, both in the next few years and after the safeguards outlined in H.R. 3626 expire.

Protecting Competition In Electronic Publishing When the Bell system was divested, the Bell companies were prohibited by the MFJ from providing electronic publishing services. But now, Judge Greene and the courts have concluded that the Bell companies cannot be excluded from electronic publishing altogether despite the risks of anticompetitive consequences that still face us. In effect, the courts have said that Congress must set policy in this area, and that other branches of government must protect competition in electronic publishing from BOC abuses.

The BOCs have the ability and the incentive to discriminate against competing electronic publishers and to cross-subsidize their own electronic publishing operations with telephone monopoly revenues. NAA believes that the record before Congress already clearly demonstrates that the Department of Justice, the FCC, and the state PUCs do not now have the necessary policy guidance to effectively safeguard electronic publishing markets from BOC entry. The Department, under the former administration, actively encouraged the courts to drop the information services line of business restriction from the MFJ. In part, the Department placed reliance on the FCC's safeguards to justify abandoning the MFJ prohibition. However, as previously noted, the FCC has eliminated its structural separations requirements for BOC provision of enhanced services, which include electronic publishing, even though the FCC continues to require separate subsidiaries for telephone companies' cellular operations. Most state PUCS have not even been able to address the electronic publishing issue. A few that have, such as the commissions of New Jersey and Pennsylvania, have endorsed separate subsidy requirements similar to those in H.R. 3626.

From another perspective, we also recognize that participation by the Bell companies in electronic publishing-with services of their own and in ventures with other publishers could bring competitive benefits, if the risk of monopoly abuse could be eliminated. With a view toward achieving an optimum blend of safeguards and market participation, NAA entered into a dialogue last year with the Bell companies and Congress. After prolonged and difficult negotiations, NAA feels that the majority of our concerns have been addressed in the compromise which is reflected in Section 203 of H.R. 3626. It should be understood that while our central concerns were met, this was a tough negotiation with some concessions along the way. In a perfect world, the bar against the Bells would not have been dropped--or these safeguards at least would have been put in place--before BOC entry. But, as everyone knows, we don't live in a perfect world.

The bill prohibits the Bell telephone operating companies from engaging directly in electronic publishing over their monopoly facilities within their service areas. However, the BOCs' regional holding companies may provide such services if they do so through a separated affiliate. In effect, this restores and strengthens the FCC's recently abandoned structural separation requirement and reinforces the requirements that have been adopted in some states. This separation requirement will make it more difficult for the BOCs to engage in discrimination or cross subsidy and much easier for any violations to be detected and corrected. The services that must be separated are those which involve the publication of information content--an activity that can efficiently be carried out without being integrated into network operations. The bill carefully avoids imposing a separation requirement on telephone company network services where there may be legitimate claims of efficiency.

The separated affiliate must be a separate corporation, with separate books and separate directors, officers, and employees from the BOC. Moreover, the BOC and separated affiliate cannot share property, hiring and training of personnel, purchasing, installation, and maintenance of equipment, or research and development. These requirements are similar to those the FCC now imposes in order to separate the BOCs from their cellular affiliates.

In addition to requiring structural separation, the bill strengthens existing laws against discrimination and cross-subsidy by adding greater specificity and coverage. Thus, a BOC would not be allowed to discriminate in favor of its separated affiliate in providing facilities, services or information, including customer proprietary network information (CPNI), billing and collection, or physical collocation. Nor could it discriminate in the design, presentation, or provision of telephone company 'gateway" facilities that show customers which electronic publishing services are available and provide connections and billing for such services.

To preclude cross-subsidy, the bill requires that transactions between the BOC and separated affiliate must be at arms-length and that anything of value transferred from the BOC to the separated affiliate must be for consideration at least equal to the greater of net book cost or fair market value. These transactional safeguards will provide a much needed additional layer of protection over the accounting safeguards now in place. The FCC's current accounting rules only seek to identify overall trends of improper allocation of costs between competitive and non-competitive services. The new transactional rules will prevent abuse in each specific case-abuse that could be masked in aggregated accounting records that pertain to thousands or even millions of other, unrelated transactions.

The bill has several new requirements to aid in the detection of violations and in enforcement by private parties or government agencies. Both the BOCs and separated affiliates must keep auditable records and file their contracts with the FCC. The separated affiliate must prepare and make public unconsolidated SEC-type financial reports. Very importantly, the BOCs and separated affiliates must submit to an annual compliance review by an independent firm; any exceptions identified by this compliance review must be reported to the FCC and made public. In addition, private parties will be able to sue the BOC for damages or, for the first time, an injunction to stop violations.

Although the FCC will have the power to enforce the safeguards on its own motion, and will be obliged to act on any complaints, it is important to note that the safeguards are largely self-executing. Neither the Department of Justice nor the FCC will be faced with undue or heavy new burdens; no big court proceedings or extra staff will be needed.

The bill includes reasonable transition provisions. Existing Bell services and ventures will not be permanently grandfathered, but will have one year to come into compliance with the new rules. There is no provision for waivers of the safeguards, with the attendant uncertainty and cost. However, the safeguards will expire on June 30, 2000, a date that we believe is consistent with current estimates of the development of local telephone competition.

Promoting Market Entry

Section 203 of H.R. 3626 is much more than a competitive protection provision for existing non-BOC electronic publishers. It will also promote the entry of new market competition. By creating adequate safeguards against BOC abuse, the bill will remove the current uncertainty about how the BOCs will behave in this market. At present, we believe that many entrepreneurs are still holding back from major investments in electronic publishing, concerned in part by the possibility that the BOCs will not treat them fairly and could easily drive them out of business.

Clear competitive safeguards, as provided in H.R. 3626, will increase investor confidence in electronic publishing enterprises. More investment means more competition. More competition means better and less costly service to the American public. Services directed to schools, libraries, and hospitals-those who most need information but may be least able to pay for it-are more likely to develop without government intervention or costly subsidies.

Moreover, the bill permits fair competition in electronic publishing markets by the Bell companies. Our members welcome this competition as we believe that Bell participation under appropriate safeguards has the potential to add additional dynamism to the electronic publishing industry.

Finally, the bill contains very important provisions that will enable the Bell companies and electronic publishers to elect to work together and add still another competitive dimension to the marketplace. We believe that the Bell companies' major strengths are, and will remain, in their network services and their technical expertise. The bill specifically encourages teaming arrangements between BOCs and independent electronic publishers, which will allow each to bring its special strengths to customer services.

Additionally, the bill encourages nonexclusive joint ventures between the BOCs and electronic publishers. These joint ventures remain subject to an array of safeguards to prevent abuses, yet allow significant flexibility in business arrangements. It is particularly to be noted that the bill contains special provisions to allow small, local electronic publishers to participate in joint ventures with BOCs where the BOC can provide substantial equity under FCC supervision.

The bill also allows the BOCs to provide inbound telemarketing and referral services to separated affiliates and to other electronic publishers as long as this is done on non-discriminatory terms and subject to FCC oversight. This provision has the potential to give all electronic publishers, and particularly smaller ones, access to marketing resources that they could not muster on their own. Similarly, it allows the BOCs to take advantage of any efficiencies they may have in telemarketing through their operating companies, while at the same time assuring that those efficiencies win be shared with competing publishers.

All of this increased vigor and competitiveness in the electronic publishing industry promises greater diversity of services for the American people at lower prices, more jobs for American workers, and greater American competitiveness abroad.

Conclusion

NAA believes that H.R. 3626 is pro-competitive because it allows electronic publishers and the Bell Companies to participate in the market on a fair basis. This means the public will be able to receive a wide diversity of electronic information from many freely competing information providers. In addition, the bill gives the BOCs incentives to invest in a modern infrastructure that will assure a competitive environment for electronic publishing in the 21st century. In tandem with H.R. 3636, the bill will also encourage the growth of competitive alternatives to the BOCs' current monopolies, thus eventually reducing the need for special safeguards.

We urge this Committee and the entire Congress to expedite adoption of H.R.

3626, which has the support of the Administration. We see the electronic publishing provisions as transitional tools on the road to full local competition-which we believe is the ultimate safeguard. We are confident that passage of H.R. 3626 will advance diversity and promote competition in electronic publishing by assuring that the providers of bottleneck facilities will not be able to abuse their monopolies.

Thank you for your time and attention.

LANGUAGE: ENGLISH

16TH STORY of Level 1 printed in FULL format.

Editor & Publisher Magazine

January 29, 1994

SECTION: Brief; Pg. 10

LENGTH: 200 words

HEADLINE: NAA's daily newspaper membership falls

BYLINE: Editorial Staff

BODY:
THE NEWSPAPER ASSOCIATION of America has fewer U.S. dailies as members now than before it absorbed six other industry groups.

As of Nov. 15, NAA's daily membership had slipped to 895 since June 1, 1992, when the group changed its name from the American Newspaper Publishers Association, which had 904 members, and merged with six newspaper advertising, Nelson (British Columbia) Daily News publisher Verne Shaull ran an editorial page filled with examples of how the newspaper would look if it bowed to reader complaints. Above is an example. "There are many minorities in Nelson - and by minorities I'm talking not about racial minorities but about all these small little groups, whether it be nationality, way of life, feminists - who are uptight about every little thing."

LANGUAGE: ENGLISH

LOAD-DATE-MDC: January 31, 1994

19TH STORY of Level 1 printed in FULL format.

Advertising Age

December 20, 1993 / December 27, 1993

SECTION: NEWS; Pg. 2

LENGTH: 682 words

HEADLINE: Doubts greet NAA ad net

BYLINE: By Christy Fisher

BODY:

Newspapers may be ready for national advertisers, but it's unclear if national advertisers are ready for newspapers.

The U.S. Justice Department on Dec. 10 cleared the way for the Newspaper Association of America's long-awaited National Newspaper Network next spring, which will provide national advertisers with one-stop shopping for multimarket ad buys at a single, competitive price.

"This really gives us an opportunity to re-energize the competitiveness of our industry," said Nick Cannistraro, the NAA's senior VP-chief marketing officer.

Newspapers currently get only about 5% of the $ 76.5 billion spent on national advertising.

One advertiser, Ford Motor Co.'s Ford Division, already said it isn't interested in NNN or multimarket newspaper ad buys even with a one-order/one-bill system.

"We would not consider using such a service," said Carolyn Brown, assistant manager of public affairs. "We use USA Today or The Wall Street Journal for national newspaper advertising and dealers buy local advertising in their own communities."

Chrysler Corp., however, is interested.

"We have said all along that price was an issue with newspapers and that [newspapers] are way out of hne with other media," said Jim Julow, director of marketing operations. "Also, the complexity of the placements to do a national newspaper buy was an issue."

"If a new alliance was formed to deal with these issues, we [would] look at it, he said.

Media buyers think the ease of ordering and competitive pricing should at least get newspapers in the door with automotive, food, household supplies, toiletries and medical products marketers that spend little or nothing on national ads.

"I think what they're doing is a very positive move . . . But it's definitely an uphill battle," said Frank Smith, group director of print services group for Young & Rubicam, New York. "Newspapers . . . are not thought of as a national medium except The Wall Street Journal and USA Today."

"This should get newspapers back in consideration," said Bill Reynolds, senior VP-media director at Henderson Advertising, Greenville, S.C., which handles DowBrands. "Right now, we do not look at newspapers . . . for national advertising because of costs and their difficulty to manage."

The network will hire a 10- to 15-person ad sales staff next year to go after national advertisers. The staff will be disbanded in three to six years to avoid competition with newspaper representative firms. About $ 2 million in seed money will come from the top 50 newspapers, the NAA said.

Pricing will be set at a cost-per-thousand basis for each ad category. The CPM may be tiered so larger newspapers would charge less per unit since they give greater circulation to each ad. Only a handful of ad sizes and guaranteed positioning will be offered. Each paper will maintain a confidential rate floor. Newspapers will likely have to pay a network fee that could be as high as $ 2,000 for the largest publications.

The NAA has hired Publicitas Advertising Services, Stamford, Conn., to provide one-order/one-bill processing services.

A $ 4 million ad campaign from Y&R next spring will target media buyers and advertisers, with funding coming from 600 newspapers in the top 50 markets.

The NAA realizes its task is daunting. "I think it is going to be slow. That is not to say this is not a good concept," Mr. Cannistraro said. "There is enough history of the newspaper industry being unable to deliver on promises'advertisers will be skeptical on whether . . . we can really do it."

Newspapers First, a New York representative company, also is trying to establish a one-order one-bill network it hopes to start next year (AA, Oct. 11), targeting beer and drug/remedy advertisers exclusively. It has signed 51 newspapers to date, but not The New York Times, The Washington Post or Los Angeles Times.

No paper has refused to join the network, said Kingsley Anthony, president-ceo. But some are waiting to see what the NAA does with its national network.

LANGUAGE: ENGLISH

Federal Document Clearing House Congressional Testimony

October 6, 1993, Wednesday

SECTION: CAPITOL HILL HEARING TESTIMONY

LENGTH: 5349 words

HEADLINE: Testimony OCTOBER 6, 1993 GARY H. BUGGE VICE PRESIDENT OF OPERATIONS
MEDIA ADVERTISING CREDIT SERVICES HOUSE POST OFFICE/ POSTAL OPERATIONS &
SERVICES CONSUMER MAIL FRAUD

BODY:

Statement of Gary H. Bugge,

on Behalf of

the Media Advertising Credit Services, the

International Newspaper Financial Executives and the

Newspaper Association of America

Before the

Subcommittee on House Postal Operations and Services

Committee on Post Office and Civil Service

U.S. House of Representatives

October 6, 1993

Good Morning Madam Chairwoman and members of the Subcommittee. I am Gary
Bugge, and I am here today on behalf of Media Advertising Credit Services, International Newspaper Financial Executives, and the Newspaper Association of America.

I am vice president of operations for Media Advertising Credit Services (MACS). MACS is a subscriber-based media credit and collection service which addresses the needs of media advertising credit departments. In addition to performing the typical tasks of an industry credit and collection service, MACS also disseminates information concerning consumer and commercial fraud schemes and other questionable advertising. MACS is a wholly owned subsidiary of the International Newspaper Financial Executives (INFE), a trade association of newspaper financial executives. INFE serves more than 1,000 members in all 50 states, Canada and internationally.

The Newspaper Association of America (NAA) is a non-profit corporation serving approximately 1,250 member newspapers in the United States and Canada. The majority of NAA members are daily newspapers accounting for more than 80 percent of the daily newspaper circulation. In addition, nearly 200 individuals and companies allied with the newspaper industry are associate members of NAA.

NAA is a relatively new organization and was formed out of the merger of seven fraternal organizations in 1992 1 . In this new organization, NAA's Classified Advertising Council has assumed the role of the former Association of Newspaper Classified 1 Those organizations were the American Newspaper Publishers Association, Newspaper Advertising Bureau, International Circulation Managers Association, Association of Newspaper Classified Advertising Managers, International Newspaper Advertising and Marketing Executives, Newspaper Advertising Co-op Network and Newspaper Research Council.

Advertising Managers. The "bogus invoicing" scam that I discuss below is one of their major issues. NAA, through its various publications and committees, very carefully follows fraud issues in the newspaper industry and disseminates information in this area. Both MACS and NAA conduct seminars and training session on advertising and the problems associated with advertising fraud.

MACS is currently a member of the Alliance Against Fraud in Telemarketing (AAFT), which is coordinated by the National Consumers League and is a coalition of trade associations; labor unions; industrial groups; law enforcement and regulatory agencies; consumer reporters; local; state; and federal consumer protection agencies and nonprofit organizations. I serve on the AAFT Subcommittee on Consumer Education. In the past 18 years, I have held positions in credit management, and have dealt with industry related issues with the Hearst Corporation and with Fairchild Publications, a division of Capital Cities/ABC.

I would like to commend the chair and the subcommittee for holding these hearings on mail fraud. This is an issue that touches the heart of all American communities and is of particular concern to the media. While both MACS and NAA are studying the Senior Citizen Against Marketing Scams Act of 1993, neither organization has taken a position on this bill.

FRAUDULENT ADVERTISING

At the outset, let me state that any form of fraudulent advertising is of great concern to the newspaper industry. Newspapers take very seriously the responsibility of seeing that what they print is as true and accurate as possible, and that the advertising they publish is not deceptive. A newspaper's reputation, and ultimately its livelihood, depend on it.

In today's advertising market, businesses and their advertisers have an unprecedented ability to reach greater numbers of people through a whole range of print, electronic and broadcast media. As a result, advertisers - both honest and dishonest have more opportunities to target audiences. While this has positive implications for the honest advertiser, it is also a windfall for the dishonest advertiser who is able to target vulnerable audiences through legitimate media.

Because most fraudulent schemes are local, a community's newspaper is on the front lines of the battle against fraudulent activity. When an advertiser places an ad with the newspaper, the newspaper generally scans it for so-called "red flags" indicating an ad is unacceptable for publication. These red flags may include ads for racially discriminatory housing, certain mail-order merchandise, vending machines, X-rated movies, fortune tellers, tobacco, certain 900 telephone services, firearms, work-at-home jobs, certain financial schemes, certain medical products and escort services, or anything else outlined in an individual newspaper ad acceptance policy. If there are other indications that an ad is intent on causing harm, a newspaper generally acts as a conscientious citizen of the community and the ad will not run. In addition, a call may be placed to the local Better Business Bureau and/or the appropriate state agency to verify past problems with the advertiser and to alert them to new potential problems.

Of course, some bad ads do slip into newspapers, but the number of deceptive advertisements are very few, given the vast number of classified ads placed each day throughout the country. On a typical Sunday, for example, more than 69,000 classified ads appear in the pages of just The New York Times, the Los Angeles Times and The Washington Post. When one takes into account that there are more than 7,000 daily and weekly, paid and free circulation newspapers in the United States, plus hundreds of shoppers, it is a testament to the industry's vigilance that more bad ads don't slip in.

Newspapers are very much aware that advertisements placed in their publications may be the starting point for fraudulent schemes. One typical scam that uses newspapers works like this: An unsuspecting newspaper customer reads an ad for an excellent travel opportunity in their local paper. The advertisement may contain a company name (generally fictitious), a phone number and an address, or sometimes just a phone number. In order to take advantage of this great travel offer, the reader is instructed to call the company. Once the reader makes the call the scam really begins. The company instructs the reader to send money in order for the reader to take advantage of this great deal. The reader does not go on that wonderful trip or receive a refund because the company has closed up shop, changed its address and/or changed phone numbers and
taken off with the money.

ADWEEK Eastern Edition

July 12, 1993

SECTION: Vol. 34 ; No. 28 ; Pg. 23; ISSN: 0199-2864

LENGTH: 813 words

HEADLINE: On the spot: enigmatic Donald Newhouse, the older brother at Advance Publications, is the unlikely man of the hour for a deeply troubled newspaper industry; Newspaper Association of America president

BYLINE: Barr, Stephen

BODY:

Donald Newhouse is a reluctant cheerleader. Mild-mannered and unassuming, the new chairman of the Newspaper Association of America is one of the industry's most enigmatic figures. But now he finds himself thrust into the spotlight at a critical time, and cheerleading is needed.

Atop NAA's agenda are several initiatives designed to garner more national advertising, which media buyers and publishers call make-or-break motions for newspapers. So when Newhouse met last month with industry executives in Seattle and San Francisco, his rallying cry was simple: "I need help."

Newhouse would not say that about Advance Publications, the privately held company he controls with his far less obscure brother. While the high-profile Si runs the Conde Nast side of the $ 4.5-billion business, Don quietly oversees the company's 26 dailies and personally keeps tabs on the four larges--the Newark Star-Ledger, New Orleans Times-Picayune, Portland Oregonian and Cleveland Plain Dealer. Media analysts believe that what these papers lack in editorial glamor, they make up for in profits. Some even speculate that the humdrum newspapers help bankroll the glossy magazines.

Although Newhouse lives in New York, he works out of a large, modestly furnished office at the Star-Ledger. His turn as NAA chairman comes at a time when the industry is reeling from three years of recession and is increasingly hearing talk of an electronic-information future without ink on newsprint. "I think it's a very important year," Newhouse says with characteristic understatement. Then again, he adds, "I have never lived through any time in my career when there haven't been grave challenges facing newspapers."

Newhouse says that NAA, now in its second full year of existence, has worked out most of its merger kinks. He expects significant progress on longstanding industry problems during his one-year tenure, especially on removing barriers that make it difficult or inefficient for multimarket national advertisers to buy newspapers. In June, NAA circulated a standard advertising invoice, which Newhouse hopes all newspapers will adopt by September 1994. And the one-order/ one-bill system, which will allow an ad to be placed in multiple newspapers with one phone call, should finally be operational by the end of this year.

"We have to overcome misperceptions," Newhouse says, "and we have to do certain things to signal to an advertiser that we are sincere in making it easier to buy newspapers." Beyond these "infrastructure" enhancements, a national sales group within NAA will be established this year to go after categories (toiletries and cosmetics, automotive brand-building) and advertisers (Home Depot, Dillard's, Toys "R" Us) that rarely use newspapers.

Newhouse will not comment on how rate discounts will be used to help cement this sales effort or on whether there will be an effort to redress the rate differential between national and retail advertising. But Jack Cohen, vp/director of print and outdoor media buying at DDB Needham, expects newspapers
to charge less for traditional non-users. If that yields additional advertising volume, he adds, the industry will be more inclined to adjust rates lower for everybody. "Publishers have reached the point where they have to move or national advertising will go down the tubes," Cohen says. "Newhouse appears to have the ear of publishers for reduced rates and appears to have the ability to bring them together."

But at least one newspaper exec, who heard Newhouse's recent West Coast pitch and ardently backs the effort to make newspaper buying easier for agencies, balks at the price breaks. "Giving discounts to those who don't use you is a slap in the face to your regular customers," says Robert Oristaglio, vp/marketing for Alameda Newspapers in California.

Will Newhouse's "I need help" plea be enough to get publishers working in concert toward industrywide goals, something that has hindered past efforts at change? Those who compete against him believe so. "He is a newspaperperson, and that obsession is important for someone at the top of NAA, " says Don Lass, editor and publisher of the Asbury Park Press, New Jersey's second-largest paper after the Star-Ledger.

Though taciturn by nature, Newhouse has preserved and strengthened the newspaper empire built by his father. It's hard to argue with his success--not to mention his billionaire status. But his task with NAA is about more than preserving the family business for the next generation. That he's asking for assistance shows just how daunting the challenges are. "The industry's interest is his self-interest, more than ever before," says Matti Prima, a newspaper analyst. "He wants to make sure people see that newspapers are not going the way of dinosaurs."

Stephen Bart is a freelance writer based in New Jersey.

SIC: 2711 Newspapers

IAC-NUMBER: IAC 13190729

IAC-CLASS: Trade & Industry

LANGUAGE: ENGLISH

LOAD-DATE-MDC: January 13, 1994

2ND STORY of Level 1 printed in FULL format.

The Boston Globe

May 2, 1993, Sunday, City Edition

SECTION: FOCUS; Pg. 73

LENGTH: 132 words

HEADLINE: Moore's the merrier;
POLITICAL JOURNAL

BYLINE: By SCOT LEHIGH

BODY:

When President Clinton came to town last week, it was a heady time for the close circle of political operatives who supplied the political savvy that powered the Dukakis years. Before and after his speech to the Newspaper Association of America, Clinton spent some time at a private reception chatting with John Sasso, Jack Corrigan, Nick Mitropoulos, Chuck Campion and Charles Baker (the Hill & Barlow lawyer, not the Weld Cabinet secretary).

But there also was a presidential bear hug for a man who was never a Dukakoid: state Rep. Richard Moore (D-Uxbridge). Moore, the state chairman of the Democratic Leadership Council, endorsed Clinton back in October 1991, when much of the rest of the state's political establishment was in deep swoon over Nebraska's Sen. Bob Kerrey.

LANGUAGE: ENGLISH

LOAD-DATE-MDC: May 6, 1993

3RD STORY of Level 1 printed in FULL format.

Editor & Publisher Magazine

May 1, 1993

SECTION: News; Pg. 8

LENGTH: 662 words

HEADLINE: Praising the Press;
President Clinton at NAA meeting lauds reporting on issues

BYLINE: Debra Gersh

BODY:
PRESIDENT CLINTON HAD kind words for America's newspapers, which he credited with keeping important human concerns at the center of political debate.

The president, speaking April 25 at a rare Sunday general session of an annual publishers' meeting, also praised detailed reporting on social topics.

"As all of you know, I believe very strongly that over the last 10 to 12 years, the political system, which includes both parties, in many important waysfailed our people," Clinton told the Newspaper Association of America conference in Boston.

"And oftentimes, it was newspapers of our country who continued to put the human concerns of people back at the center stage of public debate-reporting on the stagnation of living standards that created so much anxiety for the middle class and so much despair for the poor," he noted.

"I think, in particular, of the incredible series run by the Philadelphia Inquirer, called "America: What Went Wrong?" and the detail in which that seriesdocumented what happened to the middle class in America, as most families workedharder for lower wages and had more insecurity in the fundamentals of their lives.

"But many other papers-perhaps all of them all across the country-issued various reports on other problems that were neglected for too long," the president continued, detailing such issues as the deficit, the way the wealth ofthe 1980s was reaped by only a small group of people, health care, schools, welfare, drug abuse, crime and unemployment.

"When the political system seemed brain-dead and deadlocked, with so many people locked into yesterday's rhetoric and yesterday's policies, many in the newspapers helped to give the American people not only the information they need, but the sense that with that information, something profound could be done to change the course of our nation's history.

"We can't forget amidst all the gamesmanship of American political life, which is a high form of entertainment, that there are real people with real stories, and they are what all of our efforts are ultimately about."

During a wide-ranging speech interrupted many times by the publishers' applause, Clinton restated the Thomas Jefferson quote about preferring newspapers without government, which he had noted in an address to the American Society of Newspaper Editors earlier this spring.

The president took the opportunity during a question-and-answer period to remark on gossip reporting.

While stressing that coverage cannot be generalized, Clinton said he is "stunned from time to time at the stuff I read about things in the national government that are pure gossip."

While gossip sometimes gets into print too easily, he said, "by and large, there are still high standards of professionalism and fact (checking) required" before something is printed.

The worst offenders, the president added, are "the tabloids or . . . media basically that have to live and breathe with political gossip."

Clinton also was asked about his position on telecommunications, an issue of special interest to the NAA, which has been lobbying against proposals to lift restrictions on the regional Bell operating companies.

Noting that telecommunications is one of five issues his technology working group is looking at, the president said he did not have an answer.

The question "certainly rang my bell," he said to much laughter, realizing his unintentional pun and promising to get on top of the issue.

During a panel discussion the next day at the Associated Press annual meeting, AP White House correspondent Ron Fournier said he no longer has the same access to President Clinton as he did to Gov. Clinton.

Fournier noted that in Little Rock, he could simply pull Clinton aside for comment or an impromptu news conference.

The president can be overly sensitive and has lashed out at reporters, Fournier added, but he had a good relationship with the press in Arkansas.

GRAPHIC: Photo, President Clinton; Photo, Clinton said he is "stunned from time to time at the stuff I read about things in the national government that are pure gossip."

LANGUAGE: ENGLISH

LOAD-DATE-MDC: November 15, 1993

6TH STORY of Level 1 printed in FULL format.

The Boston Globe

April 28, 1993, Wednesday, City Edition

SECTION: ECONOMY; Pg. 31

LENGTH: 527 words

HEADLINE: Newspaper group's gathering follows smooth road

BYLINE: By Thomas C. Palmer Jr., Globe Staff

BODY:

Except for a spring snow squall yesterday, the first annual convention of the reconstituted Newspaper Association of America this week in Boston has been a reasonably smooth affair.

The 1,300 newspaper publishers, executives and guests gathered Sunday to hear President Clinton - and readied themselves for four days of meetings that were not guaranteed to be a seamless event.

The pains of last year's merger of several industry organizations, combined with the implementation of a new, broader mission and a big challenge to newspapers from the regional telephone companies, have made for a rocky year.

There have been staff cuts of about 30 percent and resignations by disgruntled members. Cathleen P. Black, the determined, $ 600,000-a-year president and chief executive of the association, said she will not be wooing those publications back.

"We can't please them all," Black said, and the new fee structure will not be adjusted for smaller newspapers that now may feel priced out. The new organization - which last year brought together the 106-year-old American Newspaper Publishers Association, the National Advertising Bureau and five smaller industry groups - has 105 more daily newspapers as members than the old ANPA alone, Black said.

In fact, it may be the challenge to newspapers by the Baby Bell telephone companies that put a lid on some the internal bickering. The regional phone companies were freed by a July 1991 court decision to compete with newspapers in information gathering and delivery.

More than 24,000 companies today engage in information services, Black said in a speech last May. "Unless Congress acts to reinstate the antitrust provisions of the original AT&T consent decree, the information marketplace of the future may have, not 24,000-plus competitors, but instead only the seven monopoly Bells."

Legislation is pending in Congress that would pace the Bells' entry into information services over several years, to give competitors in the telephone business time to grow. Newspapers would not immediately be forced to compete with the companies they rely on for transmission of their own information.

"They've got the channel everybody wants to go through," said Burl Osborne, publisher of the Dallas Morning News. "That's the core of the debate - whether or not you should be able to use the monopoly to compete with others who have to use the monopoly and have no choice."

Perhaps the second biggest challenge facing newspapers today - as it does other industries - is the battle for diversity. A session today, led by James K. Batten, chairman and chief executive officer of Knight-Ridder Inc., will focus on means of making newsrooms less dominated by males and whites.

"We have been trying to make both the staffs and content of our papers more diverse and reflective of the communities we serve," said Frank A. Bennack Jr., chief executive of Hearst Corp. and outgoing chairman of the association. He noted that minority employment in newsrooms had passed 10 percent for the first time in 1992.

"We are not looking for window-dressing nor Band-Aid solutions to this challenge," Bennack said.

LANGUAGE: ENGLISH

LOAD-DATE-MDC: April 29, 1993

12TH STORY of Level 1 printed in FULL format.

The Boston Globe

April 26, 1993, Monday, City Edition
Correction Appended

SECTION: NATIONAL/FOREIGN; Pg. 4

LENGTH: 758 words

HEADLINE: Clinton lauds media for focusing on his issues;
In Boston, defends his stimulus plan

BYLINE: By Thomas C. Palmer Jr., Globe Staff

BODY:

President Clinton recycled the themes of his presidential campaign yesterday, commending the publishers of America's newspapers at their annual convention in Boston for addressing the issues voters were concerned about when they elected him.

Speaking to more than 1,600 newspaper executives and guests of the Newspaper Association of America, Clinton insisted on the merits of his economic stimulus plan, which was defeated in Congress.

"I don't know what happened that made that program such a bad idea all of a sudden," Clinton said, noting that Republicans had previously supported items such as community block grants, contained in the Clinton package.

Received with polite, occasionally enthusiastic applause, Clinton defended his first 100 or so days in office, which have been assessed critically as a time in which he may have spread himself too thin rather than putting all his effort behind one or two national problems.

Pointing to a budget outline that was adopted by Congress on time for the first time in 17 years, Clinton asked his critics, "What did the other guys do in their first 100 days?"

"I'm doing my best to restore a sense of real community in this country," Clinton said in a 45-minute speech followed by a half-hour of questions at the Marriott in Copley Place. "We don't have a person to waste."

Referring to his initiative to allow gay men and women to serve in the military, he acknowledged, "I paid a terrible political price . . . This is not about embracing anybody's lifestyle."

Denying that there was wasteful spending in his proposed stimulus package, Clinton said, "It wouldn't have been pork barrel for the kids we immunized."

The president cited what he said were stagnating living standards, lower wages, more insecurity among workers, the government's growing debt, and expensive, uneven health care as causes of "the profound disaffection of our people" toward the political system.

"We have begun to fundamentally change the direction of government," Clinton said, particularly with an effort directed by Vice President Al Gore at questioning government programs and that of Hillary Rodham Clinton to reorganize health care.

If the economy weakens, Clinton vowed, he would try again. He noted that the current recovery is yielding productivity increases but not more jobs, and said, "We can do better, we must, and we're going to bust a gut trying in this administration."

Clinton called the conflict and suffering in the former Yugoslavia "the most difficult foreign policy challenge this country faces." In response to a question about why Washington was not acting immediately, Clinton said the United States should lead, but not act alone, in Bosnia-Herzegovina.

Now criticized mostly by conservatives, Clinton said that as an Arkansas governor he was criticized primarily by liberals. But labels are not useful, he said, especially in areas such as discrimination. People should not be restricted based on characteristics such as color or beliefs, he said, as long as their conduct is not harmful to others.

"A whole lot of people came to this country because they wanted a good leaving alone," Clinton concluded, a line that earned him loud applause.

Response to the president's speech, perhaps predictably, was mixed. "I was impressed. I think he's a true impresario," said Jim Harrison, publisher of the Patriot-News, in Harrisburg, Pa. But David Easterly, president of Cox Newspapers, said: "I didn't hear any news. . . . I thought he talked too long."

Ron Sawyer, publisher of the Daily Commercial, in Leesburg, Fla., said, "It was classic Clinton. He's a superb orator. . . . We called Reagan the great communicator. Clinton's got him matched."

Responding to a question from a student, Clinton said the press does a reasonably good job. However, at some publications, "It's too easy to get a rumor into print," he said.

The only promise he has broken, Clinton said, is providing the middle class with a tax cut - and that was because economic circumstances changed. Told by a questioner that his support among college students was fading, he asked for patience. "You get a four-year term, not a three-month term," he said.

Clinton joked with the crowd, relating how he walked out of his office one day and found himself among 30 strangers to him who had been meeting with Hillary Clinton. A young aide apologized afterward for allowing his boss to run into "all those people."

"That's all right, young man," Clinton said he told the aide. "I used to be one."

CORRECTION-DATE: April 27, 1993, Tuesday, City Edition

CORRECTION:
CORRECTION: Because of a reporting error, an article in yesterday's World/Nation section on President Clinton's speech to the Newspaper

Association of America erroneously referred to Jim Harrison as publisher of the Patriot-News of Harrisburg, Pa. His name is Tim Harrison, and he is the husband of Caroline D. Harrison, general manager of the paper.

GRAPHIC: PHOTO, President Clinton addresses the convention of the Newspaper Association of America yesterday at the Marriott at Copley Place. / GLOBE STAFF PHOTO / JIM DAVIS

LANGUAGE: ENGLISH

LOAD-DATE-MDC: April 28, 1993

14TH STORY of Level 1 printed in FULL format.

Chicago Tribune

April 26, 1993, Monday, NORTH SPORTS FINAL EDITION

SECTION: NEWS; Pg. 7; ZONE: N

LENGTH: 485 words

HEADLINE: Clinton backs record at publishers meeting

BYLINE: By Pat Widder, Chicago Tribune

DATELINE: BOSTON

BODY:
President Clinton got a warm reception from the nation's newspaper publishers Sunday as he defended his first 96 days in office.

"You get a four-year term, not a three-month term," he said to laughter and applause from the publishers gathered for the Newspaper Association of America's annual conference.

Clinton's remarks were interrupted nearly a dozen times by applause as he spoke broadly and emotionally on what he has accomplished so far and what lies ahead - from the tragedy in Bosnia to the need to reinvent the federal government.

"The press is asking, 'Well, what did you do in your first 100 days?' " Clinton said. "Well, what did those other guys do in their first 100 days?"

For the first time in 17 years, Clinton said, a budget resolution was passed on time. He noted that a family leave bill was passed into law on the 17th day of his administration and unemployment compensation was extended on day 44.

Clinton defended his $16 billion economic stimulus package, which failed amid a Republican filibuster in the Senate last week. "It was a good idea," he said. "All I wanted to do was strike a little match."

He admitted, "This program would not have revolutionized the economy." And he conceded, "I did not do a great job" in selling it. But he added that the bill's sole purpose was jobs.

"If everyone who wanted a job had one," many of the country's problems would be solved, he said.

"I'd rather get beat fighting to put people to work than get beat fighting to keep them from work," Clinton said in a jab at the Republican opposition.

Clinton promised that "if the economy slows down, we'll go back and try something different."

He complained that the failure of the stimulus package "got 50 times the press coverage as the budget resolution."

As at least 300,000 gays gathered in Washington for a demonstration, Clinton also spoke about his controversial proposal to lift the military's ban on homosexuals.

"This is not about endorsing anyone's lifestyle," Clinton said. The real issue is "tolerance and whether we can live in a country that is free of unnecessary discrimination."

Clinton also plugged First Lady Hillary Rodham Clinton's health care task force and Vice President Al Gore's review of how the federal government should operate.

Regarding skyrocketing health costs, Clinton said, "you could cut the deficit for five years and all you'd be doing is transferring money to health care. And it wouldn't even be new health care. It would just be more money for the same health care."

Asked directly about an issue near and dear to the publishers' hearts - the threat of competition for the delivery of information services from the telephone companies - Clinton responded jokingly, "I thought you'd never ask."

He said he still has to research the issue, "but I can tell you this. You have certainly rung my bell, and I'll get on top of this."

GRAPHIC: PHOTO: President Clinton talks to publishers about setbacks in his first 100 days: "You get a four-year term, not a three-month term." Agence France-Presse photo.

LANGUAGE: ENGLISH

LOAD-DATE-MDC: 04-27-93

18TH STORY of Level 1 printed in FULL format.

Orlando Sentinel Tribune

April 26, 1993 Monday, FLORIDA

SECTION: A SECTION; Pg. A5

LENGTH: 152 words

HEADLINE: CLINTON VOWS TO 'BUST A GUT' ON REFORMS

BODY:
President Clinton pledged Sunday to "bust a gut" working for long-term reforms for health care and other issues and dismissed suggestions that he has not accomplished enough in the opening days of his presidency. In a speech in Boston to the Newspaper Association of America, Clinton also expressed frustration with the ongoing violence in Bosnia and renewed his support for Boris Yeltsin's reform movement on the day the Russian leader was up for a public vote of confidence. Displaying some sensitivity about his accomplishments to date, Clinton told the publishers, "You have to have a realistic feeling of how long it takes to get these things done. . . . That's why you get a four-year term, not a three-month term." Summing up his progress to date, Clinton said, "In the first 96 days of this administration, I believe we have begun to fundamentally change the direction of this government."

LANGUAGE: ENGLISH

COLUMN: OTHER NEWS TO NOTE
WASHINGTON