

Evaluate Litigation

[Urging City Attorney to ~~Litigate~~ Against Merger of Chronicle and Examiner]

1 **URGING THE OFFICE OF THE CITY ATTORNEY, BASED UPON TESTIMONY BY THE**
2 **GENERAL PUBLIC AND BY THE DISTRICT ATTORNEY'S OFFICE AS WELL AS THE**
3 **PRECEDENT ESTABLISHED IN HONOLULU, HAWAII, TO EVALUATE THE**
4 **APPROPRIATENESS OF LITIGATION OF THE PROPOSED SALE OF THE SAN**
5 **FRANCISCO CHRONICLE TO THE HEARST CORPORATION AND FURTHER URGING**
6 **THE CITY ATTORNEY TO REPORT BACK TO THE BOARD OF SUPERVISORS IN A**
7 **TIMELY MANNER.**

8 WHEREAS, On June 16, 1999, the owners of the San Francisco Chronicle announced
9 their intention to sell the paper; and

10 WHEREAS, On July 14, 1999, Supervisor Tom Ammiano requested the City Attorney
11 to investigate the proposed sale of the Chronicle and Supervisor Mark Leno requested that the
12 Board of Supervisors be notified of the imminent sale of the paper; and

13 WHEREAS, The Hearst Corporation simultaneously announces its intention to buy the
14 San Francisco Chronicle and to sell the San Francisco Examiner; and

15 WHEREAS, On September 2, 1999, the Office of the District Attorney announced its
16 intention to conduct an anti-trust investigation of the proposed sale of the Examiner, and on
17 September 10, 1999, notified both the Chronicle and the Examiner not to take further steps in
18 consummating the merger; and

19 WHEREAS, Supervisors Ammiano, Teng, Katz, Yaki, and Leno conducted public
20 hearings and press conferences in which members from the minority and gay communities,
21 neighborhood and political groups, local merchants and business organizations as well owners
22 of independent and foreign language presses, expressed opposition to the merger and
23 apprehension at the negative impact the merger will have on all San Franciscans; and

24
25
SUPERVISORS, AMMIANO, BIERMAN, YEE

BOARD OF SUPERVISORS

1 WHEREAS, On October 6, 1999, as required by the Hart Scott Rodino, the Hearst
2 Corporation filed papers intending to buy the San Francisco Chronicle, prompting a
3 Department of Justice investigation; and

4 WHEREAS, The Honolulu Star Bulletin and the Honolulu Advertiser, Oahu's two
5 largest daily newspaper, share a federally sanctioned Joint Operating Agreement which allows
6 to the two news agencies to mutually share the printing, distribution and advertising of the
7 dailies while simultaneously operating separate, independent news bureaus; and

8 WHEREAS, Gannet Corporation, owner of USA Today and 88 other daily papers
9 across the nation, including the Honolulu Advertiser, offered to buy the Honolulu Star Bulletin
10 for \$26 million; and

11 WHEREAS, The Attorney General of the State of Hawaii filed suit to block the merger
12 citing the merger would violate the federal Newspaper Preservation Act, destroy competition,
13 monopolize Oahu's newspaper market and diminish diversity of social and political
14 perspectives; and

15 WHEREAS, On October 13, 1999, U.S. District Judge Alan Kay granted a temporary
16 injunction halting the proposed buy out of the Honolulu Star Bulletin; and

17 WHEREAS, In San Francisco, the Chronicle and the Examiner are the City's two
18 largest dailies and share a similar federally sanctioned Joint Operating Agreement; and

19 WHEREAS, The Hearst Corporation's proposal to sell the Examiner does not include
20 the infrastructure necessary for the distribution and a production of a daily newspaper with
21 circulation which spans the nine Bay Area counties and therefore displays a less than diligent
22 attempt at attracting an interested buyer; and

1 WHEREAS, The proposed merger of the Chronicle and Examiner would result in the
2 monopolization of San Francisco's newspaper market by the Hearst Corporation,
3 diminishment of the diversity of perspectives and opinions, reduction in the coverage of issues
4 important to residents, neighborhoods and minority groups, and would greatly increase the
5 advertisement costs and hurt small businesses ; and

6 WHEREAS, The Hearst Corporation will be less accountable to the public and public
7 interest while the pressure to maintain the flow of advertising dollars will inversely increase;
8 and

9 WHEREAS, Studies indicate that because serious news with depressing subject
10 matters negatively influences the emotional state of the reader and will less likely to
11 contemplate the purchase of a product or service, advertisers favor light hearted and soft
12 news over serious news because of its influence on the subjective state of the reader; and

13 WHEREAS, The lack of competition from a rival daily would compromise the quality
14 and quantity of news coverage, especially issues vital to minority and gay /lesbian/ bisexual/
15 transgender communities; now, therefore, be it

16 RESOLVED, That the Board of Supervisors of the City and County of San Francisco
17 hereby urges the Office of the City Attorney, based upon the testimony by the general public
18 and by the District Attorney's Office as well as the precedent established in Honolulu, Hawaii,
19 to evaluate the appropriateness of litigation of the proposed sale of the San Francisco
20 Chronicle to the Hearst Corporation and further urging the City Attorney to report back to the
21 board of supervisors in a timely manner.
22
23
24
25

SUPERVISORS AMMIANO, BIERMAN, YEE



City and County of San Francisco

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Tails

Resolution

File Number: 992245

Date Passed:

Resolution urging the Office of the City Attorney, based upon testimony by the general public and the District Attorney's Office as well as the precedent established in Honolulu, Hawaii, to evaluate the appropriateness of litigation of the proposed sale of the San Francisco Chronicle to the Hearst Corporation and further urging the City Attorney to report back to the Board of Supervisors in a timely manner.

December 13, 1999 Board of Supervisors — SEVERED FROM FOR ADOPTION WITHOUT COMMITTEE REFERENCE AGENDA

December 13, 1999 Board of Supervisors — CONTINUED

Ayes: 10 - Becerril, Bierman, Brown, Katz, Kaufman, Leno, Newsom, Teng, Yaki, Yee

Absent: 1 - Ammiano

January 10, 2000 Board of Supervisors — SEVERED FROM FOR ADOPTION WITHOUT COMMITTEE REFERENCE AGENDA

January 10, 2000 Board of Supervisors — AMENDED

Ayes: 10 - Ammiano, Becerril, Bierman, Katz, Kaufman, Leno, Newsom, Teng, Yaki, Yee

Absent: 1 - Brown

January 10, 2000 Board of Supervisors — ADOPTED AS AMENDED

Ayes: 10 - Ammiano, Becerril, Bierman, Katz, Kaufman, Leno, Newsom, Teng, Yaki, Yee

Absent: 1 - Brown

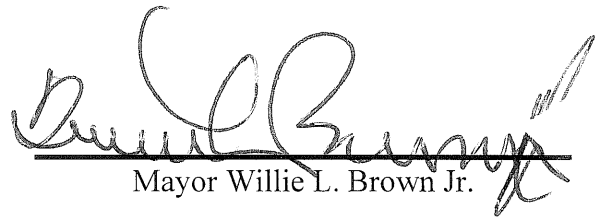
File No. 992245

I hereby certify that the foregoing Resolution was ADOPTED AS AMENDED on January 10, 2000 by the Board of Supervisors of the City and County of San Francisco.

Gloria L. Young
Clerk of the Board

JAN 21 2000

Date Approved



Mayor Willie L. Brown Jr.