Evaluate Litigation

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

URGING THE OFFICE OF THE CITY ATTORNEY, BASED UPON TESTIMONY BY THE GENERAL PUBLIC AND BY 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.

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

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

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

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

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

SUPERVISORS, AMMIANO, BIERMAN, YEE

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

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

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

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

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

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

WHEREAS, The Hearst Corporation's proposal to sell the Examiner does not include the infrastructure necessary for the distribution and a production of a daily newspaper with circulation which spans the nine Bay Area counties and therefore displays a less than diligent attempt at attracting an interested buyer; and
WHEREAS, The proposed merger of the Chronicle and Examiner would result in the monopolization of San Francisco’s newspaper market by the Hearst Corporation, diminishment of the diversity of perspectives and opinions, reduction in the coverage of issues important to residents, neighborhoods and minority groups, and would greatly increase the advertisement costs and hurt small businesses; and

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

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

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

RESOLVED, That the Board of Supervisors of the City and County of San Francisco hereby urges the Office of the City Attorney, based upon the testimony by the general public and by 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.

SUPERVISORS AMMIANO, BIERMAN, YEE

BOARD OF SUPERVISORS
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
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.