from attribution is granted only where there are sufficient assurances that the exempted owner is adequately insulated from control of the entity. In addressing the attribution of LLCs, the Commission hopes to delineate the principles to be applied and express them in general terms that can be applied to new business forms that appear in the future. The Commission invites comment as to the form and content of any general principles that may be distilled from our analysis of attribution of LLCs. The Commission also invites comment as to the advantages of LLCs, in general, and also, in particular, the impact on minority and female ownership opportunities.

34. The Commission tentatively proposes to treat LLCs and RLLPs as we now treat limited partnerships. Membership in an LLC or RLLP would be treated as a cognizable interest for multiple ownership purposes unless the applicant certifies that the member is not materially involved, directly or indirectly, in the management or operation of the media-related activities of the LLC or RLLP. The Commission proposes that such certification be based on the criteria specified in our Attribution Reconsideration and Attribution Further Reconsideration. Comment is invited on whether the insulating criteria developed with respect to limited partnerships are sufficient to insulate members of LLCs and RLLPs or whether other criteria would be more effective. The Commission notes, however, that applying limited partnership attribution criteria to LLCs would result in attributing all investors that may provide programming or other services to the LLC. In this regard, the Commission's recent experience suggests that such arrangements have been central to proposals that might significantly advance minority ownership of broadcast facilities. Accordingly, the Commission seeks comment on whether to provide an exception to our tentative proposal, on a case-by-case basis, where doing so would advance our policy of enhancing opportunities for broadcast station ownership by minorities.

35. The Commission is not inclined to treat LLCs as we currently treat corporations, exempting from attribution the interests of "nonvoting" shareholders without regard to the presence or absence of insulating provisions in an operating agreement. If, however, commenters raise significant policy reasons why the Commission should alter this interim view, we will consider those reasons. The Commission also invites comment as to

what approaches should be taken to LLCs and RLLPs should we neither adopt the equity benchmark for partnerships nor retain the existing attribution standards. The Commission also requests comment on whether there are differences between LLCs and/or RLLPs and limited partnerships such that we should not treat the former entities as we treat limited partnerships.

36. The Commission invites comment on whether, if the certification approach with respect to LLCs is adopted, we should also require parties to file copies of the organizational filings and/or operating agreements with the Commission when an application is filed. If so, what, if any, confidentiality concerns exist, and how should they be addressed? If the Commission adopts, as our attribution standard, an ownership benchmark applicable to limited partnerships, comment is invited on whether it would be appropriate to apply that benchmark to LLCs and RLLPs as well.

37. If the Commission relaxes insulation standards for widely-held limited partnerships, should we apply these changes to LLCs and RLLPs? The Commission invites comment as to whether to take a uniform approach to widely-held LLCs, RLLPs, and "business development companies." Do these entities have similarities in organization and/or function that would mandate such similar treatment or are there significant distinctions? Alternatively, do the policy goals discussed in the Capital Formation Notice apply with respect to LLCs and RLLPs so as to justify such a similar approach? If a uniform approach is warranted, what should that approach

38. Should the Commission treat all LLCs the same or differentiate those with centralized management from those with decentralized management? In LLCs where all management authority has been vested in nonmembers who are selected by the members, should the managers be treated, for attribution purposes, as equivalent to officers and/or directors of a corporation? Should the Commission adopt an approach of exempting from attribution members with limited equity interests, regardless of lack of compliance with insulating criteria? For attribution purposes, should the percentage of "ownership" be determined by voting rights among the members, the share divisions designated by the parties, the extent of capital contribution, or by some other measure? Under the commission's current attribution rules, we do not distinguish among partners based on the amount of

equity they contribute or their share division. If the determination is made based on capital contribution, what should be done about members whose contribution is in services? How should the Commission treat LLCs in multitiered vertical organizational chains? Should multipliers be applied, and, if so, under what circumstances?

The Cross-Interest Policy and Multiple Business Interrelationships

39. The Commission also incorporates in this proceeding the pending issues raised in the *Cross-Interest Notice* with respect to the remaining aspects of the Commission's cross-interest policy. The Commission also seeks comment regarding the appropriate treatment of nonequity financial interests and multiple business interrelationships between licensees, in light of the fundamental economic principle that the conduct and control of business organizations may at times be influenced by nonequity interests.

A. The Cross-Interest Policy

40. Background. In 1989, the Commission issued a *Policy Statement* (54 FR 09999, March 9, 1989) limiting the scope of the cross-interest policy so that it would no longer apply to consulting positions, time brokerage arrangements and advertising agency representative relationships. At the same time, however, the *Cross-Interest* Notice was issued to seek further comment concerning key employees, nonattributable equity interests, and joint ventures. The Commission solicited comment on whether retention of the remaining cross-interest policies was necessary to prevent anticompetitive practices, whether alternative deterrent mechanisms exist to assure competition and diversity, and whether continued regulation of relationships not specifically addressed by the Commission's attribution rules is necessary. The Commission also questioned whether regulatory oversight of one or more of these interests should be limited to geographic markets with relatively few media outlets. Only five comments and reply comments were filed in response to the *Cross Interest* Notice, and almost all urged the Commission to eliminate these

41. *Discussion.* The commenters supporting the elimination of the remaining aspects of the cross-interest policy put forth four general arguments: (1) The cross-interests that implicate diversity and competition concerns are now covered by our multiple ownership rules; (2) The video entertainment marketplace has become increasingly