



## Broadcasting Notice of Consultation CRTC 2010-543

PDF version

Ottawa, 3 August 2010

### Notice of hearing

**28 September 2010**  
**Montréal, Quebec**

### Deadline for submission of interventions/comments: 2 September 2010

The Commission will hold a hearing commencing on **28 September 2010 at 9:00 a.m.**, at *Le Nouvel Hôtel & Spa*, 1740 René-Lévesque West Boulevard, Montréal, Quebec.

[\[Broadcasting interventions/comments form\]](#)

### Overview

#### Various locations in British Columbia, Alberta, Ontario and Quebec

**Application Nos. 2010-1092-5, 2010-1198-1, 2010-1199-9, 2010-1202-0, 2010-1203-8, 2010-1204-6, 2010-1205-4**

The Commission received an application by Corus Entertainment Inc. (Corus), on behalf of its wholly owned subsidiaries 591991 B.C. Ltd. (B.C. Ltd.) and Metromedia CMR Broadcasting Inc. (Metromedia), for authority to effect a change in their ownership and control, from Corus to Cogeco inc. (Cogeco) (the proposed transaction).

Subject to the approval of the above application, the closing of the proposed transaction would be preceded by a multi-step reorganization within Corus and Cogeco, to facilitate the transfer of B.C. Ltd. and Metromedia's shares to Cogeco, and to anticipate the possible divestiture scenarios required by the Commission.

To that effect, the Commission has received applications by Corus to effect a corporate reorganization involving the transfer of certain shares of its subsidiaries to a new corporation to be incorporated and wholly owned by Corus, and the transfer of the assets of certain broadcasting undertakings to new corporate entities to be incorporated and wholly owned by B.C. Ltd. and Metromedia respectively.

The Commission also received an application by Cogeco to effect a corporate reorganization involving a transfer of the assets of a broadcasting undertaking from Cogeco Diffusion inc. (Diffusion inc.) to a new corporate entity to be incorporated and wholly owned by Diffusion inc.

The steps of the proposed reorganization and transactions are as follows:

## **1. The Corus reorganization**

### **Share transactions**

- Corus would incorporate a new wholly owned corporate entity Newco;
- Corus would transfer 100% of its shares in Belcand Mount Royal Holdings Inc. (Belcand) to Newco;
- Belcand would amalgamate with Newco to form Amalco;
- Corus Premium Television Ltd. would transfer 100% of its shares in B.C. Ltd. to Amalco.

As a result of the above steps, Amalco, a wholly owned subsidiary of Corus, would hold 100% of the shares in each of B.C. Ltd., Corus Radio Company (Corus Radio) and Metromedia.

Finally, Corus would incorporate three new corporate entities: two of which to be wholly-owned by B.C. Ltd.: BC Newco1 and BC Newco2, and one to be wholly owned by Metromedia: Metromedia Newco.

### **Assets transactions**

- BC Newco1 would acquire the assets of the radio broadcasting undertaking CFEL-FM Lévis/Québec from B.C. Ltd.;
- BC Newco2 would acquire the assets of the radio broadcasting undertaking CKOY-FM Sherbrooke from B.C. Ltd.;
- Metromedia Newco would acquire the assets of the radio broadcasting undertaking CHMP-FM Longueuil from Metromedia.

## **2. The Cogeco reorganization**

- Diffusion inc. would incorporate a new corporation (Diffusion Newco) to be wholly owned by Diffusion inc., which would then acquire the radio programming undertaking CJEC-FM Québec from Diffusion inc.

## **3. Transfer of effective control of B.C. Ltd. and Metromedia to Cogeco (the proposed transaction)**

- Transfer of the ownership and effective control of B.C. Ltd. and Metromedia through the transfer of all of their shares owned by Amalco to Cogeco or one of its wholly owned subsidiaries.

#### **4. Transfer of effective control of certain corporations to be incorporated to a trustee**

- Cogeco has also filed an application seeking authority to transfer effective control of BC Newco1, BC Newco2, Metromedia Newco and Diffusion Newco to a trustee pursuant to a Voting Trust Arrangement and for the nomination of a trustee.

#### **Applicant and Locality**

##### **1. Corus Entertainment Inc.**

Various locations in British Columbia, Alberta, Ontario and Quebec  
**Application Nos. 2010-1198-1, 2010-1199-9, 2010-1202-0, 2010-1203-8**

##### **2. Cogeco inc.**

Québec, Quebec  
**Application No. 2010-1204-6**

##### **3. Corus Entertainment Inc.**

Montréal, Longueuil, Saint-Jérôme, Trois-Rivières, Sherbrooke, Lévis, Québec and Gatineau (Quebec)  
**Application No. 2010-1092-5**

##### **4. Cogeco inc.**

Lévis, Sherbrooke, Longueuil and Québec (Quebec)  
**Application No. 2010-1205-4**

**1. Various locations in British Columbia, Alberta, Ontario and Quebec**  
**Application Nos. 2010-1198-1, 2010-1199-9, 2010-1202-0, 2010-1203-8**

#### **The Corus reorganization**

Application by **Corus Entertainment Inc.** (Corus) **on behalf of 591991 B.C. Ltd.** (B.C. Ltd.), **Corus Radio Company** (Corus Radio) and **Metromedia CMR Broadcasting Inc.** (Metromedia) seeking authority to effect a multi-step corporate reorganization involving certain transfers of shares as well as transfers of assets of certain broadcasting undertakings to a new corporation to be incorporated.

B.C. Ltd. and Metromedia are licensees of commercial radio programming undertakings located in Quebec. Corus Radio is the licensee of commercial radio programming undertakings located in British Columbia, Alberta and Ontario.

Corus Radio and Metromedia are wholly owned by Belcand Mount Royal Holdings Inc. (Belcand) which in turn is wholly owned by Corus.

B.C. Ltd. is wholly owned by Corus Premium Television Ltd. (Corus Premium) which in turn is wholly owned by Corus.

### **Shares transactions (Application 2010-1198-1)**

The share transactions would occur as follows:

- Incorporation by Corus of a new wholly owned corporate entity Newco;
- Transfer by Corus of its shares in Belcand to Newco;
- Amalgamation of Belcand with Newco to form Amalco;
- Transfer of Corus Premium's shares in B.C. Ltd. to Amalco;
- Incorporation of two new wholly owned subsidiaries of B.C. Ltd.: BC Newco1 and BC Newco2; and
- Incorporation of a new wholly owned subsidiary of Metromedia: Metromedia Newco.

### **Assets transactions**

The assets transactions would occur as follows:

- **(Application 2010-1199-9)** - Acquisition by BC Newco1 of the assets of the radio programming undertaking CFEL-FM Lévis/Québec from B.C. Ltd.;
- **(Application 2010-1202-0)** - Acquisition by BC Newco2 of the assets of the radio programming undertaking CKOY-FM Sherbrooke from B.C. Ltd.;
- **(Application 2010-1203-8)** - Acquisition by Metromedia Newco of the assets of the radio programming undertaking CHMP-FM Longueuil from Metromedia.

BC Newco1, BC Newco2 and Metromedia Newco are also requesting new licences to continue the operation of the undertakings under the same terms and conditions as those in effect under the current licences.

The purpose of the proposed pre-closing reorganization is to facilitate the transfer of the shares in B.C. Ltd. and in Metromedia to Cogeco inc. (Cogeco) or one of its directly or indirectly owned and controlled subsidiaries (application 2010-1092-5).

*Applicant's address:*

5 Place Ville-Marie  
 Bureau 1700  
 Montréal, Québec  
 H3B 0B3  
 Fax: 514-874-9625  
 E-mail: [licence@cogeco.com](mailto:licence@cogeco.com)

*Examination of application:*

At the applicant's address

And

1630 6e rue  
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Sherbrooke, Quebec  
J1L 1Z9

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4th floor  
Québec, Quebec  
G1S 4Y5

150 rue Edmonton,  
Unit 4  
Gatineau, Québec  
J8Y 3S6

120 rue de la Gare,  
St-Jérôme, Québec  
J7Z 2C2

**2. Québec, Quebec**  
**Application No. 2010-1204-6**

**The Cogeco reorganization**

Application by **Cogeco inc. on behalf of a corporation to be incorporated** (Cogeco) for authority to effect a corporate reorganization involving the acquisition by the applicant of the assets of the French-language commercial radio programming undertaking CJEC-FM Québec from Cogeco Diffusion inc.(Diffusion inc.)

The proposed reorganization would occur as follows:

- Incorporation by Diffusion inc. of a new wholly owned corporate entity Diffusion Newco;
- Acquisition by Diffusion Newco of the assets of the radio programming undertaking CJEC-FM Québec from Diffusion inc.

Diffusion Newco is also requesting a new broadcasting licence to continue the operation of this undertaking under the same terms and conditions as those in effect under the current licence.

The purpose of the proposed pre-closing reorganization is to facilitate the transfer of the shares in B.C. Ltd. and in Metromedia to Cogeco or one of its directly or indirectly owned and controlled subsidiaries (application 2010-1092-5).

This reorganization would not affect control of the undertaking which would continue to be exercised by Cogeco.

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H3B 0B3

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E-Mail: [licence@cogeco.com](mailto:licence@cogeco.com)  
*Examination of application:*

1305 chemin Sainte-Foy  
4th floor  
Québec, Quebec  
G1S 4Y5

**3. Montréal, Longueuil, Saint-Jérôme, Trois-Rivières, Sherbrooke, Lévis, Québec and Gatineau, Quebec**  
**Application No. 2010-1092-5**

### **Transfer of shares and effective control**

Application by **Corus Entertainment Inc.** (Corus) on behalf of **591991 B.C. Ltd.** (B.C. Ltd.) and **Metromedia CRM Broadcasting Inc.** (Metromedia) for authority to transfer their shares and effective control from Corus to Cogeco inc. (Cogeco) or one of its wholly owned subsidiaries.

B.C. Ltd. is the licensee of the French-language commercial radio programming undertakings CFOM-FM Lévis, CFEL-FM Lévis/Québec, CHLT-FM and CKOY-FM Sherbrooke, CKAC-AM and CKAC-DR-2 Montréal, CJRC-FM and CJRC-DR-2 Gatineau, CHLN-FM Trois-Rivières and CKRS-FM Chicoutimi/Saguenay.<sup>1</sup>

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<sup>1</sup> This transaction does not include radio station CKRS-FM. Currently before the Commission is an application by 7545398 Canada Inc., a wholly owned subsidiary of Corus, to acquire from B.C. Ltd. the assets of the French-language commercial radio programming undertaking CKRS-FM Chicoutimi/Saguenay (Item 16 on the 19 July 2010 Public Hearing, Broadcasting Notice of Consultation 2010-295).

Metromedia is the licensee of the French-language commercial radio programming undertakings CKOI-FM Montréal, CHMP-FM Longueuil, CIME-FM Saint-Jérôme and its transmitters CIME-FM-1 Val-Morin and CIME-FM-2 Mont-Tremblant, and of CFQR-FM Montréal, an English-language commercial radio programming undertaking.

Both B.C. Ltd and Metromedia are controlled by Corus.

Cogeco is a corporation controlled by Gestion Audem inc..

As a result of this proposed transaction, effective control of B.C. Ltd. and Metromedia would be exercised by Cogeco.

Corus has ascribed a total value for the transfer of shares and effective control of B.C. Ltd. and Metromedia of \$80 million.

The applicant proposes a tangible benefits package of \$7.2 million over a seven-year period.

Considering the size and scope of the proposed transaction, the Commission may wish to discuss, among other things, the following:

*Common Ownership Policy*

In the context of the proposed transaction, the Commission may wish to discuss the compliance of the proposal with the common ownership policy particularly in the markets of Quebec, Montréal and Sherbrooke, and may examine various related ownership issues.

Additional information may be placed on the public examination file as it becomes available. The Commission encourages interested parties to monitor the public examination file and the Commission's web site for additional information that they may find useful when preparing their comments.

*Applicant's address:*

5 Place Ville-Marie  
Bureau 1700  
Montréal, Quebec  
H3B 0B3

Fax: 514-874-9625

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*Examination of application:*

At the applicant's address

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Québec, Quebec  
G1S 4Y5

150 rue Edmonton  
Unit 4  
Gatineau, Quebec  
J8Y 3S6

120 rue de la Gare,  
St-Jérôme, Quebec  
J7Z 2C2

#### **4 Lévis, Sherbrooke, Longueuil and Québec, Quebec Application No. 2010-1205-4**

##### **Transfer of effective control to a trustee**

Application by Cogeco inc. (Cogeco) for authority to transfer effective control of BC Newco1, BC Newco2, Metromedia Newco et Diffusion Newco to a trustee pursuant to the terms of a voting trust agreement.

The purpose of the proposed transfer of control to a trustee is to facilitate the transfer of the shares in 591991 B.C. Ltd. (B.C. Ltd.) and in Metromedia CMR Broadcasting Inc. (Metromedia) to Cogeco or one of its directly or indirectly owned and controlled subsidiaries (application 2010-1092-5).

The proposed voting trust agreement takes into consideration the specific elements of the proposed transaction and provides for potential divestiture scenarios involving the following radio undertakings:

- CFEL-FM Lévis/Québec, currently held by B.C. Ltd.;
- CKOY-FM Sherbrooke, currently held by B.C. Ltd.;
- CHMP-FM Longueuil, currently held by Metromedia; and
- CJEC-FM Québec, currently held by Diffusion inc.



The terms of the proposed trust arrangement and the nomination of the trustee would be finalized prior to the closing of the proposed transaction.

*Applicant's address:*

5 Place Ville-Marie,  
Bureau 1700,  
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*Examination of application:*

At the licensee's address

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J8Y 3S6

120 rue de la Gare,  
St-Jérôme, Quebec  
J7Z 2C2

## **Public participation**

### **Deadline for interventions**

**2 September 2010**

The intervention must be received by the Commission and by the applicant on or before the above-mentioned date. The Commission cannot be held responsible for postal delays and will not notify a party whose intervention is received after the deadline date. The intervention will not be considered by the Commission and will not be part of the public file.

The intervention must include one of the following statements in either the first or the last paragraph:

1. I request to appear at the public hearing.
2. I do not want to appear at the public hearing.

Interventions will be considered by the Commission and will form part of the public record of the proceeding without further notification to intervening parties, provided the procedure set out below has been followed. Parties will be contacted only if their submissions raise procedural questions.

Written interventions should be submitted to the Secretary General of the Commission in **only one** of the following formats:

**by using the**  
[\[Broadcasting interventions/comments form\]](#)

or

**by mail to**

CRTC, Ottawa, Ontario K1A 0N2

or

**by fax at**  
819-994-0218

A true copy must be sent to the applicant, and proof that this has been done must accompany the intervention sent to the Commission.

The Commission advises those who file and serve by electronic mode to exercise caution when using e-mail for service of documents or notification, as it may be difficult to establish that service has occurred.

Parties must ensure that, before initiating service through electronic mode, they will be able to satisfy the Commission, upon request, that service of the notification was completed.

Submissions longer than five pages should include a summary.

Each paragraph of the submission should be numbered. In addition, where the intervention is filed by electronic means, the line **\*\*\*End of document\*\*\*** should be entered following the last paragraph of the document, as an indication that the document has not been damaged during electronic transmission.

Interventions should clearly identify the application referred to and indicate whether parties support or oppose the application, or, if they propose changes to it, include the facts and grounds for their proposal.

In the event that the application is brought to the oral phase of the hearing, and if parties wish to appear, they must provide reasons why their written interventions are not sufficient and why an appearance is necessary.

Parties may participate from the Commission's regional offices via videoconferencing. Parties interested in doing so are asked to indicate the regional office where they wish to appear at the time they file their comments. A list of the Commission's regional offices is included in this notice.

Persons requiring communications support such as assistance listening devices and sign language interpretation are requested to inform the Commission at least twenty (20) days before the commencement of the public hearing so that the necessary arrangements can be made.

### **Important notice**

All information that parties provide as part of this public process, except information granted confidentiality, whether sent by postal mail, facsimile, e-mail or through the Commission's website at [www.crtc.gc.ca](http://www.crtc.gc.ca), becomes part of a publicly accessible file and will be posted on the Commission's website. This information includes personal information, such as full names, e-mail addresses, postal/street addresses, telephone and facsimile numbers, and any other personal information parties provide.

The personal information that parties provide will be used and may be disclosed for the purpose for which the information was obtained or compiled by the Commission, or for a use consistent with that purpose.

Documents received electronically or otherwise will be put on the Commission's website in their entirety exactly as received, including any personal information contained therein, in the official language and format in which they are received. Documents not received electronically will be available in PDF format.

The information that parties provide to the Commission as part of this public process is entered into an unsearchable database dedicated to this specific public process. This database is accessible only from the web page of this particular public process. As a result, a general search of the Commission's website with the help of either its own search engine or a third-party search engine will not provide access to the information that was provided as part of this public process.

The Commission encourages interested parties to monitor the public examination file and the Commission's website for additional information that they may find useful when preparing their interventions.

### **Examination of documents**

An electronic version of the applications is available from the Commission's website by selecting the application number within this notice.

A list of all interventions will also be available on the Commission's website. An electronic version of all interventions submitted will be accessible from this list. To access the list, select "Lists of interventions/comments" under "Public Proceedings" from the Commission's website.

Documents are also available during normal office hours at the local address provided in this notice and at the Commission offices and documentation centres directly involved with these applications, or, upon request, within two (2) working days, at any other Commission offices and documentation centres.

### **Location of Commission offices**

Toll-free telephone: 1-877-249-2782

Toll-free TDD: 1-877-909-2782

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Secretary General