

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

ORIGINAL
FILE

In re Applications of) MM Docket No. 91-10
)
WHITE BROADCASTING PARTNERSHIP) File No. BPH-891214MM
et al.)

For Construction Permit for a New FM Station
Station on Channel 289A in Baldwin, Florida

RECEIVED

To: Hon. Edward Luton, Administrative Law Judge

SEP 23 1991

Federal Communications Commission
Office of the Secretary

**MOTION TO ENLARGE ISSUES
AGAINST JEM PRODUCTIONS, L.P.**

David Honig
1800 N.W. 187th Street
Miami, Florida 33056
(305) 628-3600

Counsel for Peaches Broadcasting, Ltd.

September 23, 1991

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SUMMARY

JEM is a classic sham applicant, created through an unnatural process whereby Peter Knobel had George Enuton and Salvador Serrano go to Jacksonville to find him a partner. They found Joyce Morgan on television. She had never worked in radio. She became Mr. Knobel's partner.

Mr. Enuton did most of the work in putting together JEM and preparing and prosecuting its application. To make sure he would get paid, Mr. Enuton arranged for his daughter, Robin Rothschild, to warehouse 40% of JEM's equity as a surety. Ms. Rothschild invested no money in JEM. In this way, he artificially prevented himself from being attributed as a nonintegrated principal.

Mr. Knobel, now or at various times during the pendency of this application, has been committed to provide funds for at least four other applications. An issue must be designated to test whether he can build them all. Moreover, although JEM's financial proposal contemplates only the use of his own liquid assets, Mr. Knobel plans to use bank financing. No bank has been identified. Thus, it is unclear that JEM has any assurance of a financial source to build its station.

* * * * *

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Peaches Broadcasting, Ltd. ("Peaches"), by counsel and
pursuant to Section 1.229 of the Commission's Rules, respectfully
moves to enlarge the issues against JEM Productions, L.P. ("JEM") as
follows:

1. To determine whether George Enuton and Salvador Serrano are real parties in interest in JEM;
2. To determine whether the legal and/or organizational structure of JEM is a sham;
3. To determine whether JEM is financially qualified to construct and operate its proposed station; and
4. To determine, in light of the evidence adduced under the above issues, whether JEM possesses the basic qualifications to become a Commission licensee.

1/ This Motion is timely filed. On September 6, 1991, 17 days ago, Peaches received copies of the hearing transcript in this case. The 15th day from September 6 was a Saturday; this Motion is being filed on a Monday. However, even were this Motion untimely, it raises matters of probable decisional significance and therefore should be considered in any event.

I. REAL PARTY AND SHAM ISSUES

Peter Knobel is JEM's limited partner, with 50% of its equity. When the application was filed, he held 40%. Knobel Dep. Tr. 32-33 (Exhibit 4 hereto).^{2/} Joyce Morgan, JEM's General Partner, holds 50% of the equity but originally held only 20%. The remaining 40% initially was held by Robin Rothschild. Ms. Rothschild did not pay for her 40%. Tr. 432; Knobel Dep. Tr. 15-16, 50-51.

The unusual percentages -- 20/40/40 -- were determined by George Enuton, about whom more will be said later. Tr. 438; Morgan Dep. Tr. 39. Knobel and Rothschild were together in at least three other applications with identical ownership percentages (20% for the "general partner", 40% for Knobel and 40% for Rothschild, the surety.) See Knobel Dep. Tr. 41 (Fernandina Beach, FL), Knobel Dep. Tr. 44-45 (Manahawkin, NJ) and Knobel Dep. Tr. 45 (Strasburg, CO).

The reason Ms. Rothschild was in the deal was that she is George Enuton's daughter. George Enuton is a broadcast consultant. Along with his partner Salvador Serrano, Mr. Enuton prepared JEM application. Ms. Rothschild's role was to serve as a surety so that Enuton would be paid. Tr. 491-492; Knobel Dep. Tr. 19; Morgan Dep. Tr. 17-18.

^{2/} References to the transcript of the August 20-22, 1991 hearing (excerpts supplied at Exhibit 1 hereto) are "Tr." References to the June 24, 1991 deposition of Joyce Morgan (excerpts supplied at Exhibit 2 hereto) are "Morgan Dep. Tr.". References to the June 27, 1991 deposition of Peter Knobel (excerpts supplied at Exhibit 3 hereto) are "Knobel Dep. Tr."

Joyce Morgan, JEM's general partner, knew none of this. At her deposition, Ms. Morgan thought Ms. Rothschild was just Mr. Knobel's friend. Morgan Dep. Tr. 16. She did not know how Ms. Rothschild's arrangement as surety would work in practice. Morgan Dep. Tr. 104-106. She has since learned of Ms. Rothschild's relationship to Mr. Enuton. Tr. 431-432.

Joyce Morgan is an outstanding television broadcaster. Regrettably, however, JEM was not her idea and she never controlled JEM. JEM was orchestrated by broadcast consultants Serrano and Enuton, working for Peter Knobel.

Mr. Knobel knew Mr. Enuton because Mr. Knobel's wife and Robin Rothschild were friends. Tr. 476. Mr. Knobel asked Mr. Enuton to set about recruiting general partners, telling Mr. Enuton "well, when you find an applicant, have them call me and let me know whether they could use me as a prospect [sic]." Tr. 477. Mr. Enuton then visited Jacksonville and found Joyce Morgan for Mr. Knobel, having seen her on television there. Tr. 428, 478; Knobel Dep. Tr. 29; Morgan Dep. Tr. 8-11. Mr. Serrano and Mr. Enuton interviewed other minorities, eventually selecting Ms. Morgan. Morgan Dep. Tr. 11-12.

Serrano filed JEM's application himself, including therein as Exhibit E-10 an unusual Agreement (Exhibit 5 hereto) whereby JEM hired him "for the purpose of preparing, submitting and prosecuting" the application "until the Radio Station is built." (emphasis supplied).

Apparently Mr. Serrano, a nonlawyer, originally intended to act essentially as counsel, for he filed JEM's fee processing form with JEM's appearance himself, listing his address as JEM's address for service of process. See Exhibit 6 hereto. Later, Mr. Enuton recommended JEM's counsel to Ms. Morgan. Morgan Dep. Tr. 32. Mr. Enuton still works for JEM: "when there's a problem or there's something that I don't understand when I get something from the FCC, then I automatically call him to find out what each document means to me and get some kind of feeling of how I should proceed." Morgan Dep. Tr. 30.

JEM's arrangement with Mr. Enuton is a contingency: if the application is unsuccessful, he gets nothing; but if it prevails or there is a settlement, he is entitled to a cash payment out of the proceeds. The amount of money has not been agreed upon. Morgan Dep. Tr. 117.

Morgan's testimony revealed that Messrs. Serrano and Enuton connected her with Mr. Knobel. Tr. 429, 436; Morgan Dep. Tr. 6-7. Messrs. Serrano and Enuton also prepared the application (Tr. 436), which she described as "generic." Tr. 454. Mr. Enuton recommended Delaware incorporation, which was done. Tr. 438-39; Morgan Dep. Tr. 67. He prepared the budget (Exhibit 7 hereto) which was also generic. Tr. 454; Morgan Dep. Tr. 48-49, 107. He wrote the partnership agreement. Tr. 440. He made the initial contact for the transmitter site. Morgan Dep. Tr. 108-109. He even helped Morgan set up the public file. Morgan Dep. Tr. 43.

Ms. Morgan never checked references or obtained resumes of her partners, Mr. Knobel and Ms. Rothschild. She did not know what other applications they were involved in. Tr. 433-435; Morgan Dep. Tr. 17, 27.

Ms. Morgan has never worked in radio. As a television anchor/reporter, she earns three times what her salary at the radio station would be. Tr. 427-28.

The application has been structured so that Knobel can easily assume control. JEM's original partnership agreement (Exhibit 8 hereto) contained no provision restricting day to day discussions between the general and limited partners. Knobel acknowledged that Morgan calls him every four weeks to discuss JEM business. Tr. 488; Knobel Dep. Tr. 34-35, 52.

JEM's original partnership agreement was redone twice in 1991 at Peter Knobel's initiative. Mr. Knobel's law firm did the work, and Mr. Knobel filed the new agreement. Tr. 444-45; 465. As recast, JEM's current partnership agreement (excerpts of which are provided at Exhibit 9 hereto) contains a very unusual provision, §8.3(iii), which explicitly allows the limited partner to remove the general partner if the partnership suffers two consecutive quarters of operating losses.^{3/}

When asked at her deposition "how long do you think it would be before the station would -- you not have red ink, it would show profits" Ms. Morgan answered "it could be anywhere from 12 to 18 months." Morgan Dep. Tr. 86. She acknowledged that §8.3(iii) of the new partnership agreement "seems to" allow the limited partner to remove the general partner if the partnership suffers two consecutive fiscal quarters of operating losses. Morgan Dep. Tr. 87; see also Tr. 449-452; Morgan Dep. Tr. 86-87.

^{3/} The provision states: Upon the first to occur of the following events...iii) the Partnership suffers two consecutive fiscal quarters of operating losses...then, in any such event, the general partner shall, upon the vote by the Limited Partners holding a majority-in-interest of the Interests in the Partnership, be removed as a General Partner (without any further action by the Limited Partners). See Exhibit 9 hereto.

Discussion.

The use of a "surety" like Rothschild is a ruse to manipulate the Commission's attribution analysis. Ms. Rothschild did nothing in connection with the application, putting up no money. Her only role was to warehouse 40% of JEM's equity until her father, George Enuton, is assured payment. Mr. Enuton could not hold the 40% as a surety for himself, for as a consultant with continuing responsibilities for the applicant's prosecution, he would be treated as a nonintegrated general partner in the comparative analysis of the applicants. Coast TV, 4 FCC Rcd 1786 (1989). His dual role as principal and consultant would inherently have raised such questions. Cf. Magdalene Gunden Partnership, 3 FCC Rcd 7186 (1988); Clarification of Ownership Attribution, 1 FCC Rcd 802 (1986). Such a scheme raises the substantial question of whether JEM is qualified to be a Commission licensee. Perry Television, Inc., 5 FCC Rcd 1667 (Rev. Bd. 1990).

This identical ownership structure -- involving another of Enuton's sisters as a 40% owner and surety and a different limited partner -- was the subject of an order by Judge Steinberg adding six issues in the Mecca, California case. Playa del Sol Broadcasters, FCC 91M-2042 (ALJ Steinberg, released July 2, 1991) (Exhibit 10 hereto). Among those issues were whether Serrano and/or Enuton are real parties in interest in the application and whether the legal and/or organizational structure of the applicant is a sham. Id. at 2.4/

JEM is so palpably a sham that special issues should be designated on that subject alone. See Perry Television, Inc., 5 FCC Rcd 1567 (Rev. Bd. 1990). Special sham and real party issues were routinely designated in the Sonrise Management Services cases; see discussion in Hawthorne FM Partnership, 5 FCC Rcd 5194 (ALJ 1990). Where the formation and purpose of an applicant are controlled by an outside party, it will be disqualified as a sham. See Metroplex Communications, Inc., 5 FCC Rcd 5610 (1990).

Such a sham applicant is rendered even more suspicious when the governing documents assure that the limited partner will eventually control the applicant. Section 8.3(iii) of JEM's current partnership agreement assures that the limited partner will have an absolute right to seize the station if there are two quarters of operating losses.

4/ In Deroblo Communications, FCC 91M-396 (ALJ Luton, released February 1, 1991), a similar arrangement involving Mr. Enuton's brother, Manuel Enuton as a surety was found "somewhat unusual" but real party issues were denied. The arrangement in Deroblo was somewhat more arms length than the one here -- at least there was evidence that Manuel Enuton was paid for his partnership interests when he left the partnership. Nor did the movant in Deroblo assert sham and financial issue claims, as Peaches is doing here. In any event, in light of the pattern of similar applications involving Messrs. Serrano and Enuton, and the holding in Playa del Sol, the time may have come to revisit the holding in Deroblo.

Therefore, Morgan is highly susceptible to removal and replacement by Knobel, inasmuch as she acknowledges that there will probably be four to six quarters of losses initially. Morgan Dep. Tr. 86. On remarkably similar facts, Judge Sippel recently ruled:

[T]he strongest evidence of the Taylor's control and the intent to operate a sham is found in JBI's structure: Charles Taylor is a director and as such he has the right (and duty as a fiduciary) to act on all JBI business. And if Mazo does not perform favorably under §1.6 of the Shareholders Agreement, he is subject to a mandatory buyout by the "remaining shareholder", i.e. Charles Taylor. In short, Mazo does not have a "no-cut contract." In recognizing that Mazo is a tyro in the broadcasting industry, his performance requirement goal of profitable operations by the station's second anniversary is unreasonable and virtually assures that voting control will soon revert to the Taylors. (See Findings at Paras. 47-48, supra.) It has been held that limited partners who have the power to take the station from a general partner, without consent, have more than just a passive interest. Donlay Forney, 3 FCC Rcd 6330 (Review Bd. 1988), aff'd, 5 FCC Rcd 5423, 5424 (Comm'n 1990). While the Commission's attribution policy considers as non-attributable the convertible interests of passive owners who have no control over the contingency, the condition requiring a second anniversary operating profit of a person without any business track record is tantamount to control of a reversionary interest. Cf. Attribution of Ownership Interests, 98 FCC2d 1021-22 (1984).

Georgia Public Telecommunications Commission, 6 FCC Rcd 2841, 2860 (ALJ Sippel 1991).^{5/}

^{5/} The offending section of the Mazo partnership agreement (entitled "Non-Performance") provided that Mazo could be terminated if the applicant fails to achieve a profit on or after the second anniversary of receipt of its certificate to operate. In that event, the "remaining shareholder" (Charles Taylor) had the right of first refusal to buy out Mazo. Id. at 2848.

For the language of JEM's similar provision, see n. 3 supra. JEM's partnership agreement is far more aggressive than Mazo's. Paul Mazo could be removed after two years. Joyce Morgan can be removed after just six months.

A scheme to establish a sham application to hide the involvement of real parties like Enuton and Serrano abuses the Commission's processes. The Commission has not hesitated to take note of such activities by other application mills. See Abuses of the Commission's Processes, 3 FCC Rcd 4740 (released August 4, 1988) (designating investigation into applications promoted by Dr. Bernard Boozer).

Where an individual so dominates an applicant that he has a hand in all of its affairs, a real party in interest issue must also be added. Key Broadcasting Corp., 3 FCC Rcd 6587 ¶6 (ALJ 1988). "The test for determining whether a third person is a real party in interest is whether that person has an ownership interest, or will be in a position to actually or potentially control the operation of the station." Arnold L. Chase, 61 RR2d 111, 135 (1986), citing KOWL, Inc., 49 FCC2d 962 (Rev. Bd. 1974); see also American International Development, 43 RR2d 411 (1978). Mr. Serrano's and Mr. Enuton's complete domination of the applicant is sufficient under this test to support a real party issue.

II. FINANCIAL ISSUES

Financing is to be provided by Peter Knobel. He is supplying prosecution expenses, apparently without limitation. However, Mr. Knobel, now or at various times during the pendency of JEM's application, is or has been committed to at least four other FM applications. Each involves the same dollar commitment -- \$250,000. Tr. 484. Thus, Mr. Knobel is on the line for \$1,250,000 plus prosecution expenses in five proceedings.

He is aware of these obligations -- aware enough to realize that he will have to approach a bank for financing:

Q. [Y]ou mentioned that one of the reasons for reforming the limited partnership agreement is that you were thinking of getting bank financing. Did you discuss this at any point in time with Ms. Morgan?

A. The ability to get bank financing?

Q. Well, the fact that you would not personally be providing the financing?

A. No, that was not my intention. My intention -- I had told her that my intention was that I was financing the station. But if I had gone out and done 20 of these stations, at some point you just don't have \$27,000,000 in the bank. So, it was my intention that banks do finance these stations and to have an agreement that was acceptable to an institution to be financed.

So I was looking down the road. I could have just had the same agreements that the other applicants have here, which say really nothing and then, at that point, said we'll have a new agreement to go to a bank. But I felt that we had a very good shot at winning this application and wanted to have an application that was financible in a real institution in this country, rather than just a group of papers that say your partners.

Tr. 490-491.

Thus, while JEM relies on Mr. Knobel for financing, Mr. Knobel obviously intends to use bank financing rather than put up cash for construction and initial operation. To make the application presentable for bank financing, Mr. Knobel went to the trouble of having his law firm redo the partnership agreement. Nonetheless, JEM never amended its application to reflect Mr. Knobel's new plan of financing.

No bank letter has been produced. Thus, it is unclear whether JEM has a plan of financing at present.

Mr. Knobel is, or at various times in the course of this proceeding has financed four other applications. As such, he must show that he can supply the requisite funds to all of the applicants. Since the other applications haven't yet gone through revisions in their partnership agreements to prepare them for bank financing. Tr. 490-91. Therefore, it must be presumed that Mr. Knobel still plans to finance them out of pocket.

Ms. Morgan did not learn of Mr. Knobel's other interests until 1990. Tr. 433-435; 462-463; Morgan Dep. Tr. 27. She knew that Beylen Communications had substituted for Mr. Knobel as her limited partner when the new JEM 1991 partnership agreements were developed; however, she did not know what Beylen's specific business activities are, and has not seen its financial statement. Tr. 456-458. At her deposition, she was not sure who owned Beylen, which at the time was her only partner. Morgan Dep. Tr. 21.

It is unclear, then, which entity, if any, is responsible for JEM's financing now -- Knobel, Beylen, or some unknown bank.

Discussion.

Under well established precedent, Mr. Knobel must show that he can finance each applicant to which he is committed. Breeze Broadcasting Company, Ltd., 5 FCC Rcd 6365 (Rev. Bd. 1990); George Edward Gunter, 104 FCC2d 1363 (Rev. Bd. 1986). A financial issue must be designated as the vehicle for such proof to be offered and tested.

Such an issue must also be designated to determine who, or what, will be financing JEM's application, and whether that entity or entities has the funds to meet its commitment. If JEM has a new financial plan and did not amend its application to so reflect, it cannot rely on any such plan. It must defend its financing based on whether Mr. Knobel has the liquid assets to build its station and all of the other stations to which Mr. Knobel is committed. See Texas Communications Limited Partnership, FCC 91-270 (Comm'n., released September 4, 1991) at 2.

§1.229(e) DISCOVERY REQUEST

If the issues herein are designated, Peaches would need to take the depositions of Joyce Morgan, Peter Knobel, Robin Rothschild, George Enuton and Salvador Serrano. The witnesses would be produced at a mutually agreeable time, at a site to be determined in Jacksonville, Florida, according to the same procedures followed in the June 24-26, 1991 depositions in this case.

Documents which would be sought by Peaches, pursuant to the definitions and other procedural rules previously followed by the parties, include the following, and relate to any material ever in the possession of the above-named witnesses, except that requests #5-10 do not apply to Mr. Enuton and Mr. Serrano.

1. All equipment lists, staffing proposals, budgets, cost estimates, expense projections, financial plans and any other documents which reflect or relate to the cost to construct JEM's proposed station, operate JEM's proposed station for three months without revenue, prepare and prosecute JEM's application, and purchase, lease, or otherwise obtain the use of JEM's proposed transmitter site.

2. All cancelled checks, receipts, vouchers, invoices or other documentary evidence showing the purchase price or payment made of any item of property or service relating to the application or its prosecution.
3. All loan or credit applications, requests, correspondence, or other documents evidencing efforts by the applicant, its principals or other persons to obtain loans, credit, leases, guarantees, or other financing for the application or proposed station, as well as any responses thereto.
4. All documents relating to any agreement or understanding by any person, whether or not a principal of the applicant, to provide contributions, loans, property, services, credit, donations, gifts, guarantees or other things of value to the applicant for the construction and initial operation of its proposed station, or the preparation or prosecution of its application.
5. All financial statements, balance sheets and/or financial disclosure statements current as of (i) December 13, 1989, and (ii) within a 90 day period preceding August 22, 1991, which reflect the assets and/or liabilities of such person.
6. All documents that subjected any such person's assets to any option, restriction, lien, mortgage, pledge, or other encumbrance, and all documents that relate to any such encumbrance.
7. All documents that reflect or relate to any petitions for relief or for other protection under federal or state bankruptcy law filed by such person.
8. All documents that reflect or relate to any default under a note or other financial instrument, or any foreclosure action or repossession by lender against such person.
9. All documents that identify or otherwise relate to any lawsuits filed against or affecting any such person in which a money judgment is sought or has been awarded and is not yet satisfied.
10. All documents that identify or otherwise relate to any federal, state or local tax assessment, audit or inquiry that is, or potentially may be, a claim against any of the assets of any such person.

11. All documents relating to any such person's ability or willingness to meet or otherwise honor any agreement to provide anything of value to the applicant or its principals.
12. Unredacted copies of any documents produced by JEM heretofore in discovery in redacted form.
13. All documents in Ms. Rothschild's, Mr. Enuton's, and Mr. Serrano's possession which would have been responsive to the parties' standard document production request had Ms. Rothschild, Mr. Enuton, and Mr. Serrano been parties respondent.
14. All budgets and all documents ever relied upon for assurance of financing in any and all proceedings in which Peter Knobel is an investor or has supplied or committed funds.
15. All telephone bills, with itemized lists of calls, for November, 1989 through August, 1991, for Mr. Enuton, Mr. Serrano, Ms. Rothschild, Ms. Morgan and Mr. Knobel.

CONCLUSION

For the foregoing reasons, misrepresentation, real party, sham and financial issues should be designated against JEM Productions, L.P.

Respectfully submitted,



David Honig
1800 N.W. 187th Street
Miami, Florida 33056
(305) 628-3600

Counsel for Peaches Broadcasting, Ltd.

September 23, 1991

EXHIBIT 1

Transcript of Proceedings

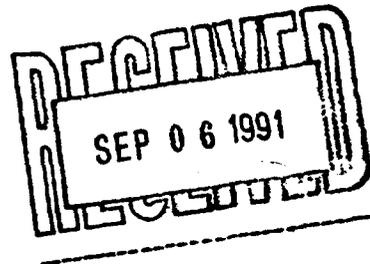
BEFORE THE

Federal Communications Commission

In the Matter of:

Docket No. 91-10

BALDWIN, FLORIDA



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Capital Hill Reporting

Official Reporters

1825 K Street, N.W.

Washington, D.C. 20006

(202) 466-9500

1 asked to be done.

2 Q But he would actually be the one executing
3 the responsibility?

4 A In some respects, yes.

5 Q And what's this person's name?

6 A Richard Danford.

7 Q Does Mr. Danford have any broadcasting
8 experience?

9 A No, he does not.

10 Q Okay. What is Mr. Danford's present
11 employment?

12 A He works for the City of Jacksonville. He's
13 an equal opportunity officer for the city.

14 Q So, would he plan to leave that post to build
15 a station, to assist you in building it?

16 A That has not been discussed.

17 Q Your salary is \$78,000 a year. Is that
18 correct?

19 A Correct.

20 Q And you expect to be earning about one third
21 that amount if you --

22 A Quite possibly.

23 Q No problems with the cut in pay?

24 A No.

25 Q Does your employer know you're an applicant

1 here?

2 A Yes, he does. He had to let me off to come
3 here.

4 Q Have you ever expressed to your employer your
5 desire to enter into management, any management
6 functions?

7 A No, I have not. I've only been there four
8 months.

9 Q Okay. Ever worked at a radio station?

10 A No.

11 Q How did you learn of the opportunity to
12 apply?

13 A Through Georgia Newton. He was in the
14 Jacksonville area and he had heard about me and he
15 approached me with the idea and when he did, I became
16 very excited because I know quite a few people who also
17 own -- African Americans who also own and I had
18 actually worked for one in Macon. So I was very
19 excited about the thought that I could also.

20 Q And could you share with us exactly what his
21 initial conversation with you was on that subject?

22 A On the subject? As much as I can remember.
23 He called me on the telephone and told me about the
24 Baldwin allocation. He asked if that was something
25 that may be of interest to me. I said yes. He wanted

1 to meet with me.

2 He met with me that night at the station
3 after I got off and we talked about it. We talked
4 about what it would mean, how much it could possibly
5 cost me, everything.

6 Q Did he mention having an investor in mind
7 already?

8 A He mentioned that I would definitely need
9 money. He asked who I thought I might be able to get
10 that money from and he said if I didn't know of anyone
11 or any source specifically that I may be able to go to
12 get the money, he might possibly have someone for me to
13 call to see if he would be interested in working with
14 me.

15 Q And did he name that person?

16 A Yes, he did.

17 Q And what was the name?

18 A Peter Knoble.

19 Q Was there any mention that they were looking
20 for minority?

21 A That was what George is all about. George is
22 looking to increase minority ownership in radio
23 stations.

24 Q Is George a minority?

25 A Yes, he is.

1 (The document heretofore
2 marked Peaches Exhibit No. 16
3 for identification was
4 received into evidence.)

5 MS. ROBINSON: I'd also like to bring to Ms.
6 Morgan's attention the document which is entitled legal
7 qualifications, Peaches 17 and also a document entitled
8 ownership information interests of Robin Rothschild,
9 Peaches 18.

10 (The documents referred to
11 above were marked Peaches
12 Exhibit No. 17 and 18 for
13 identification.)

14 JUDGE LUTON: Which is to be marked 17?

15 MS. ROBINSON: The legal qualifications.

16 JUDGE LUTON: Thank you.

17 BY MS. ROBINSON:

18 Q Ms. Morgan, who was Robin Rothschild?

19 A She used to be one of my limited partners?

20 Q And at your deposition, you indicated that
21 she just Mr. Knoble's friend, is that correct?

22 A Yes.

23 Q So you've since found out that she perhaps
24 has another role besides Mr. Knoble's friend? Is there
25 any other input?

1 A What do you mean?

2 Q Would she happened to be George Newton's
3 sister?

4 A Sister, oh no. That's George's daughter.

5 Q But she is related to him?

6 A Yeah.

7 Q So her role was more than just a friend of
8 Peter's, Mr. Knoble's? You originally identified her
9 as just a friend of Peter Knobles, is that correct?

10 A I think I identified her also as George's
11 daughter.

12 Q Okay. Was she a surety for George to get
13 paid in this?

14 A Yes, she was.

15 Q And initially, she owned 40 percent?

16 A That is correct.

17 Q Did she ever put any money of her own into
18 that?

19 A No, she didn't.

20 Q Why did she drop out?

21 A She dropped out because she was basically
22 busy with her own life and later I found out there were
23 other personal reasons, but she wanted to drop out,
24 which I didn't have a problem with.

25 Q I couldn't have been because Newton had

1 gotten paid for his involvement?

2 A No, he has not been paid.

3 Q Okay. Did you get any resumes or
4 biographical information on Ms. Rothschild?

5 A No, I did not. I talked with Robin a few
6 times on the telephone while she was at a radio
7 station. I talked to her about what she was doing and
8 I saw this exhibit of her ownership interests and that
9 was sufficient for me, since she was a limited partner.

10 Q Okay. What about Mr. Knoble?

11 A I saw his financial statement and I was very
12 pleased.

13 Q Did you contact any references on either one
14 of them?

15 A No.

16 Q And when you filed the application, you
17 didn't ask Mr. Knobel about any other broadcast
18 applications he might have had pending?

19 A At that time, I don't remember asking him
20 about anything.

21 Q You didn't.

22 A No, I really don't remember asking him about
23 anything like that. I think I asked Mr. Knobel about
24 money.

25 Q Okay. So you weren't interested in knowing