



# SECURITY PACIFIC CORPORATION

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April 15, 1991

MAIL BRANCH

In re Petition for Declaratory )  
Ruling that Lenders May Take a )  
Limited Security Interest )  
in an FCC License )

MMB File No. 910221A

To: Federal Communications Commission  
1919 M Street, N.W.  
Washington, D.C. 20554

Security Pacific Corporation, Los Angeles, California, the nation's fifth largest bank holding company, and its lead bank, Security Pacific National Bank ("SPNB"), also of Los Angeles, are writing to support the captioned petition for a declaratory ruling by the Commission to permit banks and other lenders to take a limited security interest in a Federal Communication Commission license.

SPNB has been a leading lender to broadcast license holders for a period of 25 years. More recently, SPNB has become a significant lender to cable and cellular license holders as well. Currently, SPNB's media lending group, which consists of defined units in New York City and Los Angeles, has secured lines of credit of approximately one billion dollars outstanding to Commission licensees in the broadcast, cable and cellular areas.

The inability of SPNB and other lenders to take even a limited security interest in a commission license has always made for a cumbersome process in relying upon secured creditor status. Recently, however, certain decisions by bankruptcy courts have made SPNB's secured lender status even more problematical. Reliance on a lien that is based upon the liquidation values of a borrower's assets and equipment rather than on the value of the business as a going concern has the effect of forcing SPNB to evaluate loans to broadcasters and other licensees as unsecured loans, with the result that in some cases the credit costs will increase substantially and in

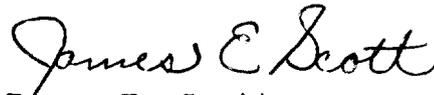
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many other cases the loans simply will not be made. The result is certain to be a severe shortage of reasonably priced credit to these industries.

SPNB believes that enabling lenders such as SPNB to take a limited security interest in a license granted by the Commission to a borrower would significantly enhance the collateral on which lenders could rely and thus avoid any restriction on the flow of credit to these vital industries.

SPNB does not believe a limited security interest to meet a lenders objectives need interfere with legitimate Commission policy concerns governing the transfer of such licenses.

Respectfully submitted,



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Associate General Counsel  
and Assistant Secretary

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