

1 receive a copy of Mr. Ramsey's personal financial
2 statement?

3 A. No.

4 Q. Did you receive a copy of his statement of
5 finances after you signed the application?

6 A. No.

7 Q. Now, Mr. W. A. Gainey, he's the banker, is he
8 not?

9 A. Right.

10 Q. Okay. Did you ever provide Mr. Gainey with a
11 copy of your financial statement?

12 A. No.

13 Q. Did you ever have any conversations with Mr.
14 Gainey?

15 A. No.

16 Q. Did you ever have any communications with him
17 other than the letter?

18 A. No.

19 Q. Did you ever send him anything?

20 A. No.

21 Q. I'd like to refer you to your stock

1 subscription agreement, which is an exhibit to your
2 application. It's exhibit 1. Would you turn to the
3 back of the agreement, the last two pages, the signature
4 pages? Is that your signature on the agreement?

5 A. Yes.

6 Q. All right. And what is the date?

7 A. 11/14/91.

8 Q. Okay. When did you sign that stock
9 subscription agreement, did you sign it on the 14th?

10 A. As far as I can remember, yeah.

11 Q. Did you read the agreement before you signed
12 it?

13 A. Yes.

14 Q. At the time, what, if any, understanding did
15 you have regarding your financial obligations, if any to
16 Staton Communications?

17 A. You mean -- you want to explain that a little
18 bit? I'm not sure what you're referring to.

19 Q. When you signed the stock subscription
20 agreement, did you have any understanding as to whether
21 you would have to pay any money in connection with the

1 venture, Staton venture?

2 A. No.

3 Q. You had no understanding?

4 A. At the onset of the venture, I, you know,
5 there was -- the way I understood it, there would not be
6 any financial obligation. And it was the shareholders
7 agreement was a legal document to just clarify
8 everything just based on, you know, what the agreement
9 says. So with this agreement, yes, but not as such as
10 far as a large outlay of money for the corporation.

11 Q. What do you understand by the term in the very
12 last full paragraph there before your signature, before
13 the sentence, "this agreement may be executed in
14 counterparts," what do you understand the term
15 personally guarantee to mean?

16 A. Well, the way I interpreted it was that
17 knowing that the arrangement that had been made by Mr.
18 Ramsey, that that was based on his financial status.
19 And I wasn't a part of that -- of the financial
20 agreement or situation on that.

21 Q. All right. So the provision reads that "All

1 Q. And how did you come to meet with her?

2 A. She was the agent for the property that had
3 been recommended for the station.

4 Q. Who recommended the property?

5 A. Who recommended the property?

6 Q. Yes.

7 A. The engineer was the one that had done the
8 study.

9 Q. The engineer being Mr. Magnuson?

10 A. Yes, uh-huh.

11 Q. All right. And who found Ms. Tucker?

12 A. Charlie Thompson.

13 Q. Okay. And then you met with her?

14 A. Yes.

15 Q. Did she give you any documents?

16 A. No, not at that time.

17 Q. Did she subsequently give you any documents?

18 A. Yes.

19 Q. What document did she give you?

20 A. A letter about the property.

21 Q. Was the letter signed or unsigned?

1 Mr. Solomon's questions. I may be jumping around. If I
2 repeat a question or two, it's just so things are clear
3 in my own mind here. After your initial phone
4 conversations with Mr. Thompson, you had the meeting
5 with Mr. Thompson that you referred to earlier in your
6 testimony. Am I correct that the next event after that
7 relating to this application, you had another phone call
8 with Mr. Thompson, this is after the meeting with Mr.
9 Thompson?

10 A. Yes.

11 Q. And what did Mr. Thompson say to you in that
12 phone call? This is the phone call immediately after
13 the meeting you had with him.

14 A. Immediately after the meeting that I had with
15 him was a confirmation of the acceptance of being the --
16 being a part of the venture with Mr. Ramsey.

17 Q. Okay. Was that the -- was that the time frame
18 in your own mind when you believed you had a -- you had
19 a deal?

20 A. Yes.

21 Q. Okay. And then -- was it subsequent to that

1 phone call that you first talked to Mr. Ramsey?

2 A. No.

3 Q. How long after that phone call was that
4 conversation with Mr. Ramsey?

5 A. It was immediate.

6 Q. Okay. Was there a three-way -- was there ever
7 a call when Mr. Thompson, Mr. Ramsey, and you were all
8 on the line at once?

9 A. No.

10 Q. Was it that -- after Mr. Thompson told you you
11 had been accepted, he gave you Mister -- that you then
12 turned around and talked to Mr. Ramsey?

13 A. Yes.

14 Q. Okay. During the meeting you had with Mr.
15 Thompson, did Mr. Thompson ever tell you that it was a
16 requirement that you would have to work at the station?

17 A. Yes.

18 Q. Okay. Did Mr. Thompson ever explain to you
19 why, you know, what aspects of your background or
20 anything else made you an eligible candidate for this
21 project?

1 A. My experience, the longevity I had spent in
2 the business.

3 Q. Okay. Did he ever say anything to the effect
4 that the fact that you were a minority or a woman was
5 helpful or was an advantage?

6 A. Yes.

7 Q. Okay. Did he mention the fact that you were a
8 resident in the area was an advantage?

9 A. I guess, so. I mean, that was just sort of
10 common knowledge, being familiar with the industry as to
11 how the applications work.

12 Q. Okay. Did Mr. Thompson mention any other
13 facts concerning you which were positives other than the
14 ones you've already mentioned?

15 A. No.

16 Q. Now, in response to some questions from Mr.
17 Solomon, Mr. Ramsey -- is it correct that Mr. Ramsey
18 informed you in March of 1993 that Stan Emert had had
19 some problems and that it would be necessary to get
20 another attorney; is that correct?

21 A. Yes.

1 Q. Did Mr. Ramsey ever mention to you what those
2 problems were?

3 A. No.

4 Q. You mentioned a conversation you had -- was it
5 a conversation with Mr. Evans you had or was it another
6 attorney in his firm?

7 A. Mr. Evans.

8 Q. Okay. Do you know whether Mr. Ramsey talked
9 with Mr. Evans before you did?

10 A. Yes.

11 Q. You know that he did?

12 A. I'm certain that he did. I don't know what
13 they talked about.

14 Q. Okay. Do you know whether Mr. Ramsey had done
15 any other work with Mr. Evans prior to March 1993?

16 A. What do you mean?

17 Q. For instance, do you know whether any other
18 company in which Mr. Ramsey had been involved had used
19 Mr. Evans as a lawyer?

20 A. Mr. Ramsey indicated that when we had talked,
21 yes.

1 up with. He didn't have any input on them.

2 Q. Okay. Do you still have before you the letter
3 from -- the unsigned letter address -- from Betty Jo
4 Tucker to Staton Communications, Inc.? Do you have that
5 before you, Ms. Staton?

6 A. Yes.

7 Q. Now, there's a date on there, November 13th,
8 1991, do you see that?

9 A. Yes.

10 Q. Does that date reflect the date of your
11 meeting with Ms. Tucker?

12 A. No, it doesn't.

13 Q. Okay. Do you remember when you met with Ms.
14 Tucker?

15 A. The next day. What happened was that she and
16 I had talked and we were supposed to have gotten
17 together earlier, and she had canceled the appointment.
18 And then we did get together. It was on the 14th when
19 we got together.

20 Q. So your meeting with her was on the 14th?

21 A. Uh-huh.

1 before now?

2 A. Yes, I did.

3 Q. Okay.

4 MR. SCHAUBLE: Let's go off the record for a
5 minute.

6 (Off the record from 11:10 a.m. to 11:11 a.m.)

7 BY MR. SCHAUBLE:

8 Q. Do you have any understanding, Ms. Staton, as
9 to whether there was any fixed dollar amount and how
10 much money Mr. Ramsey is willing to contribute, loan or
11 in whatever fashion for the prosecution of the Staton
12 application?

13 A. For the prosecution of it?

14 Q. Yes. Or the other alterative, is it a fixed-
15 dollar amount, or is it your understanding that he will
16 provide however much money is needed no matter how much
17 it costs?

18 A. Right, how much is needed around the cost that
19 was discussed.

20 Q. So your understanding is there's no dollar
21 limitation on that?

2025 RELEASE UNDER E.O. 14176

1 A. Right.

2 MR. SCHAUBLE: I have no further questions.

3 Thank you, Ms. Staton.

4 MR. EVANS: I think I do have a few clarifying
5 questions.

6 CROSS EXAMINATION

7 BY MR. EVANS:

8 Q. Ms. Staton, if Staton Communications is
9 granted a construction permit for New Albany, is it your
10 plan to actually live within the city of New Albany?

11 MR. SCHAUBLE: Objection. I don't think you
12 should lead the witness on redirect.

13 MR. SOLOMON: Objection.

14 MR. EVANS: That's not a leading question.

15 MR. SCHAUBLE: It certainly suggests the
16 answer.

17 MR. SOLOMON: It's the most leading question
18 I've ever heard.

19 MR. EVANS: It does not suggest the answer in
20 any way, shape, or form, but you can object to it. I'll
21 restate the question.

CURT ELLIOTT REPORTING, INC.

1 Reporter.

2 THE COURT REPORTER: Do you have \$10,000.

3 MR. SCHAUBLE: Do you have \$10,000.

4 MR. SOLOMON: Let me ask it again.

5 BY MR. SOLOMON:

6 Q. Do you have \$10,000?

7 MR. EVANS: Objection.

8 BY MR. SOLOMON:

9 Q. Answer the question, please.

10 A. No.

11 Q. When did you pay for your stock in Staton
12 Communications?

13 A. I don't recall.

14 Q. Do you recall to whom payment was made?

15 A. It was -- I guess you could say there was an
16 exchange.

17 Q. Well, let me -- I asked you when, and you said
18 that you couldn't recall; is that correct?

19 A. Uh-huh.

20 Q. What year?

21 A. What year? In '92.

HomeTrust Bank

November 15, 1991

Ms. Mildred Staton
Mr. Kenneth L. Ramsey
Staton Communications, Inc.
1612 Gardiner Lane
Louisville, KY 40205

Dear Ms. Staton and Mr. Ramsey:

This is to state our conditional commitment to loan up to \$425,000 to finance construction and initial operation of radio station FM Ch. 234-A, licensed to serve New Albany, Indiana. Our willingness to do so is subject to the following conditions:

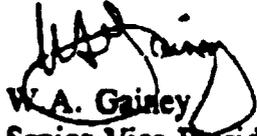
- 1) You are successful in obtaining approval from the Federal Communications Commission to construct and operate the radio broadcast station; and
- 2) All reasonable and ordinary credit criteria and collateral requirements of the HomeTrust Bank are met at such time as you (a) have received the permit to construct said station and (b) request from HomeTrust Bank a formal and unconditional lending commitment.

While the pricing and terms of amortization of any loan commitment will of course be contingent upon the exact conditions prevailing at the time of such commitment, we contemplate calculating interest on any loan made at the rate of 2% above the prime rate of this Bank at the time of each advance (for information, the prime rate of this Bank is presently 7.5%) and, any loan made will be repaid, after a six month moratorium on principal repayment if necessary, in eight equal semi-annual installments or as otherwise reasonable in line with the financial projections received prior to the time of borrowing.

The precise terms for security of the loan also will be determined at the time of the unconditional loan commitment. However, we contemplate requiring a pledge of the stock of the applicant in the event that it is incorporated, a pledge of the assets of the radio station (subject to security liens held by vendors of equipment, if any), liquid collateral (i.e., CD's,

all requirements of the Federal Communications Commission including the provision of a minimum of ten (10) days prior written notification to you and to the Federal Communications Commission before any equipment will be repossessed under any default clause of the loan agreement. This Bank is favorably acquainted with you and we would be relying on your commitment to continued participation in the venture and the management of the radio station as a part of the loan application.

Sincerely,



W.A. Gainey
Senior Vice President
Director of Lending

WAG:nlh

CERTIFICATE OF SERVICE

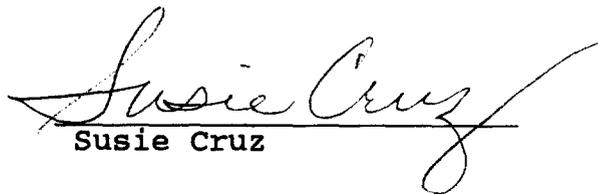
I, Susie Cruz, do hereby certify that on the 9th day of July 1993, a copy of the foregoing "Petition to Enlarge Issues Against Staton Communications, Inc." was sent first-class mail, postage prepaid to the following:

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Susie Cruz

* Hand Delivered