

27. In 1972 we moved to San Diego when my husband took a position as a pharmaceutical consultant for the State of California to investigate fraud in the MediCal program. Coincidentally, at that time Rev. Barnard had returned from a ministry in the Philippines and came to San Diego to start another church, Christian Faith Center, which we joined. Like the church in Sacramento, this church was inter-racial and inter-denominational. Its members included Blacks, Hispanics, and Asians, as well as members of the majority community. The church was located close to a large Black population, and served many people who were especially needy.

28. At this time, I learned first-hand how the church and media can be joined to serve the community. In the mid-1970's, Rev. Barnard purchased air time for a television ministry by which needy people could call in and receive help. Callers typically were people who were lonely or had family problems, unwed pregnant teenagers, people who were contemplating or had attempted suicide, and others in need. The ministry essentially was a community service, and I volunteered to assist by physically going to the homes of these needy people and trying to help them. I also trained other people to provide such counseling. Many of the people to whom I would minister were members of the minority communities, and I thus experienced how television and the church can combine their influence to assist those communities.

29. In January 1979, Ralph changed positions with the California State government and we moved to Orange County, California. Rev. Barnard was then hosting a program on TBN, and I began to watch TBN simply as a viewer. At this point my children were grown, three were married, and I had available time. I saw a message on the station seeking volunteers for the telephone counseling lines, which was similar to the ministry work I had done in San Diego, and I decided to volunteer. I began to spend four hours a day during the week and eight hours on Sundays counseling the needs of station viewers. Although I was mainly interested in volunteering and did not need to work, I submitted an application for positions that might come open. Soon after, Dr. Crouch offered me the position of Public Affairs Director. He also invited me to serve on TBN's Board of Directors. I subsequently learned that Rev. Barnard, whom I had known for approximately 20 years, had recommended me.

30. That night I decided to accept the opportunity to learn the television industry. As Public Affairs Director, I served as liaison to the community's leadership and had general oversight over community needs ascertainment and production of public affairs programs. I also produced and hosted my own public affairs program. I subsequently became Assistant to the President with responsibility to work with FCC counsel on FCC compliance matters. My duties have also included supervising TBN's low power television activities. As the primary contact

with FCC counsel, I am very serious about complying with FCC requirements and have expended substantial efforts over the years to do so. In 1984 I resigned as a TBN Director to devote my attention to other responsibilities, including the development of Community Educational Television, Inc., on whose Board I served.

31. In September 1980 the FCC proposed to create a new low power television service. TBN was interested in the new service because it presented the opportunity for the network to reach more viewers through satellite transmissions. At that time I believe Dr. Crouch informed me, and I read in the trade publications, that the FCC proposal wanted to give minorities opportunities to get involved in this new medium. He proposed creating a new company whose Board of Directors would be controlled by minorities. I thought the opportunity to get involved in a medium that was brand new was exciting, and I seized it.

32. Dr. Crouch and I considered other possible directors. I approached Dr. Armando Ramirez, who was the Pastor of El Siloe Presbyterian Church in East Los Angeles. Dr. Ramirez hosted a Spanish-language public affairs program on TBN at the time that I supervised, and I was impressed with his knowledge and ability. I told him about the new company that was being started, that the FCC was interested in seeing minorities have a chance to participate in the communications media, and that

the purpose of the company was to further those goals. I asked him if he would be interested in serving on the new company's Board of Directors and he said he would. However, when I asked about his citizenship, he told me he was not a United States citizen, and Dr. Ramirez therefore did not become an initial member of NMTV's Board.

33. Dr. Crouch asked Pastor Espinoza to be a Board Member. Pastor Espinoza also produced a Spanish-language program on TBN and I had met him at the studios. NMTV was incorporated on September 16, 1980, and Dr. Crouch, Pastor Espinoza, and I comprised the initial Board. Dr. Crouch, who initiated the idea for NMTV and who had the most experience, was the President. I became Vice President and Secretary and Pastor Espinoza was elected Chief Financial Officer, but I do not remember the reasons why those designations were made 13 years ago.

34. Pursuant to the FCC's low power television proposal, NMTV began preparing and filing applications. I had primary responsibility for that process, but all the Directors gave input concerning the communities we should seek. Dr. Crouch mentioned that he would like to see NMTV apply for capital cities and the largest markets. Pastor Espinoza made suggestions about areas of the country with which he was familiar. I remember that as a time of great excitement and activity as we launched our new venture. I also remember that, shortly after we filed and amended our applications, the FCC

announced it was going to defer action until it finalized its low power television rules and placed a freeze on the filing of new applications.

35. Prior to the freeze, NMTV filed applications for the following 17 stations:

- a. Forth Worth (Dallas), Texas, channel 62, BPTT-801105IK
- b. San Bernadino, California, channel 60, BPTT-801106IL
- c. St. Louis, Missouri, channel 61, BPTT-801106IM
- d. San Francisco, California, channel 51, BPTT-801107IH
- e. Sacramento, California, channel 63, BPTT-801107IQ
- f. Wheaton, Maryland (Washington, D.C.), channel 42, BPTT-801112IN
- g. Las Vegas, Nevada, channel 51, BPTT-801121JQ
- h. Crestline, California, channel 47, BPTT-801121JP
- i. Portland, Oregon, channel 57, BPTT-801201IN
- j. Spokane, Washington, channel 57, BPTT-801201IO
- k. Philadelphia, Pennsylvania, channel 42, BPTT-801204IG
- l. Columbus, Ohio, channel 50, BPTT-801204IH
- m. Cleveland, Ohio, channel 55, BPTT-801204II
- n. Rockford, Illinois, channel 57, BPTT-801204IJ

- o. Houston (Stafford), Texas, channel 56, BPTT-801205IC
- p. Fort Worth, Texas, channel 43, BPTT-801223IG
- q. San Antonio, Texas, channel 50, BPTT-810106IJ

Copies of two of those applications, with amendments, are attached at Tabs L and M. The applications specifically stated:

"Trinity Broadcasting Network Inc., is associated with applicant by virtue of its two common directors." (Tab L, pp. 6, 45; Tab M, pp. 6, 39).

The two common directors were Dr. Crouch and I, and the applications described our associations with TBN. (Tab L, pp. 13-17; Tab M, pp. 13-18.) The applications reported that NMTV proposed to rebroadcast TBN's signal from KTBN (Tab L, p. 9; Tab M, p. 8), and that TBN was the financial underwriter for NMTV. (Tab L, pp. 21-24, 48-57, 61-65; Tab M, pp. 22-25, 42-51, 55-59.) They stated that Paul Crouch was President and a Director. (Tab L, pp. 7, 46; Tab M, pp. 7, 40.) NMTV also filed several petitions for waiver which informed the FCC that NMTV "proposes to rebroadcast the full broadcast signal of Channel 40, KTBN-TV, Fontana, California." Copies of two such disclosures are attached at Tab N, pages 3 and 8.

36. As indicated, soon after its applications were filed, NMTV's enthusiasm and activities came to a crashing halt when the FCC announced its processing and new application freeze.

After all the work and excitement I had invested, I was very disappointed. For the next several years, NMTV was essentially a dormant company. It had no real business to conduct until almost six years later when it acquired the construction permit for the Odessa full power station.

37. Despite the disappointment, NMTV continued to hold annual meetings and to elect officers every year. We held those meetings at the annual meeting of network affiliates that TBN held, and Pastor Espinoza was conscientious in attending. Despite the FCC's freeze and the virtually non-existent status of NMTV's business, Pastor Espinoza attended each of the annual meetings for 1982, 1983, 1984, and 1985. At those meetings, he had the opportunity to participate at a large meeting of a television network and experience relevant issues in the television industry. At the time NMTV had no stations and no employees and thus, other than the formal election of officers, had very little business of any kind.

38. In 1983 the FCC determined that it would award low power television authorizations through a lottery process that would include preferences for minority-controlled applicants. During late 1983 and early 1984, a number of NMTV's applications were dismissed for technical reasons. With the FCC's processing rules in place, on February 28, 1984, NMTV submitted three certifications in which it claimed a minority preference. I executed those certifications, which are attached to this

testimony at Tab O. As stated above, before making those certifications I reviewed the FCC's Public Notice that was released August 19, 1983, which stated that a non-stock corporation is entitled to a minority preference when a majority of its members, which in NMTV's case means a majority of the Board of Directors, are minorities.

39. Before I signed and NMTV filed the certifications, I also received advice from FCC counsel, Colby May, that NMTV was entitled to claim minority preferences. Mr. May advised me that, in dealing with non-profit corporations that are governed by a Board of Directors, the FCC policy was to determine matters of control based on the composition of the Board. I also called Pastor Espinoza and we discussed the FCC's decision to award low power authorizations by lottery, and the fact that minority-controlled corporations like NMTV were entitled to claim a preference in the lottery. When I executed and submitted the certifications my only consideration, based on the legal advice I had received and my review of the FCC's instructions, was that David Espinoza and I had majority control of NMTV's Board, and NMTV therefore was entitled to claim the preference. The thought never occurred to me that there was any reason NMTV would not qualify for the preference, and I signed the certifications in absolute good faith.

40. By 1985 the FCC had begun processing the large backlog of low power applications, and I was hopeful that NMTV might

soon receive some grants. Unfortunately, that did not happen. NMTV did not receive a grant of a low power application until January 1988 when the Stafford, Texas, permit I have described above was issued.

41. In the meantime, a new opportunity for NMTV arose. In 1985 the FCC had increased the number of stations that a group owner could hold to 12, and in 1986 TBN reached its limit. Near the end of the year Dr. Crouch told me that he had received a call from Al Roever, who said he had a construction permit in Odessa that he was not going to be able to build because he did not have the finances. I knew Mr. Roever's brother, Dave, a minister who had a program on TBN. I called Dave Roever and he told me that the construction permit was going to expire and they were going to lose it. I then spoke to Al to get more details. From those discussions, I learned that the Roevers had expended only \$12,500 in obtaining the Odessa construction permit and would sell it for reimbursement of those expenses.

42. When I heard that a construction permit for a full power station could be purchased for \$12,500, I thought it was a real opportunity for NMTV. Because Dr. Crouch was a Director of NMTV and already had an interest in 12 stations, I thought that I should call FCC counsel, Colby May, to see if a purchase was possible. I discussed my interest with Dr. Crouch and proceeded to call Mr. May. Mr. May advised me that, because a majority of NMTV's Directors were minorities, NMTV could acquire

the Odessa permit as a minority-controlled company under the provision of the FCC's multiple ownership rules that would allow Dr. Crouch to have an interest in two additional stations that were minority controlled. He told me that the FCC allowed group owners to be involved in two additional stations to assist minority-controlled companies to acquire stations. When I received that advice I was extremely excited because, after all the years of frustration, I considered the chance for NMTV to purchase the full power station in Odessa to mean that the company could finally come of age. And, if some minority was going to own a station by utilizing this FCC policy, I wanted to be the one.

43. Soon after receiving Mr. May's advice, I called Pastor Espinoza to get his input on whether NMTV should acquire the Odessa station. He was as excited as I was, if not more so. He was familiar with the Odessa area of Texas and was very interested in the market because of its Hispanic population. He thought, as I did, that NMTV should buy the permit. I proceeded to make an agreement with the Roovers.

44. With a contract in hand to acquire the Odessa permit, I realized that the corporation's name, which was then "Translator TV, Inc.," should be changed. Since we would be moving into ownership of a full power station, the name "Translator" corporation would not be appropriate. I consulted both Pastor Espinoza and Dr. Crouch, and we compiled a list of

names. We determined that "National Minority TV, Inc." was available and we decided to make that the corporation's name.

45. Starting at the January 1985 annual meeting, when we anticipated that NMTV might be receiving favorable action on its pending low power applications, NMTV began the practice of electing an Assistant Secretary. That practice had been followed at TBN to make sure that an officer who was eligible to sign official documents, such as annual reports for the Secretary of State, or to sign checks was available in the Directors' absence. In anticipation that NMTV might soon receive grants of its low power applications and commence operations, at the January 1985 annual meeting we elected Phillip Crouch, Paul's brother, to be Assistant Secretary. In January 1987, when we anticipated that we would be building the Odessa full power station, we added Terrence Hickey as an Assistant Secretary. Both Mr. Hickey and Phillip Crouch were also Assistant Secretaries of TBN who were employed at the Michelle Drive address, and we knew they would be available to provide signatures if necessary. To illustrate the reason NMTV has elected Assistant Secretaries, attached at Tab P is a letter that FCC counsel sent to Mr. Hickey asking him to sign an engineering application for NMTV due to my absence because of illness.

46. The election of Assistant Secretaries also enables NMTV to comply with the recommended practice of having two

signatures on all payments above \$1,000 to provide an audit trail to assure the Internal Revenue Service that funds of a non-profit corporation are not used for personal gain, which would jeopardize the corporation's tax exempt status. During my experience at TBN I learned that TBN's professional tax advisors had counseled it to follow that practice for all such payments to maintain its good standing with the IRS, a requirement that applies to Dr. Crouch and all other signatories, and NMTV has followed the same practice to preserve the integrity of its audits and its status as a non-profit tax exempt organization.

47. NMTV filed its application for the Odessa station on February 3, 1987. A copy of the application is attached at Tab Q. In the application, NMTV submitted that it was permissible for Dr. Crouch to have an interest in the Odessa station under FCC Rule 73.3555(d) because NMTV was minority controlled in accordance with that rule. (Tab Q, pp. 31-34.) NMTV made that claim to the FCC in good faith, based on the advice we received from Mr. May and our understanding that, in assessing minority control of non-stock corporations, the FCC's policy was to determine whether minorities had majority control of the Board of Directors. Therefore, NMTV's focus in submitting to the FCC that it complied with the multiple ownership rule was that David Espinoza and I had majority control of the Board of Directors, which had been the case ever since the company began.

48. The application to acquire the Odessa construction permit was prepared by Colby May. I normally reviewed NMTV's filings before they were signed and submitted, and I believe I did so in this instance. It has now come to my attention during the discovery phase of this FCC proceeding that the Odessa application contained several errors. The application erroneously failed to identify that Philip Crouch and Terrence Hickey were Assistant Secretaries (Tab Q, p. 24); erroneously stated that the corporation had always had the same three officers and Directors (Tab Q, p. 32), although that statement was true concerning the Directors; and erroneously stated that NMTV had filed 15 (not 17) low power television applications and claimed minority preferences with respect to all of them, when a number of those applications were dismissed prior to the submission of preference certifications and only three minority certification preferences were filed (Tab Q, p. 32).

49. While I know that my focus at the time was on the fact that minorities controlled NMTV's Board of Directors, I do not know why these mistakes occurred. I accept responsibility for my oversight in failing to catch them when I reviewed the application. I do know that I did not intentionally make the errors, and I do not believe that anyone did. The documents that are attached at Tab R reflect that NMTV and TBN have disclosed to the FCC in numerous filings the fact that the same persons have served as Assistant Secretaries of both

corporations. Several of those disclosures were made before the Odessa application was filed. (Tab R, pp. 1-38.) The disclosures were included in NMTV's first ownership report that was filed on June 24, 1987. (Tab R, pp. 39-57.) It was included when NMTV filed an application for a full power station in Wilmington, Delaware. (Tab R, pp. 95, 135.) Similarly, the FCC files themselves naturally would reflect the pre-certification dismissals of NMTV's low power applications and the correct number of minority preferences that NMTV claimed.

50. As previously indicated, the FCC granted NMTV's Odessa application in June 1987 and, over Dr. Crouch's objection, Pastor Espinoza and I insisted on building the station. In October 1988 it went on the air as NMTV's first station. As shown at Tab S, page 1, the FCC records reflect that the permit was first issued on October 14, 1985. Instead of the permit being canceled, NMTV placed the station in operation.

51. In late 1987, the opportunity arose for NMTV to acquire a station in a major market. Mr. James Vandever, who was associated with Greater Portland Broadcasting Corporation ("GPBC"), called me and offered a construction permit for Channel 24 in Portland, Oregon, that he was no longer interested in building. The permit for the station had been issued in 1982. (Tab S, p. 2.) I was ecstatic about this opportunity because the price was right for a permit in such a major market. I knew that TBN had drawn good response with its station in the

Tacoma/Seattle area, and I thought this would be a valuable market to enter.

52. I spoke to Pastor Espinoza and Dr. Crouch for their opinions about the Portland opportunity, and they agreed I should pursue it. I proceeded to negotiate an agreement with Mr. Vandever, and on December 18, 1987, NMTV filed its application to acquire the Portland construction permit. A copy of that application, which Mr. May also prepared and I believe I reviewed, is attached at Tab T. In the Portland application, NMTV made the same submission to the FCC about compliance with Rule 73.3555(d) as it had in the Odessa application, namely, that NMTV was a minority-controlled corporation. (Tab T, pp. 63-68.) NMTV made that submission for the same reasons, based on the same advice, and with the same honest belief as to its accuracy, as it had with respect to the Odessa application. During discovery in this proceeding, it has come to my attention that the Portland application also carried forward the same errors contained in the Odessa application which had been filed earlier that year. I did not notice those errors at the time and, for the reasons stated above, I believe they were unintentional.

53. The FCC granted the Portland application on October 27, 1988, and in November 1989, seven years after the permit was issued to GPBC, NMTV put the Portland station on the air. As a Director of NMTV and the person who was primarily responsible

for the company's day-to-day business, my role in NMTV's construction and operation of the Odessa and Portland stations has been much greater than the normal duties I have as an employee at TBN:

-- At TBN, although I select my own immediate staff, I do not hire station management or personnel. For NMTV I have hired the station managers and have either hired station personnel myself or been responsible for supervising and approving station hires. Moreover, at TBN any selection I make for my immediate staff must receive prior approval from Dr. Crouch or the Personnel Department. For NMTV I am the person who gives the prior approval, subject only to my determination to submit certain issues to NMTV's Board of Directors, such as occurred on May 8, 1992, when NMTV's Board of Directors approved the hiring of a part-time production assistant to assist in the production of local programs in Portland. A copy of the minutes of that meeting which reflect this action is attached at Tab U.

-- At TBN, although I have responsibilities in certain areas such as community ascertainment and equal employment opportunity, station management generally does not report to me. Rather, TBN's station managers report directly to the Chief of Staff. For NMTV I directly supervise station management, which reports directly to me.

-- At TBN I do not receive copies of the company's bank account statements to review the company's expenditures. For NMTV, which has separate bank accounts from TBN, I receive and review the company's check register on a monthly basis.

-- At TBN, I generally am not involved in resolving engineering or construction problems at full power stations. For NMTV I am directly responsible for those matters. For example, at TBN I would not be involved in the resolution of problems concerning construction of the studio for a full power station. For NMTV I was substantially involved in addressing major problems that arose in the construction of NMTV's Portland studio.

-- At TBN I do not negotiate the lease for full power television stations. For NMTV I had primary responsibility for negotiating NMTV's tower lease in Portland.

-- At NMTV's stations, we have our own management, engineers, and personnel.

54. While I am the Board member who has primary responsibility for supervising NMTV's day-to-day business, I have not understood that Dr. Crouch can have no involvement at all. To the contrary, my understanding has been that the FCC rules permit Dr. Crouch to have a "cognizable interest" in NMTV, that his positions as President and Director are cognizable interests that were disclosed in NMTV's applications which the

FCC approved, and that he therefore can perform the duties of those positions. Accordingly, Dr. Crouch has participated in NMTV's affairs, brought possible station acquisitions to NMTV's attention, and provided his input and expertise on matters that have come before the company. I did not think it was improper that he do so; rather, I thought that such participation as the holder of a cognizable interest was precisely what the FCC rule contemplated.

55. For the same reason, I also have not thought it was improper that TBN has advanced funds for NMTV's acquisitions and start-up operations; that TBN's Engineering Department has been available at no charge to assist NMTV in evaluating and constructing new stations, and to provide NMTV's station engineers with advice and equipment when necessary and feasible; that TBN's accounting and personnel departments have been available to assist in the administration of NMTV accounting, bookkeeping, and personnel affairs; or that Norman Juggert, a TBN Director, its attorney for corporate affairs, and a personal friend of mine, has attended many of NMTV's meetings, assisted in the preparation of minutes and other corporate records, and provided advice on legal matters, without charge to NMTV. Rather, based on the advice I received from Mr. May, I have understood that the FCC's very purpose in allowing group owners to hold cognizable interests in minority-controlled companies is to encourage group owners to provide substantial financial help

and expertise to enable fledgling minority companies like NMTV to succeed. Mr. May was aware that TBN has been providing this assistance to NMTV, and he has never advised me that this was impermissible under FCC requirements.

56. I also have not understood it to be improper for NMTV to use the same attorneys and engineers as TBN. Those were the people I had come to know and have confidence in during the years I was learning the television industry, and I thought it was proper for me to use that experience to work with those people for NMTV. As shown by the documents that are attached in Tab V, the fact that NMTV and TBN have used the same attorneys and engineers has been disclosed to the FCC repeatedly. Those filings specifically have shown that May & Dunne; Smith & Powstenko; and Ben Miller, who is TBN's Vice President of Engineering, have provided services to NMTV (Tab V, pp. 1-124) and TBN (Tab V, pp. 125-276). Many of the TBN filings also have openly disclosed my own ongoing association with TBN. (Tab V, pp. 125, 143, 185, 217, 233, 248, 262.)

57. Nor have I ever believed that the assistance TBN has provided to NMTV, or NMTV's use of professionals who also assist TBN, has given TBN control over NMTV. First, I know that NMTV's Board of Directors has the ultimate control of NMTV's affairs, and that the individuals on NMTV's Board can vote to change or retain additional professional or administrative help whenever we want. In this regard, in January 1992 the Board decided that

NMTV should retain a knowledgeable minority FCC attorney to review the allegations that had been made about NMTV from the perspective of his background, and to help respond to those allegations. NMTV retained former FCC Commissioner Tyrone Brown for those purposes.

58. Second, I have confidence in my ability as the administrator of NMTV's day-to-day affairs to evaluate the terms of agreements and to secure arrangements that serve NMTV's interests. In this regard, attached at Tab W is an Agreement To Provide Business Services that NMTV entered with TBN in January 1991. Prior to entering into that Agreement, I obtained quotes from other parties for their costs to provide the services involved and determined that those costs were high and would be unnecessary expenditures for NMTV to incur. I therefore concluded that NMTV's best interests would be served by TBN continuing to provide those services. Although TBN's quote was lower than the others, I thought it was too high also and argued that NMTV should only pay one-half the quoted amount. The price in the Agreement reflects my position. The Agreement also provides for voluntary termination on 30 days notice and for indemnification if TBN's services subject NMTV to claims or liability. The Agreement therefore enables NMTV to change bookkeeping and accounting services whenever it wants, protects NMTV's financial interests if TBN's services create claims or liabilities, is beneficially priced for NMTV, and in my view

serves NMTV's interests. I did not think it was necessary for NMTV to spend additional resources to hire another attorney to review the Agreement.

59. Similarly, when NMTV's Odessa and Portland stations went on the air, I prepared Affiliation Agreements between NMTV and TBN for those stations to broadcast the network's programs. Copies of those agreements are attached at Tab X. Under the Agreements, NMTV's cost for the programming is 20% of the revenues received in donations from the zip code areas of NMTV's stations, and NMTV retains the other 80%. The 20% program cost is TBN's standard fee for affiliates that TBN does not own itself. For stations that TBN owns itself, TBN earns all of the zip code revenues.

60. In this regard, NMTV's low power stations also earn 80% of all donations received from their zip code areas. In other words, instead of TBN retaining 100% of all revenues as it would from low power stations it owned, most of the revenues from NMTV's low power operations go directly to NMTV's benefit. Since it began low power operations, NMTV has earned more than \$500,000 in this manner. Thus, while NMTV's low power stations broadcast the 24-hour TBN satellite feed, wholly apart from the public service that programming provides, the low power operations enable NMTV to build a revenue base that strengthens its ability to grow in the future through the acquisition and development of additional full power stations and local service.

61. In preparing NMTV's Affiliation Agreements, beyond the issue of revenue I had a special interest for NMTV. As indicated above, I consider NMTV to be like my own child, and I wanted to preserve its ability to grow in whatever direction its interests developed. I therefore included in each NMTV program affiliation agreement the following provision:

"Either party may cancel this Agreement at any time by providing 120 days written notice." (Tab X, p. 9.)

Since TBN had financed the construction of NMTV's stations, I did not think it likely that TBN would cancel the Agreement; TBN required NMTV to remain an affiliate in order to generate revenues to repay the debt. I therefore felt that the provision gave NMTV the flexibility I wanted. I am aware of no other TBN affiliate that has this cancellation right except for Community Educational Television, Inc., an educational affiliate on whose Board I also serve.

62. In another significant respect, the NMTV program Affiliation Agreements give the NMTV stations more flexibility than other TBN affiliation agreements. Most other TBN affiliation agreements, like the examples attached at Tab Y, provide the following restriction:

"Broadcaster shall not broadcast the primary or flagship program of any other major Christian program producer or network without the mutual consent of TBN." (Tab Y, pp. 5, 15.)

However, this limitation does not appear in the NMTV Agreements, and therefore NMTV is less restricted in determining its programming.

63. My desire to retain NMTV's programming flexibility was also pertinent to my negotiations for NMTV's tower lease in Portland. NMTV leases its antenna from KOIN-TV, a commercial television station in Portland. During the lease negotiations, KOIN-TV wanted the right to cancel the lease if NMTV ceased to be a non-profit corporation or changed from a primarily religious format, because it did not want a commercial competitor operating from its tower. However, I did not want to foreclose any options to NMTV and felt that a provision which would cause NMTV to lose its antenna site if it changed formats was too severe. I therefore disagreed with KOIN-TV's position and proposed instead that NMTV be required to pay more rent if it became a for-profit corporation or changed its religious format. A copy of my letter taking that position is attached at Tab Z, page 2. The final lease reflected my position and did not contain the cancellation clause KOIN-TV wanted, but instead provided only for a rent increase if NMTV became a for-profit corporation or changed its format. (Tab Z, pp.9-10).

64. In operating its stations, NMTV seeks to provide opportunities and service to the minority community. That has been a goal from the outset, and is reflected in the minutes of

the meeting we held on June 22, 1987, when Pastor Espinoza and I rejected Dr. Crouch's motion to sell the Odessa construction permit. (Tab B.) Developing successful television operations from a start-up position is not easy, and NMTV experienced its share of problems and disappointments. In Odessa, we encountered a small market in which we were unable to obtain carriage on the local cable systems. In Portland, we experienced unexpected and major delays in the construction of studio facilities. Since 1991, we have devoted substantial attention responding to the petitions that were filed against us at the FCC, to FCC requests for information, and now to the issues that are designated in this case. Nonetheless, while still in the early years of its operating history, NMTV has moved forward, made progress, and provided service.

65. In this regard, although I believe I have assured NMTV's programming autonomy through the affiliation and lease agreements described above, I did not then and do not now have a specific intention to end NMTV's affiliation with TBN. It is my personal judgment that the religious programming of TBN that NMTV broadcasts is a very valuable service to the minority community. As I have previously discussed, I have experienced first-hand the important role that the church plays in the minority communities as a vehicle to promote inter-racial harmony and to minister to the needs of people in those communities. I believe that TBN's programming, which promotes

family values, racial harmony, guidance for the drug and alcohol addicted, hope for people in despair, feeding the homeless and poor, and more, serves those needs. It is the antithesis of the violence, sex, crime, and immorality on television that has caused so much concern in society today. Thus, in my judgment, NMTV's broadcast of TBN programming provides important service to the minority communities.

66. With respect to Odessa, as the minutes of the June 22, 1987, meeting reflect, Pastor Espinoza and I were interested in pursuing local programming for the minority community. Odessa is a small market, and it would have been extremely difficult to support local production facilities without the benefit of carriage on local cable systems. Although Dr. Crouch wanted to abandon efforts to develop the Odessa station right away, Pastor Espinoza and I resisted doing so. I was enthusiastic about NMTV's first station and thought we could get the necessary cable carriage. I made arrangements for a television station owner I knew in the area who was familiar with the local cable operators to work with the cable systems to obtain coverage for our station. However, by several months after we went on the air it became clear that the cable systems would not carry our station. Nonetheless, we continued to operate the station and to provide the network programming to the area, making positive use of what previously was an unbuilt construction permit, for 2 1/2 years.