

providing input as to the needs of minorities in Orange County. He was also urged to continue his Trinity Broadcasting Network-related activities. Tr. 2912-13. He was not provided any financial information at that time. Tr. 2914. He was unaware of any distinction between his duties as a director and as vice president. TBF Exhibit No. 107, p. 54.

b. Phillip Aguilar's Performance as a Director

146. The record reflects as follows concerning Phillip Aguilar's attendance at NMTV board meetings:

August 15, 1990 -- present
October 5, 1990 -- absent
January 21, 1991 -- absent⁵
April 5, 1991 -- absent
June 27, 1991 -- present
October 2, 1991 -- present (by phone)
January 14, 1992 -- present
May 8, 1992 -- present
October 15, 1992 -- absent

TBF Exhibit No. 101, Tab EE, p. 25-39. It will be noted that Phillip Aguilar failed to attend the three meetings following the meeting at which he was elected. It became necessary for Jane Duff to write Phillip Aguilar a letter of June 19, 1991

⁵ Phillip Aguilar gave a proxy to Paul Crouch for this meeting. MMB Exhibit No. 338.

to urge his attendance at the June 27 meeting due to "important matters." MMB Exhibit No. 356. It was not Jane Duff's usual practice to write directors as to upcoming board meetings. Tr. 2139-40. As of October 1, 1991 (a date the significance of which will be seen below), Phillip Aguilar had attended only two of five meetings, the last as a result of Jane Duff's solicitation. Overall, Phillip Aguilar attended only four of the eight non-telephonic meetings that occurred during his tenure.

147. It was discovered in connection with NMTV's Wilmington application (which will be discussed below) that Phillip Aguilar had a prior felony conviction. MMB Exhibit No. 355. Initial efforts by counsel to contact Phillip Aguilar to ascertain the facts concerning this matter were unsuccessful as reflected in a May 24, 1991 letter to Phillip Aguilar from Joseph Dunne designed to elicit the information from Phillip Aguilar. MMB Exhibit No. 354. Because of Phillip Aguilar's non-cooperation, it ultimately became necessary for Colby May to hire a private investigator without Phillip Aguilar's knowledge to check the official records in order to obtain the information. Tr. 2139, 3136-37.

148. An affidavit was required from Phillip Aguilar in connection with NMTV's September 24, 1991 response to a Commission letter concerning the Wilmington assignment application. TBF Exhibit No. 121. Colby May sent Phillip

Aguilar a draft affidavit which he returned; however, it contained errors that counsel felt must reflect that he had signed the affidavit without reading it carefully. Tr. 3132. A revised draft was then sent to Phillip Aguilar which he returned with a signature but without a notary attestation. Id.

c. Joseph Dunne's Letter of October 1, 1991 and its Results

149. On October 1, 1991, Joseph Dunne, an attorney in Colby May's office, faxed a letter to Paul Crouch with copies to Jane Duff and Norman Juggert. MMB Exhibit No. 376. The letter stated in pertinent part:

"At any rate, this process, beginning with the Opposition to the Petition to Deny, has been complicated a great deal, and cost additional time and money, because of Rev. Aguilar's minimal cooperation during the process and his consistent refusal to talk with us on the telephone.

At the outset, we were frustrated because Rev. Aguilar would not speak to us about his criminal record. The only information we received was incomplete and clearly suspect, and NMTV had to hire a private investigator to get facts about Rev. Aguilar's criminal record that I'm sure Rev. Aguilar had in his head. When we were required to prepare the response to the Commission's letter, Rev. Aguilar again would not speak with us, signed an affidavit which he was clearly asked to notarize, and which he admitted to you that he did not even read prior to signing.

Paul [Crouch], NMTV is in a federally-regulated business. NMTV is required to provide certain information concerning the licensee's principals, and to keep that information updated. It is dangerous, accordingly, to rely on a principal,

who, for reasons known only to him, will not communicate directly with his own lawyers and who is so seemingly careless and heedless about the importance of accurate representations and truthful statements to the agency.

I also note that since he was elected to the board of directors, Rev. Aguilar has only attended two out of five board meetings.

I am going through these facts, Paul, to suggest that perhaps Rev. Aguilar is not the person upon which NMTV wishes to rely as a board member for NMTV. Because of your long relationship, and because Rev. Aguilar has been unfairly attacked, I don't mean to suggest that he should be removed from the board. However, we do believe that to comply with the FCC's stated policies concerning "minority control" that NMTV should have another strong and involved minority board member, like Jane. In this case, rather than appointing a substitute for Rev. Aguilar, I think it would perhaps be helpful to expand the board by one board member and appoint another minority director.

During several conversations you have mentioned that you considered other strong minority candidates in addition to Rev. Aguilar. Perhaps you should revisit some of those potential candidates looking for a board member upon whom you can rely, i.e., who will make himself or herself available for board meetings, who will be willing to take a more active part in NMTV's governance and business, and who will be more cooperative in communicating about NMTV's business with the FCC. In this context, Colby tells me you have spoken with Dr. E. V. Hill and I believe, based on his reputation, he would be a strong, active voice for NMTV.

I also think that that additional minority board member would help solidify NMTV's bona fides when NMTV applies for its declaratory ruling, assuming that is how you want to proceed."

150. On October 2, 1991, a special meeting of NMTV was held by conference call at which E. V. Hill was elected as the

fourth director. MMB Exhibit No. 377. Jane Duff stated as follows in response to inquiry as to why E. V. Hill was added at that particular time:

"At that time, I believe that we had received a letter from Joe Dunne and this was -- Reverend Hill would have added a, a dimension to the board that we thought was necessary at that particular time."

Tr. 2155. Jane Duff further explained:

"Q: At the time Reverend Hill was added to the board, were you and, and Reverend Crouch becoming disillusioned with Reverend Aguilar's participation on NMTV's board?

A: Well, as I mentioned before, his attentions were drawn away because of the problems that he had encountered in his own ministry, and he, he just was not available as much, and he did have a lot of problems. A lot of things were going on with his ministry that were really taking his attention at that time.

Q: Was he becoming an embarrassment to -- for you and Reverend Crouch?

A: There were a lot of newspaper articles and things of that nature. It was embarrassing."

Tr. 2156.

151. Norman Juggert brought to the attention of Jane Duff in several phone calls "grave concerns" as to Phillip Aguilar's moral conduct. The concerns impacted Phillip Aguilar's continuing to serve as an NMTV director, which was implied in his discussions with Jane Duff. Norman Juggert also discussed this with Paul Crouch. According to Norman

Juggert, Paul Crouch said he had a "very frank" talk with Phillip Aguilar concerning this, with which Phillip Aguilar was not pleased. Tr. 3768-74. Jane Duff recalled that this matter related to alleged sexual abuse of a youngster at Trinity Broadcasting Network-owned property used by Phillip Aguilar in Texas. She testified that there was a conference call with Phillip Aguilar involving Paul Crouch, Norman Juggert and herself. This was triggered by newspaper articles. In her view this matter was of concern in terms of Phillip Aguilar's ability to carry out his duties as a director of NMTV. Tr. 2276-79. Norman Juggert testified that the phone calls with Jane Duff and the call from Paul Crouch to Phillip Aguilar occurred in the fall of 1992. Tr. 3773. Jane Duff could not recall when the conference call she mentioned occurred. Tr. 2275. As noted, however, she cited embarrassing newspaper articles as a factor in E. V. Hill's election in October 1991. It thus appears that this was an ongoing issue that first arose prior to October 1991.

d. Attempts to Explain Joseph Dunne's October 1 Letter

152. Paul Crouch sought to minimize the import of Joseph Dunne's letter in the context of justifying NMTV's representations to the Commission concerning Phillip Aguilar in its Petition for Declaratory Ruling. Tr. 2404.

153. Paul Crouch stated he had been unaware of counsel's difficulties in obtaining information from Phillip Aguilar prior to Joseph Dunne's letter. Tr. 2403. This is contradicted by later testimony in which he admitted being aware of the difficulties reflected in counsel's May 24, 1991 letter, either from a copy of the letter itself or from Jane Duff. Tr. 2931. Jane Duff testified that she discussed the efforts to get information concerning Phillip Aguilar's conviction with Paul Crouch in the summer of 1991. Tr. 2137.

154. Paul Crouch claimed that Joseph Dunne's letter was incorrect in saying that Phillip Aguilar had only attended two of five meetings held as of the date of the letter, although he had never told Joseph Dunne or Colby May that he viewed this as wrong. Tr. 2411-12.

155. Paul Crouch testified that he disagreed with Joseph Dunne's recommendation that NMTV not rely on Phillip Aguilar as a director. Tr. 2412. Paul Crouch argued that any deficiencies in Phillip Aguilar's performance should be excused as part of the training process necessary to make minorities fully trained and competent owners. Tr. 2412-13, 2420.

156. Jane Duff initially sought to moot the impact of Joseph Dunne's letter. When asked as to Phillip Aguilar's adequacy, she cited his board meeting attendance. Tr. 1519-20. She claimed to have thought when she received the Joseph

Dunne letter that it was "out of line" in terms of Phillip Aguilar's attendance, but she didn't check any records. Tr. 1527. She nonetheless conceded that as of October 1, 1991, she was concerned about Phillip Aguilar's performance and viewed it as "marginal". Tr. 1528-29.

157. Colby May also initially sought to moot the significance of Joseph Dunne's letter. Colby May sought to dismiss the letter as merely reflecting their frustrations in their dealings with Phillip Aguilar. Tr. 3124-25. Colby May suggested that the criticism of Phillip Aguilar's attendance at board meetings did not take into account other meetings Phillip Aguilar did attend; however, he couldn't identify them. Tr. 3126-27. There is no evidence of any board meetings or meetings analogous thereto apart from those reflected in minutes. When pressed, however, Colby May was forced to concede that in September and October, 1991, he told Paul Crouch and Jane Duff they ought not to rely upon Phillip Aguilar as a director. Tr. 3135.

158. It is in fact evident that Paul Crouch, Jane Duff and Colby May fully concurred in the views expressed in the Joseph Dunne letter as best evidenced by the fact that Joseph Dunne's recommendations were implemented to the letter, only one day after the letter was written and faxed to them. Attempts to minimize the impact of the Joseph Dunne letter --

especially those of Paul Crouch -- evidence a glaring lack of candor.

e. The Resignation of Phillip Aguilar

159. Phillip Aguilar resigned by letter of April 13, 1993. His resignation is a handwritten note citing the lack of time due to other activities. TBF Exhibit No. 107, Tab A, p. 87.

160. Phillip Aguilar denied that Paul Crouch asked him to resign. TBF Exhibit No. 107, p. 181. He admitted that he had a conversation with Paul Crouch in March or April 1993; however, he conveniently claimed not to recall either the details or even the substance of that conversation. Id., p. 181-82, which is the transcript of his deposition. He was deposed on September 27, 1993, only about six months after the conversation with Paul Crouch. Id., p. 3. His claim to have forgotten in that short time span everything about what was doubtless an intense conversation is not credible.

161. Colby May testified at hearing that he had no knowledge that Phillip Aguilar had been asked to resign. Tr. 3144-45. At his deposition, however, the following exchange occurred:

"And the question was: 'Generally?' And your answer was: 'I had communicated that I knew there had been discussions with him.' 'About resigning?' And your answer was: 'No, not specifically, but I mean about what's going on in his life, how he's doing, and the responsibilities that people

expected from him as a Director of NMTV. And if those then led to his decision and thereby you make the inference that something was suggested or whatever, that's for you to draw and not for me. I am not aware of it, but I do know of those meetings -- I mean, communications among those lines.'"

Tr. 3145.

162. Armando Ramirez asked Jane Duff about the circumstances of Phillip Aguilar's resignation. She declined to discuss it with him. Armando Ramirez characterized her response as "very evasive". Armando Ramirez was generally aware of problems concerning Phillip Aguilar arising from press reports. Tr. 4028-29.

163. It is fair to conclude that if Phillip Aguilar was not directly asked to resign in early 1993, it was nonetheless made clear to him that his continued participation in NMTV was no longer welcomed. Such a finding is supported by the longstanding dissatisfaction with respect to Phillip Aguilar's performance arising from his poor record as a director and adverse publicity generated by him; the incredible nature of his suggestion that he could recall nothing about a critical conversation with Paul Crouch only months before his deposition; and the evident reluctance of Jane Duff to be forthcoming as to the circumstances of Phillip Aguilar's resignation.

f. Overview of Phillip Aguilar Directorship

164. Phillip Aguilar evidenced a lack of knowledge of and involvement in NMTV's activities. This is demonstrated by the following testimony (references are to TBF Exhibit No. 107, his deposition).

165. Phillip Aguilar didn't know the nature of Jane Duff's duties at Trinity Broadcasting Network. p. 58-59. He didn't know how the zip code revenue system for allocating revenues between the network and the affiliate worked. p. 60-61. He didn't know how the accounting firm was compensated. He "figured" that Jane Duff would negotiate with the accounting firm since that is what his secretary would do. He didn't know how often audited financial statements were prepared. He only remembers seeing one. p. 62-63. He didn't know the firm which conducted NMTV's IRS compliance audit, who negotiated with them, how much they were paid, or what a compliance audit is. p. 172. He didn't know whether NMTV filed tax returns. He never saw copies. p. 63. He remembered one major time he saw financial reports of some sort. They were passed out at a meeting. p. 64-65. He would spend only a few minutes getting an overview of the financial information made available at the meeting. p. 86. He didn't review financial statements carefully since he felt that was better done by someone more competent, such as the person in charge of finances. He thought that might be Terrence Hickey

or Allan Brown. He never felt the need for accountants to be present to explain documents, although he suggested he might have favored that at some point. He thought the finances looked good despite NMTV's debt since nobody was in danger of having to sell their houses. p. 161-63.

166. Phillip Aguilar didn't know why Norman Juggert was "around a lot." p. 66. He didn't know whether Norman Juggert ever provided actual hired services to NMTV, who negotiated the terms of any such services or what they were. p. 86-87.

167. Phillip Aguilar spent at most 20 minutes skimming the NMTV articles of incorporation and bylaws, even though he was told they were important. p. 67. He did not know that NMTV previously had a different name; where its principal office was; how often officers were elected; who elected them; whether the bylaws authorized committees; what officers were specified in the bylaws; what his duties as vice president were under the bylaws; what the duties of other officers were; how the duties of an officer differed from those of a director; or whether there was a chief financial officer. p. 74-78. He didn't read minutes of past meetings. p. 85.

168. Phillip Aguilar didn't know how many bank accounts NMTV had. He thought Paul Crouch and Jane Duff were the authorized signatories. He knew he wasn't but he didn't know why. He didn't know until shown that Phillip Crouch, Allan Brown, Matthew Crouch and Charlene Williams were authorized to

sign checks. He didn't know why some NMTV bank accounts were closed. He did not know some of the persons who were authorized to sign checks. p. 68-74.

169. Phillip Aguilar never saw Colby May's statements. He didn't know who agreed with Colby May as to his fees and billing procedures. p. 86. He didn't know who NMTV's consulting engineers were, where they were located, the basis for their payment or who negotiated it. He knew Ben Miller, but didn't know for sure what services he provided to NMTV or for whom he worked. p. 88-89. When asked who dealt with engineering problems at NMTV stations, he said Ben Miller comes to mind, but he couldn't guarantee it. He didn't know on what basis Miller was paid. He didn't recognize George Sebastian or Planck Technical Services. He didn't know what company or person was responsible for locating transmitter sites for NMTV. p. 90-92.

170. Phillip Aguilar didn't know how money that came in from solicitations on the Odessa or Portland stations was handled. p. 93-94. He didn't know who handled accounts receivable or payroll. He didn't know whether a board resolution that had appointed Trinity Broadcasting Network accounting agent prior to his joining the board was still in effect during his directorship. p. 94-95. In either case, he didn't know who at Trinity Broadcasting Network or NMTV was performing accounting functions. p. 97-98. The only people

Phillip Aguilar knew who worked for NMTV were Paul Crouch, Jane Duff, Phillip Aguilar and Jim McClellan. He didn't know whether Colby May was hired for temporary jobs or if he had a permanent position. He didn't know who headed up Odessa or how many employees there were at Odessa or Portland. p. 96-97. He didn't know the organization of the staff at either station. p. 118-119.

171. Phillip Aguilar didn't know whether there was an affiliation agreement between the Portland station and Trinity Broadcasting Network. p. 99. He didn't know how many hours of Trinity Broadcasting Network programming were carried at Portland or Odessa. p. 104-05. He didn't recall whether he saw the television and production agreement between NMTV and Trinity Broadcasting Network dated January 2, 1992 or the addendum thereto. p. 103. He never saw the Spectrum Analyzer Lease between NMTV and Trinity Broadcasting Network and didn't know what it was. p. 106. He never saw the Portland and Odessa rate cards and didn't know who prepared them. p. 107.

172. Phillip Aguilar never saw the executed promissory note between NMTV and Trinity Broadcasting Network. He didn't know the terms of the note. p. 107-09. He didn't know there was a business services agreement with Trinity Broadcasting Network. He didn't know that Trinity Broadcasting Network was preparing payroll, financial statements, income tax returns, taking care of purchasing, data processing and accounts

payable. p. 109-12. He didn't know who negotiated the business services agreement for NMTV or for Trinity Broadcasting Network or how the sum to be paid was arrived at. p. 112.

173. Phillip Aguilar visited Portland on other business at one point. Although he had been urged by Paul Crouch to do so, he didn't visit the station or talk to Jim McClellan. p. 116-17. He also never visited Odessa. p. 118.

174. Phillip Aguilar was uncertain as to the precise nature of Terrence Hickey's relationship with NMTV or whether he was paid. p. 119-120. He didn't know whether Jane Duff or Paul Crouch were paid by NMTV. p. 120. He didn't know whether NMTV had officers other than Paul Crouch, Jane Duff and himself. He was generally aware that Terrence Hickey and Allan Brown were involved in finances. p. 121-22. He wasn't sure whether Charlene Williams had any responsibilities. p. 123-24. He thought Phillip and Matthew Crouch were somehow involved in finances, but was uncertain of details. p. 124-26.

176. Phillip Aguilar was never sent documents in advance of meetings for prior review. From his perspective, this reflected that he didn't want them because he was a "visionary" and a "major big picture" man who was uninterested in details on paper. p. 127-28.

177. Phillip Aguilar did not spend more than two minutes reviewing NMTV's employee handbook. He didn't know whether NMTV had a group benefits plan, a sick leave policy or vacation policy. p. 128-30.

178. Phillip Aguilar recalled no votes of the NMTV board during his tenure that were less than unanimous. p. 134.

179. In agreeing to the sale of Odessa, Phillip Aguilar relied on information provided by Jane Duff or Paul Crouch without investigating the situation himself. p. 141-42. He knew nothing about the qualifications of the proposed purchaser of Odessa or the price and terms of the sale. p. 142, 149-50. He didn't know the minority demographics of Odessa, Portland or Wilmington. He focused only on overall numbers. p. 188-89. That is why he supported selling Odessa to obtain Wilmington. p. 193. It never occurred to him to sell Portland in favor of seeking out a large market with a large percentage of minorities. Nor did he know the percent of minorities employed at Odessa. p. 194. He was uncertain as to where the 4 million dollars for Wilmington was coming from, i.e., whether from the proceeds of the Odessa sale or by loan. He didn't know the terms of any loan involved. p. 148-49.

180. The minutes of the June 27, 1991 meeting reflect a "motion" by Phillip Aguilar to "memorialize" NMTV's employee reimbursement policy. All this means is that Phillip Aguilar

said that people should be reimbursed for expenses incurred. He thought that was not the case before; however, he didn't know, hadn't asked and was wrong (it had always been the policy to reimburse expenses incurred in corporate business). p. 158-59.

181. In executing the action by written consent he signed on August 26, 1991 authorizing the borrowing of four million dollars to acquire WGTI, Phillip Aguilar claimed to have understood that the duration of the loan was five years since he recalled a discussion as to whether it should be five or seven years. He did not know whether there was security or a down payment required. He assumed the details were written down; however, he never saw it. p. 167-68. Phillip Aguilar's testimony that he knew of a five year duration as of August 26, 1991 is unlikely since the approval of that date was by written action which included no discussion of the duration. A discussion relating to the retirement of NMTV's entire debt in five or seven years is reflected in minutes of a later meeting of January 14, 1992. MMB Exhibit No. 386. At that time, it was determined that a five year schedule was feasible. Phillip Aguilar had limited recollection of the specifics of the discussion. He supported the five year plan because that seemed to be favored by the drift of the discussion. p. 173-74. He didn't know who NMTV's creditors were at the end of 1990 or what arrangements were in place to

repay the two million dollar debt outstanding as of that date.
p. 170-71.

182. Phillip Aguilar never reviewed minutes from prior to his tenure and was not aware that annual meetings had previously been held jointly with Trinity Broadcasting Network. p. 184-85. He also never reviewed financial documents from prior to his tenure. He did not know that they were previously combined with Trinity Broadcasting Network nor did he know why that changed. p. 185-88. He never talked to David Espinoza. p. 195-96.

183. Phillip Aguilar had no knowledge of how NMTV selected markets for low power stations or whether there were criteria for such selection. p. 194-95.

184. Phillip Aguilar didn't know how many hours per day Portland broadcast. He assumed that Portland carried Trinity Broadcasting Network programs based on discussions with a member of his church who worked for Trinity Broadcasting Network. He assumed Portland's relationship with Trinity Broadcasting Network was like that of an affiliate and ABC. He didn't know the size of the audience that could receive NMTV's programs or the percent of minorities. He was aware of no minority programs produced at Portland other than segments of the local Praise The Lord program that pertained to minorities. p. 197-203. He claimed to have advocated more

community and minority programs; however, he never reduced any such suggestions to specifics. p. 131-34.

185. Phillip Aguilar claimed credit for the idea of hiring a minority attorney to advise NMTV, which resulted in the retention of Tyrone Brown. p. 212. He was uncertain as to exactly what Brown did and didn't know whether Brown was still representing NMTV at the time of his resignation. He didn't know the basis of Brown's representation, such as who negotiated the fee and what Brown's hourly rate was. He didn't recall receiving letters from Brown or seeing his retainer letter or bills. p. 220-24.

11. The Proposed Wilmington Transaction

186. The attempted acquisition of WTGI, Channel 61, Wilmington, DE resulted from a broker's call to Paul Crouch. Paul Crouch was primarily involved in negotiating the terms and conditions of the sale. TBF Exhibit No. 121, p. 9. The NMTV board approved the acquisition of Wilmington for up to 4 million dollars at the January 21, 1991 annual meeting. Phillip Aguilar was not present at the meeting. He gave a proxy to Paul Crouch. MMB Exhibit No. 338.

187. The Wilmington application was filed March 27, 1991. It was signed by Jane Duff. Paul Crouch did not review the application. Tr. 2927-28. The application assumed the applicability of the minority exception to the rule of 12 and contained no additional information justifying that

conclusion. A limited waiver of the rule was requested to permit processing of the application pending the imminent consummation of the Odessa application. TBF Exhibit No. 101, Tab R, p. 89, 100, 134-36. There was nothing remotely approaching what Paul Crouch had previously recognized at the time of the Odessa application as necessary:

"put everything on the record, make it clear to the agency what the relationship between TTI and Trinity Broadcasting is, divulge everything, put everything on the record, file it with the Commission."

Tr. 2674 (emphasis added). The programming statement in the application again consisted of boilerplate language with no suggestion of any special emphasis on the needs of minorities. TBF Exhibit No. 101, Tab R, p. 140.

188. MMB Exhibit No. 334 is what Jane Duff initially described as

". . . the letter of credit that I negotiated with the bank in order to provide the underlying line of credit for the purchase of the Wilmington station."

Tr. 2118. The letter required security in the form of 3.6 million cash. MMB Exhibit No. 334, p. 2. This led to the following inquiry into the supposed bank loan:

"Q: . . . Did NMTV have \$3,600,000 that it could pledge to the bank as security for this line of credit?

A: No.

Q: That being the case, where was NMTV going to get the money that it would pledge to the bank?

A: We were anticipating a loan from TBN. I think, as I explained before, I negotiated these terms so that it would not appear, during our negotiations, that we had -- in other words, that TBN was going to loan us the money, because it would be perceived as us being deep-pockets and we might not be able to negotiate a price for the purchase of the station. So I negotiated to not have TBN mentioned in the, the note.

Q: So this line of credit then was for, essentially, appearances only? The money was going to come from TBN?

A: Yes.

Q: For the Wilmington station.

A: Right."

Tr. 2119. Terrence Hickey assisted Jane Duff in obtaining the letter of credit. Tr. 2328-29.

189. It is evident from the foregoing that Jane Duff's initial claim to have "negotiated" a bank loan was seriously lacking in candor. Thus, any loan applicant bearing evidence that a third party would provide as collateral cash in the full amount of the loan would have no difficulty in "negotiating" the loan. Moreover, the "loan" procured by Jane Duff was never intended as a bona fide loan but was merely a smoke screen designed to hide Trinity Broadcasting Network's involvement.

190. A petition to deny was filed premised in part on questions as to the independence of NMTV. NMTV, through Colby

May, opposed the petition on May 23, 1991. MMB Exhibit No. 353. This will be discussed below in conjunction with submissions made in this and other proceedings in which issues as to NMTV's independence have arisen.

191. On August 23, 1991, Jane Duff executed on behalf of NMTV a secured promissory note for 4 million dollars to Trinity Broadcasting Network. MMB Exhibit No. 368. This was authorized pursuant to a written action signed by Paul Crouch on August 23 and by Jane Duff and Phillip Aguilar on August 26. MMB Exhibit No. 369. Jane Duff initially testified that she negotiated the note with Trinity Broadcasting Network's board, which meant Paul Crouch and Norman Juggert. Tr. 2146. In fact, however, the note had been prepared by Norman Juggert and she signed it without any significant negotiation. 2146-47.

192. This was the first formal note between NMTV and Trinity Broadcasting Network. When asked why, Jane Duff said it was "in preparation for the purchase" of Wilmington. She denied that the pendency of a petition to deny had any bearing on the formalization of the relationship. Tr. 2147.

193. The note provided for a ten year payout at an interest rate of five percent per annum. MMB Exhibit No. 368, p. 1. The note was secured by the assets of the Wilmington station. Id., p. 1-2. The note provided as one of the events

of default that would trigger Trinity Broadcasting Network's right to immediately demand payment of the entire debt:

"(n) Any sale, assignment or transfer of the licenses for WGTI, Delaware, New York, [sic] issued by the Federal Communications Commission, by Debtor to any third party, or any change in the control of Debtor's board of directors (as defined by the FCC) from its current state of directors."

Id., p. 5.

194. On September 13, 1991, the Commission requested further information concerning the relationship between Trinity Broadcasting Network and NMTV. MMB Exhibit No. 374. NMTV responded on September 24, 1991. TBF Exhibit No. 121. The result of the delay was that the Court-imposed deadline for completing the Wilmington transaction passed without Commission action with the resulting dismissal of NMTV's application. MMB Exhibit No. 377.

12. The Directorship of E. V. Hill

195. E. V. Hill, as noted, was elected director on October 2, 1991 due to the deficiencies in the performance of Phillip Aguilar. E. V. Hill was a personal friend of Paul Crouch and his family. Trinity Broadcasting Network broadcast a weekly half hour program of E. V. Hill, pursuant to a September, 1986 written agreement with Trinity Broadcasting Network which designated him as a programmer. Glendale

Exhibit No. 188. E. V. Hill had been a speaker at Trinity Broadcasting Network promotional rallies for 8 to 10 years prior to his written testimony. He had received honoraria for this activity which in the beginning amounted to \$3,000 to \$4,000 per year and increased to a high of nearly \$20,000 in 1991. Trinity Broadcasting Network also received contributions for activities of E. V. Hill that are promoted on Trinity Broadcasting Network. TBF Exhibit No. 102, para. 14; Tr. 1918-19.

196. E. V. Hill devoted about 10 hours to his duties as a director of NMTV in 1992. He expected it would be about the same in 1993 (not including time spent in connection with this proceeding). Tr. 1924.

197. He received the NMTV articles of incorporation and bylaws when he became a director. He spent about 30 minutes reading them. Tr. 1926-27. He was never advised of the duties of a director of a non-profit corporate licensee. Tr. 2045. He didn't know at his deposition (which occurred on September 29, 1993) the maximum number of directors permitted by the bylaws. He didn't know the minimum number of directors. He didn't know the directors' term of office or the bylaw provisions about proxies. He didn't know at his deposition whether the bylaws provided for committees. He incorrectly stated during his testimony the corporate officers required by the bylaws. Tr. 1928-30.

198. In E. V. Hill's view, NMTV was a child of Trinity Broadcasting Network. Tr. 1926. It was E. V. Hill's philosophy that minority-controlled businesses could not be successful except by relying on the funding and expertise of non-minorities. Thus, he did not believe it sufficient to provide funding alone since a minority business could not survive without the expertise of non-minorities. In order to redress past inequities suffered by minorities, E. V. Hill advocated that the government should create trade-offs whereby non-minority enterprises would be given preferences if they entered into "joint ventures" with minority enterprises pursuant to which the non-minority enterprise would provide "active participation and industry expertise" until such time as the minority company could succeed on its own. TBF Exhibit No. 102, para. 7-8.

199. E. V. Hill knew nothing about NMTV's history prior to his becoming a director, including its original name. Tr. 2017. He thought NMTV came into existence when he first heard of it in 1988. Tr. 2019. He was given no minutes of prior meetings when he joined the board. Tr. 2019-20. When he joined, he was told by Jane Duff and Paul Crouch that there would come a time when NMTV would walk on its own. While he expressed a desire to set a date for NMTV's independence, he was unaware of any actual plans for NMTV to "break away." Tr. 2025-27. He was not aware of any plans to ask Paul Crouch to