

While the Bureau steadfastly refused to inform me of any of the specifics of any of the accusations against me, and denied my FOIA requests, I believe that they were inappropriately distributing to my competitors their investigative documents.

Moreover, the January 31, 1994 letter did not strike me as a true investigative tool. These concerns were expressed in my attorney's response to the Commission. I believed that the January 31, 1994 letter did not represent a true investigation, but was an attempt by the Bureau to secure my business list for distribution to my competitors. I instructed my attorney to request confidentiality for any records which I would provide. This is a request which I believed should have been routinely granted.

I was already very suspicious of the Bureau's intentions because the stated purpose of the letter was allegedly to determine the construction and loading of my stations. The letter requested only that I provide a current customer list for some date in 1994. The information requested in the letter would neither have proven nor disproven whether or not my stations were constructed or loaded in years past. In other words, the information requested could never have satisfied the stated purpose of the letter. This point was also argued by my attorneys in their Reply to the Commission. Therefore, I had to consider the real purpose of this letter. This was particularly true when my attorney's request for confidentiality was twice denied by the Bureau.

In an attempt to protect my customer list, my attorneys suggested that I copyright my answer. The Bureau's response to our statement that the customer list would be copyrighted was to demand 50 copies of this highly confidential material. When I received the demand for 50 copies of my customer list, I had no doubts whatsoever and believed, that the real purpose of the January 31, 1994 letter was to obtain my customer list which, under advice of counsel, I believe was in serious risk of release to my competitors.

In the same time frame, specifically in April 1994, I had a Finder's Preference on file against a company called *Ralph Thompson dba Thompson Tree Services* (Thompson). Thompson's reply to the Finder's Preference filing revealed that Thompson was a customer who had been ill served by his previous equipment supplier and had simply discontinued use of his license. I was sympathetic towards his predicament that he would lose the ability to operate his radios. I contacted Thompson and offered my repeater services to him. He accepted and signed a contract. Several days later, Mrs. Thompson called me and informed me that she had received a telephone call from Anne Marie Wypijewski, who stated she was an attorney with the Federal Communications Commission. To the best of knowledge and belief, Ms. Wypijewski told Thompson that the Commission was going to delete Thompson's license from the database, and that Thompson could immediately refile for a new license, and that a week after the license had been deleted from the database, that my Finder's Preference would be dismissed.

I believed that Anne Marie Wypijewski was unfairly favoring one party in a license dispute, and under advice of counsel, came to believe that my rights were being deprived. This situation would be analogous to a Judge calling a litigant in secret and telling that person how judgment was going to be rendered against them and how to circumvent the consequences of the judgment. I believe that this action was deliberately directed against me due to the dispute involving the FOIA and the January 31, 1994 308 (b) letter. Upon advice of counsel, the decision was made to seek ironclad assurance of confidentiality. The Bureau steadfastly refused to deliver any such assurance.

Justice required that I have a neutral, detached party, such as a magistrate, review the Bureau's requests. At this point, I had repeatedly filed FOIAs to request copies of the accusations against me so I could know why I was being

treated this way by the Bureau. I simply had no idea what I could possibly have done or been accused of doing that would warrant such horrendous abuse as was being inflicted by the Bureau.

Also, at this time the Bureau had begun to hold up my license applications and to dismiss them, in my opinion, improperly, and the Bureau further refused to provide me any hearing on any of my applications as required by law. With the continued refusal of the Bureau to inform me of the charges against me, which was a matter of elemental fairness, or to provide me with any documents under FOIA, even after my filing suit in federal court, upon advice of counsel, I came to believe that my civil rights and rights of due process were being trampled upon.

Upon advice of counsel, I came to believe that administrative remedies before the Commission were pointless because the complaints were being handled by the same persons who were investigating me.

In response to a FOIA request, the Bureau provided the cover pages to six blind copies of the January 31, 1994 letter. These letters were sent to Pick, Christopher Killian (Carrier Communication), VanDeist, Cornelia Dray, Eddle Cooper (Fullerton School District) and Dr. Michael Steppe of Chino Hills Equine Clinic. I found this extremely alarming because of Pick's animosity to me. Killian is a competitor and cohort of Pick, who attended the July 1992 meeting. I was surprised at the Commission letters having been sent to VanDeist, Cornelia Dray and the Fullerton School District because all my dealings with them were legal, well documented and perfectly legitimate contractual relationships. I never succeeded in doing business with Dr. Steppe, never met with Dr. Steppe, nor had any personal contact with him. I had no idea why these people would have filed any complaint before the Bureau against me. **These four parties and others had been solicited by Pick, DeMarzo and others who were all present at that meeting in July 1992.**

That the charges against me are baseless and false will be clear upon the examination of the record by anyone with an open mind. This is where the questions raised by the Bureau involving Marc Sobel's licenses and Multiple M licenses are important. For the first time, we have an admission by the Bureau that they do not even have the names of the licensees correct. They have alleged that these licenses are held in my name as a "shell", or as a nominee. In truth and in fact, these licenses are held by Marc Sobel, who is an individual residing in California, and with whom I am personally acquainted. This is contrary to the Bureau's claim that Marc Sobel does not exist, or is my alter ego. Multiple M Enterprises, Inc. is solely owned by Vida Knapp. I have no interest in the corporation known as Multiple M Enterprises, Inc. or Vida Knapp. Vida Knapp is a resident of California. She is not, nor has ever been, my alter ego.

The purpose of my declaration here is to show that not only is the complaint false as to the Marc Sobel licenses and the Multiple M license, but to state unequivocally on the record that it is false as to the other respects as well. The upshot of this entire dispute with the Commission was that the Bureau issued a "Hearing Designation Order" based solely upon false accusations provided by or solicited by my business competitors.

At all times, I have sought to comply with lawful court process. When, at the request of the ALJ, a Joint Protective Order was entered into, I provided all documents and information which I was legally required to give. Also, I have fully participated and have fully litigated all of the issues in the HDO. Specifically, I remain ready, willing and able to provide all information in my custody and control in response to a lawfully drafted interrogatory or request for production of documents.

What I find to be truly extraordinary is that the Bureau's staff has now alleged in oral argument that without historical data regarding the construction and loading of my stations, that it is unable to determine whether my stations were duly

constructed or loaded. This is an extraordinary admission on their part because that information was never even requested in the original January 31, 1994 letter by the Bureau. In other words, the staff now has, in effect conceded, at least indirectly, with the position put forward by my attorneys, Brown & Schwaninger, that the January 31, 1994 letter could never have achieved its stated purpose of shedding light on the question of whether my stations were constructed or fully loaded. See Brown & Schwaninger's letter of April 7, 1994. It also shows that they have absolutely no evidence of any kind regarding this issue.

I believe that the conclusion can then be reached that the Bureau's very broad request for information was nothing more than a "fishing expedition" against me. The conclusion is inescapable that the Bureau's staff had formed an opinion a long time ago, based strictly upon accusations which were fomented and directed by competitors, that I was a "bad person" and should be driven from the radio business. Based on innuendos and accusations alone, I was condemned to the administrative equivalent of death row. I was offered essentially a choice of method of execution. I could turn over my customer list to the Bureau, where my competitors could obtain it, thus granting me a quick economic death, or I could resist the Bureau and the Bureau would then file an action to take away all of my licenses by means of an HDO, thus choosing a lingering economic death. It would base the HDO not on any substantive wrongdoing, but simply upon my refusal to grant the Bureau my confidential customer information. This was a classic Hobson's choice.

The above facts now explain why my customer list required ironclad protection. In my opinion, Pick, DeMarzo, Gigliotti or their associates exhibited a pattern of behavior under which once they discovered the identity of one of my customers, they would contact this customer and defame me with outrageous and untrue accusations, up to and including murder. Even if these competitors could not provide service (which was often), they could still, and would still have attempted to injure my business interests by convincing the customer to

discontinue my service or better still - file false allegations with the Bureau against me. This helped them because it weakened me financially so that they could better compete against me in other areas.

Such practices are wrongful in any civilized society, yet this was the standard operating procedure of the Picks, DeMarzo and Killian, who I believe filed these complaints with the Commission and induced others to file similar complaints against me.

Based on the above and all of the facts which I have stated herein, and upon advice of counsel, I came to believe that I was justified to postpone release of customer information until issuance of the Joint Protective Order.

Now that the Bureau has admitted that neither Marc Sobel nor Multiple M are my "alter ego", these facts show that this was not merely a minor procedural mistake on their part, instead, it is a devastating admission that their substantive case against me is without evidentiary support. It is also evidence that the HDO was very sloppily drafted and, I believe, improperly investigated (or perhaps not even investigated at all) and the case against me is clearly not thought out or even properly prepared. If the Bureau cannot be sure of even the ownership of a substantial number of licenses, it is reasonable to infer that other serious oversights have occurred. The Bureau's admission that these licenses should be removed from the HDO also supports my position that the entire case against me is false and meritless from beginning to end.

There is also attached to these moving papers a declaration by Mrs. Thompson, who heard Ms. Wypijewski make the offending statements regarding the Finder's Preference. Also, there is attached a declaration of Mr. Mullins who was Pick's former employee, who heard Pick and DeMarzo bragging about how they were going to destroy me. Furthermore, this latter declaration gives evidence of how Gerard Pick gave gifts to FCC staff members. and engaged in numerous communications with the staff. Additional discovery of the staff is necessary to

determine the full extent of these gifts. Also, Chuck Smith, a former Pick and DeMarzo employee, was present at Cal Western Termite and heard DeMarzo tell Cal West that I stole their license, cheated them, and that Cal Western should hire lawyers to get their license back. These two ex-employees have shed light on the true facts. Cal Western admits that DeMarzo talked with them, and said that they were told by their radio man to complain. Smith and Mullins show how DeMarzo induced Cal Western Termite to file this complaint (Smith's transcript attached).

A question arises as to where the Bureau received the erroneous information set forth in the HDO that I own the licenses that in fact belong to Marc Sobel. Also, this is true for the corporation Multiple M Enterprises, Inc. Where did the Bureau get the information that Marc Sobel was a non-existent person? Where did the Bureau get the information regarding Multiple M?

I believe that the Commission had an elementary and basic duty to investigate its case before it filed it. Didn't anyone at the Bureau have the foresight to call Marc Sobel to find out if he even existed?

At this date, I find it truly incredible that the Bureau has never even contacted me or my counsel regarding any of the allegations filed against me by Cornelia Dray, Eddie Cooper of the Fullerton School District, VanDeist, Cal Western Termite, BFI, or Dr. Steppe. Likewise, they have not discussed with me any other complaints, and indeed, there may be other complaints which are unknown to me. At no time have they ever asked for my side of the story before issuing the January 31, 1994 308(b) letter. Now the Bureau has made a motion to take all of my licenses without so much as a hearing on the false claim that I failed to answer one interrogatory (that I have, in fact, answered twice!).

The Bureau has made vague innuendos that I have somehow concealed information, yet they have produced no evidence of any kind to that effect. All they have shown is that my lawyers have responded to their January 31, 1994 letter in the form of a vigorous assertion of my constitutional rights, my rights

to due process and administrative fairness. All that happened, under advice of counsel, was an objection to an overbearing and questionable demand for information. I submit that I had good grounds to make my objections to the January 31, 1994 letter and that my lawyers' assertion of my rights is not evidence of bad character or unfitness to be a licensee, but is rather evidence that my lawyers decided to challenge an overreaching governmental inquiry into my affairs.

The purpose of the following is to respond to the Bureau's statements made in oral argument regarding how my records are kept. In the first place, I point out that the staff members of the Bureau are unqualified to testify or to introduce any evidence as to how private business people, such as myself, should keep or maintain business records. In particular, they are incompetent to testify as to "industry practices" due to lack of training and experience in private business. Also, more to the point, "industry practices" are irrelevant as a standard for my particular record keeping practices. The Commission provides no rules or regulations as to what records need to be kept, nor in what form records should be kept. Also, there is a question of what is the "industry" in determining the standard. Against whom would you compare my operations? Nextel (a multibillion dollar company) or perhaps Motorola (the largest and most aggressive communications company in the world)? Merely thinking of these issues must give one cause to realize that the staff is totally unqualified to speak on the subject of industry practices or the keeping of records.

One final point. The Bureau staff stated repeatedly that they did not understand how I could stay in business and keep my records as I do. However, in making these arguments, they sound like the proverbial engineers who have determined, through calculations, that a bumblebee cannot fly. The bumblebee, not having studied aerodynamics still flies in blissful ignorance of the expert's judgment.

I have kept my records in the same manner for years, and I have amassed a large positive net worth. Also, I run a successful business. What records does the staff Gettysburg say I need to run my business more efficiently and why?

Subsequent events in this case indicate, I believe, that my interests were prejudiced unfairly by this investigation. I believe that selective leaking by the Bureau has continued during the conduction of this case. While I was negotiating the M.O.U. with the Bureau, it was clear that information regarding the negotiations were being leaked to prospective buyers. During the negotiations, Nextel seemed to have a direct pipeline, I believe, into the Commission. In response to information received from the Commission, they reduced the offer for my stations.

Since the Bureau has once again called for the ultimate sanction to be rendered against me in the Supplement, namely the loss of all my licenses, I believe that it is important that the ALJ understand the extreme seriousness of this sanction. Radio is both my career and my hobby. I have been involved in electronics and radio communications essentially all of my adult life. To lose these licenses would bankrupt me and leave me without employment, a business, or a career. I have used my best efforts to answer Interrogatory No. 4. If I had any further information or better information, I would have provided it long before this point. I point out that with the exception of certain historical data, which I do not have, I have provided literally everything requested in this Interrogatory. I am genuinely at a loss to determine what information the Bureau wants in response to the Interrogatory. The Interrogatory required me to link a call sign with a customer, and a mobile count. This was done. I point out that I have not, nor do I wish to be seen as obstructing discovery in this case. I also point out that after the filing of my answer to this Interrogatory, the Bureau did not make any effort to "meet and confer", nor did the Bureau take any formal or informal steps to either clarify the information which it wanted, or to resolve any discovery dispute.

I understand that an issue raised by the ALJ and the staff is whether in light of my alleged failure to produce information, this case can go forward. I point out that the information and documents produced since the filing of the HDO, together with the answer to Interrogatory No. 4, and the other interrogatories collectively provide much more information regarding my licenses than were ever requested in the 308 (b) letter. The Bureau has had all of my customer information for nearly one year. They have had the information in Interrogatory No. 4 for almost five months. As of this date, the Bureau has submitted no evidence of any kind of any wrongdoing in the conduct of my affairs, nor have they linked a single impropriety to any license application. In summary, my resistance to the January 31, 1994 letter has in no way limited their ability to investigate my affairs. Their failure to produce any evidence of wrongdoing must therefore be held against the Bureau.

As can be seen, the Bureau's final pleadings indicate very strongly that this case is far more complicated than the Bureau has suggested, and that each of the issues must be discussed individually. As I have reviewed the HDO and all of the matters which have been actually presented against me, I note that there is absolutely no evidence of any kind that has been offered against me. I state unequivocally that all of the charges against me are false and groundless, and that I have acted responsibly and professionally to provide good service to radio customers for many years. I am a person of good character who was forced by the wrongful actions of the Bureau to fight, with all available resources, for his rights under the law.

I declare under penalty of perjury that the foregoing is true and correct.
Executed at Van Nuys, California on this 15th day
of March, 1996.


JAMES A. KAY, JR.



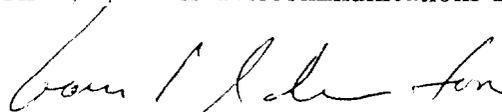
ALL STATE* LEGAL 600-222-0010 FRS11 RECYCLED

3. Kay's pleading far exceeds the scope of the Bureau's supplemental filing and provides no additional information whatsoever which would assist the Presiding Judge in ruling on the pending motion for summary decision. Indeed, Kay's pleading consists of a wide assortment of exaggerated claims and disjointed suppositions. For example, simply because the Bureau sought to exclude 12 licenses from revocation does not indicate the existence of some ominous flaw in the Bureau's case. To the contrary, the Presiding Judge has recognized the propriety of the Bureau's action in his Order, FCC 96M-35 (released March 15, 1996), certifying the 12 licenses to the Commission for deletion from the Show Cause Order. Moreover, Kay's claim, that the Bureau is manipulating the Commission's processes by seeking summary decision to avoid prosecuting a case it knows it cannot win, is utter nonsense.¹ The record clearly reveals that the Bureau tried repeatedly to obtain critical loading information from Kay during discovery *in order to properly prepare for, and meet its burdens at, the hearing*. But for Kay's recalcitrant behavior, this case would have gone forward on schedule. Finally, the Review Board's recent decision in Capitol Radiotelephone, Inc., FCC 96R-1 (released February 23, 1996) is inapposite. The Capitol Radiotelephone case involved findings of non-malicious interference of limited duration between paging companies. Unlike the instant case, Capitol Radiotelephone had nothing whatsoever to do with whether the licensee willfully and repeatedly violated its statutory obligations pursuant to § 308(b) of the Act; engaged in abusive, contemptuous, and dilatory behavior prior to and after designation; and knowingly deceived the Bureau and Presiding Judge during discovery.

¹ Kay's assault on the integrity of the Bureau and its staff is also unjustified, unnecessary, and insulting.

4. Although styled as an opposition to the Bureau's Supplement, Kay's pleading is nothing more than a contrivance, designed to divert the Presiding Judge's attention away from an appropriate analysis of Kay's misconduct. The Bureau respectfully submits that Kay's latest pleading should be afforded no weight.

Respectfully submitted,
Michele C. Farquhar
Chief, Wireless Telecommunications Bureau



W. Riley Hollingsworth
Deputy Associate Bureau Chief



William H. Kellett
Gary P. Schonman
Anne Marie Wypijewski
Attorneys

Federal Communications Commission
2025 M Street, N.W., Suite 7212
Washington, D.C. 20554
(202) 418-1430

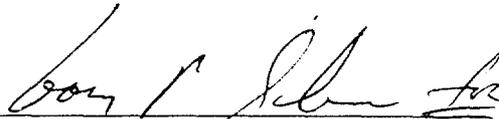
March 20, 1996

CERTIFICATE OF SERVICE

I, Rosalind Bailey, a secretary in the Enforcement Division, Wireless Telecommunications Bureau, certify that I have, on this 20th day of March 1996, sent by regular First Class United States mail, copies of the foregoing "Wireless Telecommunications Bureau's Reply" to:

Barry A. Friedman, Esq.
Thompson, Hine & Flory
1920 N Street, N.W., Suite 800
Washington, D.C. 20036

Bruce Aitken, Esq.
Aitken, Irvin & Lewin
1709 N Street, N.W.
Washington, D.C. 20036



Rosalind Bailey