

Before The
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

OCT 13 1998

In the Matter of)	
)	
Implementation of Section 309(j))	MM Docket No. 97-234
of the Communications Act --)	
Bidding for Commercial Broadcast)	
and Instructional Television)	
Service Licenses)	
)	
Reexamination of the Policy)	GC Docket No. 92-52
Statement on Comparative)	
Broadcast Hearings)	
)	
Proposals to Reform the)	GEN Docket No. 90-264
Commission's Comparative Hearing)	
Process to Expedite the)	
Resolution of Cases)	

To: The Commission

PETITION FOR RECONSIDERATION

Gene A. Bechtel

Bechtel & Cole, Chartered
1901 L Street, N.W., Suite 250
Washington, D.C. 20036
Telephone 202-833-4190
Telecopier 202-833-3084

October 13, 1998

TABLE OF CONTENTS

	<u>Page</u>
I Summary.....	1
II The case for pre-auction resolution of entry level qualifications is persuasive; common carrier auction procedures do not apply to broadcast auctions in this regard.....	2
III Congress has condemned the pernicious practice of filing broadcast applications for the purpose of entering into settlement agreements.....	3
IV Illustrative case history of FCC Application Mill No. 1: North American Broadcasting Company.....	4
V Illustrative case history of FCC Application Mill No. 2: KM Communications, Inc.....	7
VI Applications filed for the purpose of entering into settlements should be weeded out prior to the auctions.....	10
VII Applications guilty of false financial certifications or other disqualifications should also be weeded out.....	12
VIII Relief requested.....	15

Before The
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)	
)	
Implementation of Section 309(j))	MM Docket No. 97-234
of the Communications Act --)	
Bidding for Commercial Broadcast)	
and Instructional Television)	
Service Licenses)	
)	
Reexamination of the Policy)	GC Docket No. 92-52
Statement on Comparative)	
Broadcast Hearings)	
)	
Proposals to Reform the)	GEN Docket No. 90-264
Commission's Comparative Hearing)	
Process to Expedite the)	
Resolution of Cases)	

To: The Commission

PETITION FOR RECONSIDERATION

I.
Summary

1. Bechtel & Cole, Chartered, petitions the Commission to reconsider its First Report and Order (Decision) insofar as the Commission has determined not to consider the entry-level qualifications of applicants before setting in motion the auction process with regard to mutually-exclusive applications for new broadcast licenses.

2. Principals of the petitioner have practiced communications law before the Commission dating back to 1958. The petitioner represents clients who have pending applications that are scheduled for auctions under the Commission's determination in question. The petitioner also has clients who have interests adverse to those of North American Broadcasting Company and KM Communications, Inc., identified as two case

histories in the argument set forth below.

II.

The case for pre-auction resolution of entry level qualifications is persuasive; common carrier auction procedures do not apply to broadcast auctions in this regard

3. The case for pre-auction resolution of entry level qualifications questions is a persuasive one. While that will take some initial time, the questions can be resolved across the board with regard to challenged parties having applications in more than one comparative proceeding, and legitimate applicants can marshal their assets and participate in the auction with knowledge that only other bona fide parties will be competing against them. Otherwise, FCC application mills and/or other applicants having potential disqualification problems can contaminate the auction process, in both the preliminary settlement-of-interests stages and in the auction itself, at the risk of driving out the bona fide parties and gaining a merged interest or even prevailing in the auction bid without ever being subjected to any determination of their eligibility to do so.

4. A number of parties familiar with the comparative broadcast selection process urged the Commission to adopt a processing rule to resolve disqualifications issues at the outset, i.e., John W. Barger, Batesville Broadcasting Co., Inc., John Anthony Bulmer, Thomas W. Fells, Michael Ferrigno, Linear Research Associates, Donald James Noordyk, Todd Stuart Noordyk, Positive Alternative Radio, Inc., Throckmorton Broadcasting, Inc., United Broadcasters Company and Williams Broadcasting Co. Decision at ¶84, n. 76, and ¶90, n. 82. Only commentators have

questioned such a procedure, i.e., J. McCarthy Miller & Biltmore Forest Broadcasting FM, Inc. and Columbia FM Limited Partnership. Id.

5. The Commission's adverse Decision on this point is based on its experience with auction procedures pertaining common carrier telephone and telecommunications licensing, for which the public interest in the credentials of the applicant is not comparable to the public interest in the credentials of broadcast licensees serving as trustees with plenary power to determine the composition of programming over the public airwaves.

III.

Congress has condemned the pernicious practice of filing broadcast applications for the purpose of entering into settlement agreements

6. Section 311 of the Communications Act, entitled Special Requirements with Respect to Certain Applications in the Broadcasting Service, provides that if two or more applications for permit to construct a broadcast station are pending and the parties wish to settle their conflict, the Commission may approve that settlement on a finding that to do so is consistent with the public interest. This legislative reference to the public interest is general with one exception. Section 311(c)(3) requires that "no party to the agreement filed its application for the purpose of reaching or carrying out such agreement." Thus, Congress generally has empowered the Commission to adopt its own regulations governing various public interest aspects of settlement of broadcast proceedings, including the important issue of whether monetary payments must be limited to expenses or

may include an element of profit to a dismissing applicant. But Congress has mandated that the pernicious filing of an application with an intent to settle out with a competing applicant cannot be allowed.

IV.

Illustrative case history of FCC Application Mill No. 1:
North American Broadcasting Company

7. Consider the facts of record in two illustrative cases in point; first, with regard to North American Broadcasting Company (North American). In September 1995, the Commission opened a window of opportunity to settle frozen comparative cases for which a limit on the amount of the payment to reimbursement of expenses was waived. A number of settlements were filed in which the dismissing applicants received profits, in some instances, very substantial sums of money. This was a major development well known to applicants, counsel and existing broadcasters interested in participating in the settlement process under FCC policies then extant relative to funding of settlements by so-called "white knight" investors.

8. By this point in time, the Commission's freeze on processing comparative applications had been in existence for a year and a half (since February 1994), with no immediate end in sight, and the prospect of further settlement incentives to alleviate the impasse was a favorable one. Having the opportunity to observe the sums being paid out in the first settlement window, which concluded in December 1995, North American began in early 1996, in concert with its principals,

filing 16 applications for broadcast construction permits (Exhibit 1).

9. North American is a newly-formed corporation. Its principals consist of a practicing attorney, a professional basketball coach, a circuit court judge and a cable operator, apparently brought together for this play (Exhibit 1). The 16 applications were for seven new radio stations and nine new television stations having no geographic or business strategy relationship demonstrating an intent to build and operate a station group. The seven FM applications were filed for Karnes City, Texas; Sun Valley, Nevada; Winona, Texas; Healdsburg, California; Grants, New Mexico; Farmersville, Texas; and Faribault, Minnesota (Exhibit 1). The nine television applications were filed for Norman, Oklahoma; Tallahassee, Florida; Kailua, Hawaii; Walla Walla, Washington; Price, Utah; Virginia Beach, Virginia; Houston, Mississippi; Eureka Springs, Arkansas; and Grand Forks, North Dakota (Exhibit 1).

10. North American knew or should have known that the applications in fact involved conflicts, or were likely to involve conflicts, with other competing applicants. These were cookie-cutter applications with a brief canned statement concerning proposed programming service that did not differentiate between the 16 widely divergent and different communities. One of the two canned statements employed by North American included a recurring typographical error, i.e., misspelling "public affairs," in each of the applications in which

it was used (both canned statements are attached as Exhibit 2).

11. The Balanced Budget Act of 1997 established a new 180-day window ending February 1, 1998 for settlement of broadcast cases without any limit on the amount of payment to dismissing applicants. During that window, North American entered into settlements of six of its 16 applications. In one instance, it has taken a one-third interest in an FM radio station in Farmersville, Texas (BPH-970401MN). In the other five instances, North American has dismissed its application under agreements in which it was paid an aggregate of approximately \$1 million cash, for dismissal of radio applications for Winona, Texas (BPH-960222MH); Sun Valley, Nevada (BPH-960930MK); and Faribault, Minnesota (BPH-961118M6); and for dismissal of television applications for Houston, Mississippi (BPCT-961001KY) and Eureka Springs, Arkansas (BPCT-961001LT).

12. For all of these settlements, the only activity required was to file the application and wait for developments under the freeze to take place. They were settled within 12 to 18 months of the filing. In one instance, Farmersville, Texas, the application was filed in April 1997 (BPH-970401MN) and the settlement agreement was entered into only six months later, on October 1, 1997 (Joint Request for Approval of Agreement, filed October 14, 1997).

13. As a result, for its efforts to date, North American has gained a million dollars and can play the game with the remaining ten applications using the house's money. And for

these ten applications, further opportunities for settlements exist under the new auction rules. To say the least:

(a) Until such time as a short form application is filed indicating an intent to participate in the auction, applicants for the same facility can enter into merger agreements. Section 1.2105(c)(1) of the Rules.

(b) After the filing of the short form application, the Commission by public notices to be issued will open a window of opportunity to resolve conflicting applications by settlement. Section 73.5002(d) of the Rules.

(c) After the filing of the short form application, applicants may merge and acquire a non-controlling interest in other applications which are not MXed with the application in question. Section 1.2105(c)(2) of the Rules.

(d) After the filing of the short form application, applicants may enter into agreements to make joint bids with respect to other applications which are not MXed with the application in question. Section 1.2105(c)(3) of the Rules.

(e) After the filing of the short form application, parties with noncontrolling interests in an application may even merge with another applicant in the same MXed proceeding. Section 1.2105(c)(4) of the Rules.

V.

Illustrative case history of FCC Application Mill No. 2:
KM Communications, Inc.

14. The second illustrative case in point is KM Communications, Inc., a low power television operator. Since

1994, KM Communications has filed applications for 32 new full service television stations. Since 1995, KM Communications has filed applications for 15 new FM radio stations. Exhibit 3.

15. As in the case of North American, KM Communications knew or should have known that the applications in fact involved conflicts, or were likely to involve conflicts, with other competing applicants. Also like North American, these were cookie-cutter applications with a brief canned statement concerning proposed programming service that did not distinguish between some 47 different communities (Exhibit 4).

16. The 32 television applications were filed by KM Communications for: Iowa City, Iowa; Flagstaff, Arizona; Boise, Idaho; Salt Lake City, Utah; Ames, Iowa; Jackson, Wyoming; Albuquerque, New Mexico; Muskogee, Oklahoma; Greenville, North Carolina; Crandon, Wisconsin; Holbrook, Arizona; Arcade, New York; Gosnell, Arkansas; Provo, Utah; Spokane, Washington; Omaha, Nebraska; Walla Walla, Washington; Bismarck, North Dakota; Minot, North Dakota; Marianna, Florida; El Dorado, Arkansas; Roswell, New Mexico; Jackson, Mississippi; Virginia Beach, Virginia; Selma, Alabama; Pocatello, Idaho; Shawnee, Oklahoma; Sierra Vista, Arizona; Batavia, New York; Pendleton, Oregon; Hutchinson, Kansas; Newton, Iowa; and Syracuse, New York (Exhibit 3). Provo and Salt Lake City, Utah, are in the same television market and KM Communications could not have successfully prosecuted both of those applications.

17. The 15 radio applications were filed by KM

Communications for: Pearson, Georgia; St. Johns, Arizona; Merced, California; Parkersburg, Iowa; Breese, Illinois; Neillsville, Wisconsin; Brigham City, Utah; New Holstein, Wisconsin; Willard, Ohio; Atlanta, Illinois; Mesquite, Nevada; Faribault, Minnesota; Clovis, New Mexico; Agana, Guam; and Fairbury, Illinois (Exhibit 3).

18. We do not have up-to-date information concerning all of the settlements that KM Communications has entered into, notably missing information concerning settlements filed during the 180-day window which closed February 1, 1998. However, as of August 1997, KM Communications had entered into settlements of nine of the television applications (Exhibit 3). In four cases, through settlements, it acquired interests in the proposed station either by merger or payments to dismissing applicants (Boise, Idaho; Greenville, North Carolina; Holbrook, Arizona; and Shawnee, Oklahoma). In five cases, KM Communications dismissed its application as a part of a universal settlement (Salt Lake City, Utah; Batavia, New York; Pendleton, Oregon; Hutchinson, Kansas; and Syracuse, New York). In a single uncontested application, KM Communications was awarded a permit without any settlement (Sierra Vista, Arizona).¹

19. By our count, the scorecard as of August 1997 was 32 applications for new television stations filed, one unopposed and granted, nine settled, two dismissed and 20 remain pending. If

¹ Two of the 32 television applications were dismissed (Omaha, Nebraska and Newton, Iowa) (Exhibit 3).

and to the extent those 20 pending applications weren't settled during the 180-day window which closed February 1, 1998, they are available for further settlement opportunities before and after the short form application date under the auction procedures summarized in ¶13 above.²

VI.

Applications filed for the purpose of entering into settlements should be weeded out prior to the auctions

20. In the North American and KM Communications settlements, the parties of course filed declarations that their applications were not filed for the purpose of entering into a settlement. These declarations are routinely filed and routinely accepted by the Commission. However, in the case of North American, KM Communications and other FCC application mills, nothing could be further from the truth. The modus operandi of FCC application mills is to file multiple applications, occasionally even get an uncontested grant, but with the intent and expectation that in contested cases either (a) the party will settle the case by dismissing its application at a minimum for reimbursement of expenses (hence, no loss on the application) or (b) the party will settle the case by merger with other applicants to secure an interest in the proposed station or (c) the party will settle the case by paying all competing applicants for dismissing their applications.

² We do not have information concerning settlement of the 15 radio applications, except to note that one of the applications was for Faribault, Minnesota, a comparative case that was settled in which North American received cash compensation, as indicated in ¶11, supra.

21. The percentages reflected in the actions of North American and KM Communications are probably typical of FCC application mills. North American filed 16 applications and has resolved six of them, entirely by the mechanism of a settlement. Its score to date is: 6 settlements and 0 prosecutions of an MXed application to the conclusion on the merits. KM Communications filed 32 television applications and as of August 1997, not counting two dismissed applications, had resolved ten of them, one by an uncontested grant and the other nine by the mechanism of a settlement. Its score to that date is 9 settlements, 0 prosecutions of an MXed application to the conclusion on the merits and 1 grant by default.

22. The unavoidable truth is that FCC application mills file applications for the very purpose of entering into settlements in the overwhelming majority of the cases, recouping their expenses if not more, and rolling the dice for an occasional permit or piece of a permit. It is unconscionable for the Commission to establish a procedure under which this utter disregard of the statute, and willingness to sign false declarations of purported compliance with the statute, is never addressed until and unless the perpetrator prevails in the auction and a bona fide applicant, who has not been driven out of the process, remains and is willing to litigate that issue in an otherwise losing cause.

23. There is another reason why the Commission should address this statutory/false declaration issue at the outset.

None of the reported cases concerning compliance with Section 311(c)(3) of the Act has involved the pattern of conduct of FCC application mills in new station applications such as North American and KM Communications.³ While we believe the violation is clear, the matter is a case of first impression. A number of FCC application mills may be involved in the various pending comparative cases that are subject to the new auction rules. This particular threshold qualification issue will be pertinent to many of the auction proceedings, certainly any proceedings that involve the 10 pending applications of North American and the upwards to 20 pending applications of KM Communications. A ruling at the outset will cut across all affected proceedings and avoid piecemeal litigation after the conclusion of the auctions or, what is worse, the acceptance and processing of the questionable applications without ever reaching the statutory/false declaration issue at all.

VII.

Applications guilty of false financial certifications or other disqualifications should also be weeded out

24. Form 301 requires the following certification: "The applicant certifies that sufficient net liquid assets are on hand

³ Our research shows two principal reported cases, both involving license renewal challenges governed by a different part of Section 311 of the Act and involving specialized issues pertaining to the motivation for filing. WWOR, Inc., 70 RR2d 752 (1992) (disqualification on the facts relative to filing a fresh renewal challenge shortly after settling an earlier renewal challenge); RKO General, Inc. (WRKS-FM), 66 RR2d 851 (1989) (renewal challenges of RKO renewal applications, filed after an adverse court ruling opened the opportunity to file, on the facts not disqualified because of comparative weaknesses).

or that sufficient funds are available from committed sources to construct and operate the requested facilities for 3 months without revenue." Through many years of rule changes, form changes, agency and court case decisions, the requirements for a valid certification have become reasonably clear. The certifier must itself have net liquidity in the amount certified or it must have a meaningful commitment from a bank, for which liquidity is assumed, or other party having net liquidity in the amount certified. A bank letter that is a mere accommodation will not suffice.

25. North American made this certification in each of its 16 applications for new broadcast stations, seven radio and nine television. KM Communications, Inc. made this certification in each of its 32 applications for full service television stations and 15 applications for new radio stations. We cannot say what evidence the various competing applicants may have to raise concerning the falsity of these financial certifications. It is fair to say, it may be a lot.

26. North American's 16 applications contain dollar figures for construction and initial working capital which aggregate approximately \$7 million, an average of less than a half-million dollars per station. While some radio stations may be built and initially capitalized for that, full service television stations cannot. In the real world, two full service television stations in any decent-sized market would likely deplete the entire amount. North American has filed for some decent-sized markets,

Oklahoma City (Norman, Oklahoma), Tallahassee, Florida and Norfolk, Virginia (Virginia Beach), to name three. In each instance, North American's certification is for only \$700,000. The combination of all three certifications might be enough to build and commence operation of one of them. Moreover, whether the aggregate amount is \$7 million or, say, two, three or even four times that for realistic cost figures, this is an awful lot of money for a newly-formed corporation to certify, whether from its four investors or by demonstrating the collateral and making other arrangements to secure a meaningful bank letter that is not a mere accommodation.

27. The foregoing analysis applies with even greater force to KM Communications, certifying funds to build and finance initial operations of no fewer than 32 television stations and no fewer than 15 radio stations. The television markets for which such funds have been certified include Salt Lake City, Tallahassee, Florida (Marianna), Norfolk, Virginia (Virginia Beach), Syracuse, New York, Jackson, Mississippi, Albuquerque, New Mexico, Oklahoma City (Shawnee, Oklahoma), Tulsa (Muskogee, Oklahoma) and Omaha, Nebraska. A realistic bankroll in the range of \$50-100 million is likely involved.

28. The Commission's rationale -- that a pre-auction determination of financial qualifications need not be made because applicants in their own self-interest would not apply for an auction unless they have the funds both to support a winning bid and to construct the facility upon receipt of the permit --

do not apply to applications such as those filed by North American and KM Communications.

29. This is so for two reasons. One, the applications were filed prior to the time when Congress enacted the broadcast auction law and before the Commission has now, in the subject Decision, determined that it will employ auctions to dispose of these earlier-filed applications. Two, the Commission assumes that an applicant intends to pursue its application through the comparative process. While that assumption may follow in the case of a single applicant, as has been demonstrated it does not follow in the case of North American, KM Communications and other FCC application mills, whose strategy is to settle the vast majority of the applications rather than pursuing them through the comparative process.

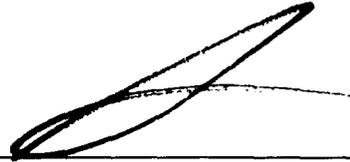
30. Applicants who file false financial certifications should not be permitted to engage in the auction process, at the expense of bona fide applicants whose financial certifications are valid, any more than applicants who disregard, and submit false declarations claiming compliance with, Section 311(c)(3) of the Act. Nor should applicants subject to disqualification for any other reason be allowed to do so.

VIII.
Relief requested

31. We petition the Commission to reconsider its Decision and to adopt a pre-auction procedure under which disqualification issues are heard prior to conducting the auction and applicants

held to be disqualified are denied participation in the bidding.

Respectfully submitted

A handwritten signature in black ink, appearing to read "Gene A. Bechtel", is written over a horizontal line.

Gene A. Bechtel

Bechtel & Cole, Chartered
1901 L Street, N.W., Suite 250
Washington, D.C. 20036
Telephone 202-833-4190
Telecopier 202-833-3084

Courtesy copies of this petition are being served on counsel for
North American Broadcasting Company and KM Communications, Inc.

October 13, 1998

EXHIBIT 1

RECEIVED

JUL - 3 1997

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In re Application of:)
)
)
North American Broadcasting)
Company)
)
)
For A New Broadcast TV)
Station at Virginia Beach, Virginia)
_____)

File No. BPCT-961001LV

AMENDMENT

The application of North American Broadcasting Company (BPCT-961001LV) for a new TV station at Virginia Beach, Virginia, is hereby amended with the attached information.

NORTH AMERICAN BROADCASTING
COMPANY

By: 

John C. Carsey
Its President

June 29, 1997

Section II - LEGAL QUALIFICATIONS (Page 2)

6. List the applicant, parties to the application and non-party equity owners in the applicant. Use one column for each individual or entity. Attach additional pages if necessary.

(Read carefully - The numbered items below refer to line numbers in the following table.)

- a. Name and residence of the applicant and, if applicable, its officers, directors, stockholders, or partners (if other than individual also show name, address and citizenship of natural person authorized to vote the stock). List the applicant first, officers next, then directors and, thereafter, remaining stockholders and partners.
- b. Citizenship.
- c. Office or directorship held.
- d. Number of shares or nature of partnership interests.
- e. Number of votes.
- f. Percentage of votes.

NOTE: Radio applicants ONLY: Radio applicants need not respond to subparts g and h of the table. Instead, proceed and respond to Questions 7, 8 and 9, Section II below.

- g. Other existing attributable interests in any broadcast station, including the nature and size of such interests.
- h. All other ownership interests of 5% or more (whether or not attributable), as well as any corporate officership or directorship, in broadcast, cable, or newspaper entities in the same market or with overlapping signals in the same broadcast service, as described in 47 C.F.R. Section 73.3555 and 76.501, including the nature and size of such interests and the positions held.

a.	North American Broadcasting Company 1100 Guadalupe Austin, Texas 78701	John C. Carsey 1100 Guadalupe Austin, Texas 78701	Timothy Timmerman 4903 Whitethorn Ct. Austin, Texas 78746
b.	Texas Corporation	U.S.	U.S.
c.	Not Applicable	Pres./Secy/Dir.	V.P./Treas./Dir.
d.	1,030	334	334
e.	1,000	510	245
f.	100%	51%	24.5%
g.	See Exhibit 1	See Exhibit 1	See Exhibit 1
h.	None	None	None

Section II - LEGAL QUALIFICATIONS (Page 2)

6. List the applicant, parties to the application and non-party equity owners in the applicant. Use one column for each individual or entity. Attach additional pages if necessary.

(Read carefully - The numbered items below refer to line numbers in the following table.)

- a. Name and residence of the applicant and, if applicable, its officers, directors, stockholders, or partners (if other than individual also show name, address and citizenship of natural person authorized to vote the stock). List the applicant first, officers next, then directors and, thereafter, remaining stockholders and partners.
- b. Citizenship.
- c. Office or directorship held.
- d. Number of shares or nature of partnership interests.
- e. Number of votes.
- f. Percentage of votes.

NOTE: Radio applicants ONLY: Radio applicants need not respond to subparts g and h of the table. Instead, proceed and respond to Questions 7, 8 and 9, Section II below.

- g. Other existing attributable interests in any broadcast station, including the nature and size of such interests.
- h. All other ownership interests of 5% or more (whether or not attributable), as well as any corporate officership or directorship, in broadcast, cable, or newspaper entities in the same market or with overlapping signals in the same broadcast service, as described in 47 C.F.R. Section 73.3555 and 76.501, including the nature and size of such interests and the positions held.

a.	Transpac Media, LLC 107 W. Wisteria McAllen, Texas 78504	Hon. Leticia Hinojosa Hidalgo County Courthouse 139th District Court 100 N. Closner Edinburg, Texas 78539	Rudy Tomjanovich 5085 Westheimer Suite 4520 Houston, Texas 77056
b.	Texas Ltd. Liability Co.	U.S.	U.S.
c.	Not Applicable	Managing Member/Dir.	- -
d.	332	-0-	30
e.	245	-0-	- 0 -
f.	24.5%	- -	- -
g.	See Exhibit 1	See Exhibit 1	See Exhibit 1
h.	None	None	None

**North American Broadcasting Company
Application for TV Construction Permit
Virginia Beach, Virginia**

**EXHIBIT 1
Other Broadcast Interests**

North American Broadcasting Company has the following pending applications on file:

• Karnes City, Texas	FM Channel 276C2	BPH-960111MX
• Healdsburg, California	FM Channel 244A	BPH-960111MY
• Winona, Texas	FM Channel 274A	BPH-960222MH
• Fairbault, Minnesota	FM Channel 298C2	BPH-961118M6
• Sun Valley, Nevada	FM Channel 233C2	BPH-960930MK
• Grants, New Mexico	FM Channel 288C	BPH-961118M5
• Farmersville, Texas	FM Channel 221A	BPH-970401MN
• Tallahassee, Florida	TV Channel 24	BPCT-961001KX
• Houston, Mississippi	TV Channel 45	BPCT-961001KY
• Norman, Oklahoma	TV Channel 46	BPCT-961001LU
• Walla Walla, Washington	TV Channel 9	BPCT-961001KZ
• Eureka Springs, Arkansas	TV Channel 34	BPCT-961001LT
• Price, Utah	TV Channel 3	BPCT-961001LK
• Kailua, Hawaii	TV Channel 50	no file no. assigned
• Grand Forks, N.D.	TV Channel 27	no file no. assigned

Timothy Timmerman is the President and sole shareholder of TCSI Huntsville, Inc. which owns and operates CATV systems in Walker and Trinity County, Texas. Mr. Timmerman has no other mass media interests.

John C. Carsey has no other mass media interests.

The Honorable Leticia Hinojosa, the managing member of Transpac Media, LLC, has no other mass media interests.

Transpac Media, LLC has no other mass media interests.

Rudy Tomjanovich has no other mass media interests.

EXHIBIT 2

**North American Broadcasting Company
Application for TV Construction Permit
Grand Forks, North Dakota**

Exhibit 2

The applicant intends to make the facilities of the proposed facility available to responsible members of the public as a vehicle to respond to public needs. Through continuing involvement in local affairs, the applicant will provide programming to address the ascertained needs of its service area. The applicant will regularly broadcast public affair programming, and through a traditional mix of news, public affairs, and other programming, will endeavor to provide a service to the community in accordance with all provisions of the Communications Act of 1934, as amended.

**North American Broadcasting Company
Application for FM Construction Permit
Farmersville, Texas**

Exhibit 2

The applicant intends to make the facilities of the proposed facility available to responsible members of the public as a vehicle to respond to public needs. Through continuing involvement in local affairs, the applicant will provide programming to address the ascertained needs of its service area. The applicant will regularly broadcast public affair programming, and through a traditional mix of news, public affairs, and other programming, will endeavor to provide a service to the community in accordance with all provisions of the Communications Act of 1934, as amended.

**Sonoma Airwave Company
Application for FM Construction Permit
Healdsburg, California**

Exhibit 1

The applicant intends to make the facilities of the proposed facility available to responsible members of the public as a vehicle to respond to public needs. Through continuing involvement in local affairs, the applicant will provide programming to address the ascertained needs of its service area. The applicant will regularly broadcast public affair programming, and through a traditional mix of news, public affairs, and other programming, will endeavor to provide a service to the community in accordance with all provisions of the Communications Act of 1934, as amended.

**Winona Airwave Company
Application for FM Construction Permit
Winona, Texas**

Exhibit 2

The applicant intends to make the facilities of the proposed facility available to responsible members of the public as a vehicle to respond to public needs. Through continuing involvement in local affairs, the applicant will provide programming to address the ascertained needs of its service area. The applicant will regularly broadcast public affair programming, and through a traditional mix of news, public affairs, and other programming, will endeavor to provide a service to the community in accordance with all provisions of the Communications Act of 1934, as amended.

**Exhibit 2
Nevada Radio
Application for FM Construction Permit
Sun Valley, Nevada**

Exhibit 2

The applicant intends to make the facilities of the proposed facility available to responsible members of the public as a vehicle to respond to public needs. Through continuing involvement in local affairs, the applicant will provide programming to address the ascertained needs of its service area. The applicant will regularly broadcast public affair programming, and through a traditional mix of news, public affairs, and other programming, will endeavor to provide a service to the community in accordance with all provisions of the Communications Act of 1934, as amended.

**Karnes City Airwave Company
Application for FM Construction Permit
Karnes City, Texas**

Exhibit 1

The applicant intends to make the facilities of the proposed facility available to responsible members of the public as a vehicle to respond to public needs. Through continuing involvement in local affairs, the applicant will provide programming to address the ascertained needs of its service area. The applicant will regularly broadcast public affair programming, and through a traditional mix of news, public affairs, and other programming, will endeavor to provide a service to the community in accordance with all provisions of the Communications Act of 1934, as amended.

Exhibit 2
North American Broadcasting Company
Eureka Springs, Arkansas
Television Application

Program Service Statement

It will be the policy of North American Broadcasting Company to make time available to responsible citizens groups and others to address items of public importance within its service area. The topics to be addressed will be based on the applicants knowledge of and contact with the needs, interests, and problems that are determined through interaction between station personnel and members of the community at large.

In addition, North American Broadcasting Company will offer programming directed toward the continuing education of persons within its coverage area, and will interact with all segments of the local community to determine if its programming and public interest programs are directed toward the public interest, convenience and necessity.

Program Service Statement

It will be the policy of North American Broadcasting Company to make time available to responsible citizens groups and others to address items of public importance within its service area. The topics to be addressed will be based on the applicants knowledge of and contact with the needs, interests, and problems that are determined through interaction between station personnel and members of the community at large.

In addition, North American Broadcasting Company will offer programming directed toward the continuing education of persons within its coverage area, and will interact with all segments of the local community to determine if its programming and public interest programs are directed toward the public interest, convenience and necessity.

**Exhibit 2
North American Broadcasting Company
Tallahassee, Florida
Television Application**

Program Service Statement

It will be the policy of North American Broadcasting Company to make time available to responsible citizens groups and others to address items of public importance within its service area. The topics to be addressed will be based on the applicants knowledge of and contact with the needs, interests, and problems that are determined through interaction between station personnel and members of the community at large.

In addition, North American Broadcasting Company will offer programming directed toward the continuing education of persons within its coverage area, and will interact with all segments of the local community to determine if its programming and public interest programs are directed toward the public interest, convenience and necessity.

Exhibit 2
North American Broadcasting Company
Norman, Oklahoma
Television Application

Program Service Statement

It will be the policy of North American Broadcasting Company to make time available to responsible citizens groups and others to address items of public importance within its service area. The topics to be addressed will be based on the applicants knowledge of and contact with the needs, interests, and problems that are determined through interaction between station personnel and members of the community at large.

In addition, North American Broadcasting Company will offer programming directed toward the continuing education of persons within its coverage area, and will interact with all segments of the local community to determine if its programming and public interest programs are directed toward the public interest, convenience and necessity.

**Exhibit 2
North American Broadcasting Company
Walla Walla, Washington
Television Application**

Program Service Statement

It will be the policy of North American Broadcasting Company to make time available to responsible citizens groups and others to address items of public importance within its service area. The topics to be addressed will be based on the applicants knowledge of and contact with the needs, interests, and problems that are determined through interaction between station personnel and members of the community at large.

In addition, North American Broadcasting Company will offer programming directed toward the continuing education of persons within its coverage area, and will interact with all segments of the local community to determine if its programming and public interest programs are directed toward the public interest, convenience and necessity.

**Exhibit 2
North American Broadcasting Company
Houston, Mississippi
Television Application**

Program Service Statement

It will be the policy of North American Broadcasting Company to make time available to responsible citizens groups and others to address items of public importance within its service area. The topics to be addressed will be based on the applicants knowledge of and contact with the needs, interests, and problems that are determined through interaction between station personnel and members of the community at large.

In addition, North American Broadcasting Company will offer programming directed toward the continuing education of persons within its coverage area, and will interact with all segments of the local community to determine if its programming and public interest programs are directed toward the public interest, convenience and necessity.

Exhibit 2
North American Broadcasting Company
Kailua, Hawaii
Television Application

Program Service Statement

It will be the policy of North American Broadcasting Company to make time available to responsible citizens groups and others to address items of public importance within its service area. The topics to be addressed will be based on the applicants knowledge of and contact with the needs, interests, and problems that are determined through interaction between station personnel and members of the community at large.

In addition, North American Broadcasting Company will offer programming directed toward the continuing education of persons within its coverage area, and will interact with all segments of the local community to determine if its programming and public interest programs are directed toward the public interest, convenience and necessity.

Exhibit 2
North American Broadcasting Company
Grants, New Mexico
FM Application

Program Service Statement

It will be the policy of North American Broadcasting Company to make time available to responsible citizens groups and others to address items of public importance within its service area. The topics to be addressed will be based on the applicants knowledge of and contact with the needs, interests, and problems that are determined through interaction between station personnel and members of the community at large.

In addition, North American Broadcasting Company will offer programming directed toward the continuing education of persons within its coverage area, and will interact with all segments of the local community to determine if its programming and public interest programs are directed toward the public interest, convenience and necessity.

Exhibit 2
North American Broadcasting Company
Fairbault, Minnesota
FM Application

Program Service Statement

It will be the policy of North American Broadcasting Company to make time available to responsible citizens groups and others to address items of public importance within its service area. The topics to be addressed will be based on the applicants knowledge of and contact with the needs, interests, and problems that are determined through interaction between station personnel and members of the community at large.

In addition, North American Broadcasting Company will offer programming directed toward the continuing education of persons within its coverage area, and will interact with all segments of the local community to determine if its programming and public interest programs are directed toward the public interest, convenience and necessity.

EXHIBIT 3

RECEIVED

AUG 12 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

KM COMMUNICATIONS, INC.
3654 West Jarvis Avenue
Skokie, IL 60076

William F. Caton, Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

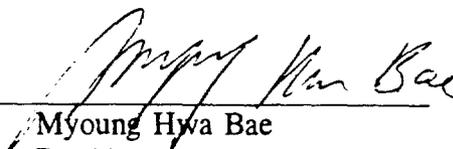
Re: Amendment of FCC Form 301 Application
New FM Radio Station, Channel 255A, Parkersburg, Iowa
FCC File No. BPH-951108MQ

Dear Mr. Caton:

KM Communications, Inc. ("KM") respectfully submits this amendment to the above-referenced application. The amendment consists of a revised Exhibit A, to update the other broadcast interests of KM, and the applications that KM has pending with the Commission. Please incorporate this new Exhibit A into the application.

As an officer of the applicant corporation, by my signature below I certify that no party to this application is subject to a denial of federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 853a.

Respectfully submitted,
KM COMMUNICATIONS, INC.

By: 
Myoung Hwa Bae
President

Date: August 5, 1997

Other Broadcast Interests and Pending Applications**I. Television Stations and Applications**

KM Communications, Inc. ("KM"), is the permittee for the following new full service commercial television stations, for the analog National Television System Committee ("NTSC") channel indicated, and for which the digital television ("DTV") channel indicated has been allotted and issued:

<u>Station</u>	<u>Community</u>	<u>NTSC/DTV Channel</u>	<u>Permit File No.</u>
KWKB(TV)	Iowa City, Iowa	NTSC 20/DTV 25	BPCT-941215KG
KCFG(TV)	Flagstaff, Arizona	NTSC 9/DTV 28	BPCT-950317KN

KM has pending an application (File No. BMPCT-960624KF) for minor modification of the permit for KWKB(TV), Iowa City, Iowa, to change the transmitter site. KM also has pending the following applications for new full service commercial television stations:

<u>NTSC Channel</u>	<u>Community</u>	<u>FCC File Number</u>
14	Boise, Idaho	BPCT-941215KF
20	Salt Lake City, Utah	BPCT-950109KE
23	Ames, Iowa	BPCT-950109KG
11	Jackson, Wyoming	BPCT-950317KF
14	Albuquerque, New Mexico	BPCT-950317KG
19	Muskogee, Oklahoma	BPCT-950901KJ
38	Greenville, North Carolina	BPCT-960404KK
4	Crandon, Wisconsin	BPCT-960404LJ
11	Holbrook, Arizona	BPCT-960404KE
62	Arcade, New York	BPCT-960405XF
46	Gosnell, Arkansas	BPCT-960405
32	Provo, Utah	BPCT-9604059L
34	Spokane, Washington	BPCT-960405XP
54	Omaha, Nebraska	BPCT-960919
9	Walla Walla, Washington	BPCT-960930KY
26	Bismarck, North Dakota	BPCT-960930KW
24	Minot, North Dakota	BPCT-960930KU
51	Marianna, Florida	BPCT-960930KQ
43	El Dorado, Arkansas	BPCT-960930KV
21	Roswell, New Mexico	BPCT-960930KT
51	Jackson, Mississippi	BPCT-960930LW
21	Virginia Beach, Virginia	BPCT-960930KX
29	Selma, Alabama	BPCT-961113KE
15	Pocatello, Idaho	BPCT-970328KK

KM is a party to settlement agreements and joint requests for approval of such settlement agreements on file with the Commission which, if approved, would result in: (i) the grant of KM's application for Channel 14 at Boise and the dismissal of all competing applications; (ii) the dismissal of KM's application for Channel 20 at Salt Lake City and the grant of a competing application; (iii) the dismissal of KM's application for Channel 38 at Greenville and the grant of a competing application, as amended to substitute a new entity as applicant, in which KM and each of the other competing applicants have equal equity and controlling interests; and (iv) the amendment of KM's application for Channel 11 at Holbrook to substitute a new entity as applicant, in which KM and each of the other competing applicants have equal equity and controlling interests, the grant of the amended KM application and the dismissal of all competing applications.

By letter dated October 7, 1996, the Commission returned KM's application for Channel 54 at Omaha, Nebraska, as unacceptable for filing; on November 6, 1996 KM timely filed and has pending a petition for reconsideration of the dismissal, seeking to have the Omaha application reinstated. On July 22, 1996, KM voluntarily requested that the Commission dismiss its application for a new full service television station on Channel 39 at Newton, Iowa (File No. BPCT-9604058L), and the Commission dismissed that application on August 20, 1996. The following KM applications for new full service television stations have been dismissed as part of universal settlements: (i) Channel 51 at Batavia, New York (File No. BPCT-951108KE), dismissed May 10, 1996; (ii) Channel 11 at Pendleton, Oregon (File No. BPCT-941021KV), dismissed on February 20, 1997; (iii) Channel 36 at Hutchinson, Kansas (File No. BPCT-950824KK), dismissed on April 2, 1997; and (iv) Channel 56 at Syracuse, New York (File No. BPCT-941021KW), dismissed on April 21, 1997.

Myoung Hwa Bae ("Mrs. Bae"), who is the President, Treasurer, a Director and the 100% shareholder of KM, holds 50% of the membership interests in OKC-30 Television, L.L.C., an Oklahoma limited liability company ("OKC-30"). OKC-30 is the permittee for new full-service commercial television station KAQS(TV), NTSC Channel 30, Shawnee, Oklahoma (File No. BPCT-950814KE), for which DTV Channel 29 has been allotted and issued. The construction permit was granted to OKC-30 as part of a universal settlement agreement, the approval of which also included the dismissal of a pending KM application for Channel 30 at Shawnee (File No. BPCT-950331KE) on July 30, 1996. KM filed a petition for reconsideration of the dismissal of its application on August 29, 1996, but subsequently requested that the Commission dismiss the petition. Mrs. Bae also holds 100% of the membership interests and is an officer and the manager of Sierra Television LLC, a Delaware limited liability company ("Sierra"). Sierra is the permittee for new full service commercial television station KAUC(TV), NTSC Channel 58, Sierra Vista, Arizona (File No. BPCT-941021KI), for which DTV Channel 44 has been allotted and issued.

II. FM Radio Stations and Applications

KM is the permittee for the following new full-service commercial FM radio stations:

<u>Station</u>	<u>Community</u>	<u>FM Channel</u>	<u>Permit File No.</u>
WPNG(FM)	Pearson, Georgia	270A	BPH-951108MK
KWKM(FM)	St. Johns, Arizona	239C	BPH-951108MF

KM has pending the following applications for new full service commercial FM radio stations:

<u>Channel</u>	<u>Community</u>	<u>FCC File Number</u>
231A	Merced, California	BPH-951108MU
255A	Parkersburg, Iowa	BPH-951108MQ
248A	Breese, Illinois	BPH-951108MV
224A	Neillsville, Wisconsin	BPH-951108MY
264C	Brigham City, Utah	BPH-960507MR
225A	New Holstein, Wisconsin	BPH-960507MU
245A	Willard, Ohio	BPH-960507MD
242A	Atlanta, Illinois	BPH-960603MC
248C1	Mesquite, Nevada	BPH-960822MD
298C2	Faribault, Minnesota	BPH-961118MU
268C1	Clovis, New Mexico	BPH-961118M1
270C2	Agana, Guam	BPH-970404MF
299B1	Fairbury, Illinois	BPH-970404MC

The FCC returned applications filed by KM for new full service commercial FM radio stations on Channel 275A at Earlville, Illinois (File No. BPH-970404MG) and Channel 246A at Two Rivers, Wisconsin (File No. BPH-970414ME) on April 16, 1997 and May 12, 1997, respectively, as unacceptable for filing, where KM inadvertently filed the applications prematurely (prior to the allotment of the channel or any filing window).

III. Low Power Television Stations and Applications

KM is the licensee of the following Low Power Television ("LPTV") Stations:

WOCK-LP, Chicago, Illinois
WSKC-LP, Atlanta, Georgia
WMKE-LP, Milwaukee, Wisconsin
WOCH-LP, Chicago, Illinois

KM holds a construction permit (File No. BMPTTL-940413FZ, as extended in File Nos. BMPTTL-960227JF, BMPTTL-960913JA and BMPTTL-970624JB) to modify WSKC-LP to operate on Channel 59, among other changes; KM also has pending an application for major modification of the permit (File No. BMPTTL-960516LK) to change the transmitter site for the station to a site on Sweat Mountain. On April 1, 1997, KM was granted Special Temporary Authority to construct and operate WSKC-LP on Channel 59 from the Sweat Mountain site pursuant to the parameters specified in the major modification application (File No. BMPTTL-960516LK).

EXHIBIT 4

KM Communications, Inc.
Channel 255A, Parkersburg, Iowa

FCC Form 301
Exhibit B

Proposed Program Service

The applicant, KM Communications, Inc. ("KM"), proposes to use various methods and resources to stay abreast of the needs and interests of Parkersburg, Iowa, and the service area of the proposed station. KM proposes to broadcast a mix of entertainment, information and public affairs programming that is responsive to those ascertained needs and interests, including programming designed to serve the children in its audience, and would ensure that such programming is representative of all significant sides of a given issue. The proposed station would be operated in compliance with applicable provisions of the Communications Act of 1934, as amended, and Commission Rules and policies, including but not limited to such provisions, rules and policies related to political broadcasting.