

1 on -- on or around the 15th of June.

2 Q Which would, in turn, roughly correspond with the
3 date of the letter, Mass Media Bureau Exhibit 108, the
4 sending of a budget to Mr. Hicks on the 22nd of June.

5 A Yeah. But he would have seen -- but just cause he
6 got the final budget on the 22nd doesn't mean that the
7 numbers weren't almost final on or around the 15th of June.

8 Q And your testimony would be that it was also the
9 case that Mr. Hicks had some awareness or involvement with
10 the determining of those numbers prior to the middle of
11 June?

12 A Yes. To what extent of involvement he would have
13 had with Steve, I can't answer that. But yes, he certainly
14 had an opportunity. He certainly would have seen the
15 preliminary.

16 Q And that's a yearly practice that has taken place?

17 A Yes, it's been refined a little bit, you know,
18 with technology, turnaround and that kind of thing, but yes,
19 it's generally the yearly process.

20 MR. SHOOK: Your Honor, the Bureau offers Exhibit
21 108.

22 JUDGE CHACHKIN: Any objection?

23 MR. JOHNSON: No objection.

24 JUDGE CHACHKIN: By the way, does 108 refer to
25 monthly budgets or annual budgets?

1 THE WITNESS: When you see the budget number
2 listed in May here.

3 JUDGE CHACHKIN: Yes.

4 THE WITNESS: You know, this May? This column on
5 the left, Your Honor, is the monthly budget. The column on
6 the right is the year-to-date budget, meaning April and May
7 combined.

8 JUDGE CHACHKIN: So --

9 THE WITNESS: So you don't have -- you can't
10 see -- you have got to look at each financial statement to
11 see the budget for each month.

12 JUDGE CHACHKIN: So when you refer to budgets --

13 THE WITNESS: That is a different --

14 JUDGE CHACHKIN: -- and your role, is that monthly
15 budgets are prepared in that manner?

16 THE WITNESS: No, it's an annual budget prepared
17 by month. It shows each month.

18 JUDGE CHACHKIN: Oh. I mean, it's a projection
19 for the next year?

20 THE WITNESS: Yeah, it's actually a -- in the
21 month of April and May, a budget was put together projecting
22 what April through December would look like. It's a budget
23 for each of those months.

24 JUDGE CHACHKIN: Exhibit 108 is received.

25 //

1 (The document referred to,
2 having been previously marked
3 for identification as MMB
4 Exhibit No. 108, was received
5 into evidence.)

6 JUDGE CHACHKIN: And this presumably was done
7 pursuant to the accounting agreement, not some other
8 agreement?

9 THE WITNESS: No, Your Honor, that's the
10 accounting agreement.

11 JUDGE CHACHKIN: All right.

12 BY MR. SHOOK:

13 Q Mr. Watson, could you please turn to Mass Media
14 Bureau Exhibit 68?

15 A I'm sorry, I think I've got the wrong one.

16 Q It's in third volume.

17 A Sixty-eight?

18 Q Yes, sir.

19 A Okay.

20 Q Is that your signature?

21 A Yes, it is.

22 Q Now, the letter in the second sentence makes
23 reference to a joint operating agreement with Hicks
24 Broadcasting.

25 Is that supposed to be -- are we supposed to read

1 that as the joint sales agreement or is this a separate
2 agreement?

3 A No, it's the joint sales agreement. Like I
4 mentioned yesterday, I kind of use those synonymously. Now,
5 I maybe shouldn't, but yes.

6 Q No, you know, what we're doing here is for
7 purposes, we're trying to clarify the record.

8 A It refers to the joint -- I guess I was really
9 referring here -- it refers to the joint sales agreement
10 document, but then, as you know, after discussion with Alan
11 Campbell, then we had some other arrangements to pay the
12 bills and we've shared some -- at this point we were
13 sharing, I believe, some other employees, some additional
14 employees outside the JSA. Okay? Joint sales agreement. I
15 mean, so -- but I guess I was -- I was referring to the
16 joint sales agreement which had been kind of expanded, okay?

17 Q So another way of looking at this, or perhaps the
18 best way of looking at this is the joint sales agreement, as
19 supplemented by the accounting agreement and by --

20 A The memo --

21 Q -- the memo --

22 A -- to file.

23 Q -- to the files?

24 A Right. Yes. That's another --

25 Q Looking at all of those three agreements together,

1 those documents together, and that's essentially what --

2 A Those documents --

3 Q -- you're about?

4 A -- and discussions and --

5 Q Yes.

6 A Yes.

7 JUDGE CHACHKIN: And discussions. So they were
8 all in 1994?

9 THE WITNESS: No, no, but I meant -- you know,
10 those were -- those were meant to encompass all discussions
11 I can think of.

12 BY MR. SHOOK:

13 Q Now, what, if anything, prompted this letter?
14 This is now the end of July of 1994.

15 A Well, this particular benefit, let me explain what
16 Fortis is. Fortis provides the life insurance benefits for
17 the employee benefit plan that's for Pathfinder and Hicks.

18 And I don't know exactly what prompted it. I
19 should have really written this letter earlier, although
20 what happened is the Pathfinder -- excuse me, the WRBR
21 employees were on the payroll administered by Pathfinder,
22 and immediately on April 1st the payroll clerk added these
23 individuals to the report that's sent to Fortis and started
24 paying premiums on their behalf. Of course, you know, and
25 then those premiums were changed to Hicks Broadcasting.

1 However, at that time I -- I just didn't think to
2 inquire whether they needed the name here of Hicks
3 Broadcasting. The employees were on the payroll of
4 Pathfinder, and I didn't think about that.

5 I'm guessing that in the second one, I wanted to
6 mention the second, what I did in the second paragraph,
7 somewhere along the lines it came to my head that, you know,
8 I should check with them and make sure that Hicks
9 Broadcasting should -- can be added, okay, or needs to be
10 added, and that's what I'm basically doing here, and they
11 did add it, they did add it.

12 Q Oh, they did add it?

13 A Yeah.

14 Q Okay.

15 MR. SHOOK: Your Honor, the Bureau offers Exhibit
16 68.

17 JUDGE CHACHKIN: Any objections?

18 MR. JOHNSON: No, Your Honor.

19 MR. WERNER: No, Your Honor.

20 JUDGE CHACHKIN: Exhibit 68 is received.

21 (The document referred to,
22 having been previously marked
23 for identification as MMB
24 Exhibit No. 68, was received
25 into evidence.)

1 BY MR. SHOOK:

2 Q Now, Mr. Watson, are you familiar with the -- with
3 the situation involving the combination of the operations of
4 WRBR and WLTA?

5 A I don't know what you mean by "familiar." I guess
6 I --

7 Q Okay.

8 A -- need a little more clarity.

9 Q Did there come a time when you became aware that
10 the studios of WRBR were -- become co-located with those of
11 WLTA?

12 A Yes.

13 Q And could you tell us how that came about, if you
14 know?

15 A No, I -- I mean, I think it was being discussed
16 and certainly it was contemplated in early discussions
17 between John and Dave, and I believe they talked about that
18 early on, and it's kind of one of those things that would
19 happen when it was possible. In other words, the lease had
20 ended and so, so on and so forth.

21 But it was one of those things that was considered
22 a way to save money and turn -- save expense and turn the
23 operation around.

24 Q Did Pathfinder enter into a lease arrangement with
25 Hicks relative to the co-location?

1 A There is no written agreement if that's what
2 you're asking.

3 Q What oral understanding are you aware of, if any?

4 A Well, I'm -- I'm aware that there is an
5 understanding that they would pick up half the rent.

6 Q Now, is that -- do you know how that half the rent
7 figure came about?

8 A No, just other than discussions, I mean, that John
9 and Dave may have had. I was told that by one of them or
10 both.

11 Q Do you have any understanding or knowledge as to
12 the respective square footage of usage or uses of each of
13 the stations?

14 A No.

15 Q Do you have any understanding as to the relative
16 number of employees involved at the co-located stations?

17 A Well, I have some general knowledge.

18 Q What is that?

19 A I mean, I don't -- I don't know numbers offhand.
20 The staffs aren't -- aren't that different in size if that's
21 what you mean, if we include the shared employees, if you
22 were to equate those to what I call full-time equivalents,
23 it wouldn't be that different, and I don't know what the --
24 but I don't know what that number is. I mean, somewhere
25 between --

1 Q Well, I'll explain to you. The reason I'm curious
2 about it is that we just -- we just looked at some annual
3 employment reports not too long ago that showed on the one
4 hand the combined numbers of WTRC and WLTA were 26 full-time
5 employees and no part-time employees, while the
6 corresponding number, if you will, for Hicks Broadcasting
7 was less than five full-time employees.

8 I'm just wondering whether you can shed some light
9 on how it is that Hicks is responsible for 50 percent of the
10 rental at the co-located stations of WRBR and WLTA.

11 A Well, like I said, if you count the employees
12 shared and split, and look then at the full-time equivalents
13 of each station, meaning if you've got five year and you've
14 got 10 that are shared, you split them and they are shared
15 equally, you'd have 10 on each station.

16 The employment report was put together based on
17 different -- a different way of looking at it. The
18 employment report was put together on advice of Alan
19 Campbell, and I believe he -- we certainly did not -- they
20 did not know quite how to do that. How do you put shared
21 employees on an employment report.

22 He came back with the advice of how to do it, with
23 the 100 percent employees, I think at that time, put the 100
24 percent employees on the employment report -- the 100
25 percent WRBR put those on one employment report, put shared

1 employees on Pathfinder's report. That's the way it was
2 done on advice of counsel.

3 I do happen to also know that just recently when
4 we were going -- when they were going to file the 395 report
5 in September that got suspended, it was looked at a
6 different way, and they went back to the FCC, the proper
7 branch, and got some further guidance on how to do it, and
8 they ended up doing it a little differently. But -- and you
9 would have to talk to Alan. I don't know if he seeked
10 guidance on that or not. But the -- you can't equate the
11 two.

12 Is that understood?

13 Q I think so.

14 Was the rental understanding involving studio
15 space ever changed?

16 A No.

17 Q So it's been an oral understanding throughout that
18 the entities will split the rental cost 50/50?

19 A Yes, they are co-located in the same place.

20 JUDGE CHACHKIN: I'm confused. What do you mean
21 by "co-located." How does it work?

22 THE WITNESS: In the -- they have a -- in an
23 office building they have a common conference room,
24 reception area. They have one big, large sales area which,
25 although there is now walls, part of it might be WRBR sales

1 and some of its WBYT sales; common coffee room. General
2 manager's office is, of course, shared. General sales
3 managers are shared employee. The traffic director has an
4 office there and she's a shared employee.

5 They do have separate studios and in that same
6 floor. You have WRBR's studio, and then you have WBYT's
7 studio. And I can't remember if there are separate
8 production rooms or not. I just don't know that. There may
9 be. Even if there are two production rooms, they probably
10 share them, and those are it.

11 JUDGE CHACHKIN: Now, the full-time staff of WRBR
12 consists of who? I mean, by position.

13 THE WITNESS: Well, I can't say them all, but
14 primarily 100 percent of the people are programming people,
15 such as the program -- more often than not, most often it's
16 the program director.

17 JUDGE CHACHKIN: Do they have a program director
18 at WRBR?

19 THE WITNESS: Yes, they have a full-time program
20 director, yes. And there is also the morning announcer, not
21 the morning announcer in this case because we have a
22 syndicated show, but there are some people that -- and they
23 are generally programming people that are 100 percent RBR.

24 JUDGE CHACHKIN: They were all in programming?

25 THE WITNESS: Yeah, I can't think of any but disk

1 jockeys.

2 JUDGE CHACHKIN: DJs, they are programming?

3 THE WITNESS: Yes. Yes, Your Honor.

4 JUDGE CHACHKIN: They have four full-time DJs, and
5 they have a program director there?

6 THE WITNESS: Well, I think at that time they
7 were 100 WRBR, yes.

8 JUDGE CHACHKIN: Currently, what's the situation
9 in terms of are there any full-time employees?

10 THE WITNESS: Yes. Oh, yeah.

11 JUDGE CHACHKIN: They have a program director you
12 said?

13 THE WITNESS: Yes.

14 JUDGE CHACHKIN: Anybody else?

15 THE WITNESS: Yes. Oh, yeah. They have the
16 morning guy, and the midday person is full time RBR. The
17 afternoon person is full-time RBR. The evening person is
18 all RBR. They automated later, so there is no employee
19 there. There is at least four or five and maybe six. I
20 just don't know for sure.

21 JUDGE CHACHKIN: You mentioned something about
22 syndicated program. Is there shared program also between
23 the two stations? Do they carry the same programs?

24 THE WITNESS: No. They carry a program commonly
25 referred to the "Bob and Tom Show."

1 JUDGE CHACHKIN: Both stations.

2 THE WITNESS: No, just RBR.

3 JUDGE CHACHKIN: Just RBR. But are any program
4 the same, identical that one station carries and the other
5 station carries?

6 THE WITNESS: I don't believe so. I mean, I've
7 been told -- I mean, I don't look into this very often, but
8 this is really just things that I might know. Even their
9 public service programs, I understand, they're tailored to
10 each station. I can't think of any programming they would
11 share.

12 JUDGE CHACHKIN: Is equipment shared?

13 THE WITNESS: I'm not sure but I would guess some
14 of it is in the production area.

15 Now, I do know when WRBR moved over they had their
16 own equipment and that went into another studio they had to
17 provide us. They had to do some renovation to make room for
18 that studio.

19 JUDGE CHACHKIN: Go ahead, Mr. Shook.

20 BY MR. SHOOK:

21 Q Mr. Watson, I'd like you to turn to Exhibit 90.

22 A Okay.

23 Q Looking at the first page, can you tell me what
24 this represents?

25 A Yeah, this is just the computation that is done on

1 any -- anyone that is receiving benefits on a -- receiving a
2 life insurance benefit, this is prepared to show how it is
3 arrived at. And this particular you, you can see, dated 9-
4 1-94, Dave Hicks, and that's what -- at that time he became
5 an employee of a company called Sign Pro, and this is his
6 computation of his benefit.

7 Q So is this a form that your office prepared?

8 A Yes. Yeah, it was prepared by our payroll clerk.

9 Q Now, turning to --

10 A Upon -- excuse me. Upon my -- I would have
11 directed her as to what kind of benefits is being provided
12 this employee.

13 Q And how is that benefit determined?

14 A Well, that -- the benefits for Sign Pro, the
15 company Sign Pro, had to be determined first. Then any
16 employee of Sign Pro got the same benefit, and so this was
17 the benefit provided other Sign Pro employees.

18 JUDGE CHACHKIN: What is Sign Pro?

19 THE WITNESS: Sign Pro is a new company that we
20 started, that are basically in the vinyl sign business, and
21 at that time -- give you a little background -- there was a
22 radio station in Montana that had got into the sign
23 business, and what they -- they kind of had a unique way of
24 selling these signs in that they sold them to all their
25 radio advertisers. They, of course, sold them to other

1 people too, but what they did is they figured that people
2 need advertising, they need radio advertising, and everyone
3 needs signage of all kinds.

4 So as you know, they are vinyl sign company shops
5 all over the place. It's very competitive. This guy
6 expanded across the country and started selling this idea to
7 other radio stations, and somewhere, I don't know how John
8 determined or found out about this, I think it was probably
9 an AB or something, found out and was given a pitch on this.

10 So John became interested in putting together a
11 sign shop in the markets, radio markets that Pathfinder was
12 in. That includes Elkhart, Grand Rapids, and Fort Wayne.
13 So at this time it was determined that he was going to go
14 into this venture, and we actually do still have three sign
15 shops in those three locations.

16 So it was a new company and Dave was hired to run
17 the company.

18 JUDGE CHACHKIN: A brand new idea?

19 THE WITNESS: I mean, it was -- at this point,
20 Dave was in on it from the ground floor.

21 JUDGE CHACHKIN: What year was this are we talking
22 about?

23 THE WITNESS: That was September 1, 1994.

24 JUDGE CHACHKIN: Go ahead.

25 //

1 BY MR. SHOOK:

2 Q Could you turn to the second page of the exhibit?

3 A Yes.

4 Q Now, what does this represent?

5 A Well, this represents the personnel change report
6 which we've seen before, and it has to do with -- this is
7 completed on any new employee that's put on the payroll, and
8 it basically was one of the documents that put Dave Hicks on
9 the payroll of Sign Pro.

10 Q Now, on the -- toward the top of the page there is
11 a line that reads, "Payroll expense allocation," and then
12 there is some numbers there.

13 Could you tell us what that represents?

14 A Well, I'm not recognizing that right offhand, but
15 it was probably what's called a non -- because I happen to
16 know where he was charged to. He was charged at the time to
17 a non-management -- excuse me -- a management expense
18 account on the books of Sign Pro, so that's probably what it
19 is.

20 Q And --

21 A I'm not as familiar with those account number as I
22 am with some of the others.

23 Q The document bears a signature at the bottom which
24 is yours?

25 A Yes. I just filled out the document, you

1 understand, the entire -- I just completed the paperwork
2 here so that -- so that Pat, the payroll clerk, would put
3 him on the payroll.

4 Q Okay, are you familiar with who hired him?

5 A Yes. John Dille.

6 Q And how did it come about, if you know?

7 A No, I don't -- I don't know other than we had a
8 need, a need for somebody to start the company. And how the
9 discussions took place between them to, no, I don't know.

10 Q Could you turn to page 3, please?

11 A Yes.

12 Q Are you the "Bob" that is being addressed?

13 A Yes.

14 Q What is going on here?

15 A Well, to get him set up on the payroll, some time
16 during the beginning of the month there I sent him the
17 payroll forms that he had to complete, such as withholding
18 forms and those kind of things. And he sent -- this is
19 basically a transmittal letter sending them back to me.
20 Yeah, that's what it is.

21 Q Did you have any discussion with him about the
22 reference to health insurance which appears on the third
23 line?

24 A Did I have any discussion with him?

25 Yeah, at some point we did. I don't remember

1 exactly, but eventually he was -- he did start receiving the
2 benefit of insurance. I don't know if it was immediate.
3 That might be what he's referring to there, he may not have
4 needed it immediately.

5 Q Could you turn to page 4, please?

6 A Yes.

7 Q Was this a form that was prepared by your office?

8 A That's right.

9 Q And it represents what?

10 A This is Dave's W-2 form for 1994, and as you can
11 see, it's on a -- it's for the company Pathfinder
12 Communication Corporation.

13 Now, it is only on that W-2 form because we had a
14 confidential payroll that he was on. Pathfinder had the
15 confidential payroll, and regardless of what company those
16 people worked for that was on that payroll, and his charges,
17 all his charges and benefits and everything went to Sign
18 Pro, but he was on the Pathfinder confidential payroll. We
19 don't have a confidential payroll for each and every
20 company. That would very common.

21 Q Is page 4, what you're looking at here, a copy of
22 the only W-2 that was sent to Mr. Hicks by Pathfinder for
23 calendar year 1994?

24 A Yes.

25 Q Now, looking at this and taking into account what

1 you've already told us, would it be reasonable to infer from
2 looking at Mass Media Bureau Exhibit 90, pages 1 through 4,
3 that the compensation that Mr. Hicks received from
4 Pathfinder was in connection with this Sign Pro activities?

5 A I'm sorry. I don't know what exhibit you're
6 talking about.

7 Q Okay. We've just looked at four pages for --

8 A Oh, yeah, there's no doubt.

9 I mean, did this W-2 pertain to Sign Pro
10 activities?

11 Q Yes, sir.

12 A Yes.

13 Q I may not have asked it very clearly.

14 A Yes. I just didn't understand.

15 Q Are the figures that appear here on the W-2 form,
16 do they have anything to do with the operation of WRBR?

17 A No.

18 Q Could you turn to page 5, please?

19 A Okay.

20 Q Is that your signature?

21 A Yes, it is.

22 Q Who is Pat?

23 A Pat is the payroll clerk.

24 Q What are you telling Pat to do?

- 25 A Let's see. Okay, on January 1, '95, Dave, in

1 addition to his duties at Sign Pro, was hired for a new
2 position in the national sales area, and basically he was
3 going to -- was to help all radio stations, including WRBR,
4 make sure that we were getting our fair share of national
5 business, and he was hired to do that as well as continue
6 with his duties at Sign Pro.

7 By this time he was still very much involved with
8 Sign Pro, but I believe at this point in time certainly one
9 shop had already been opened, and another one was -- I don't
10 know if it had been opened, but was going to be opened soon.
11 So, you know, he could do this other national business as
12 well as Sign Pro. But I know he was really busy at this
13 time.

14 Q Can you explain the rationale behind the
15 allocations that are depicted here?

16 A I can't right now. I'm the one who did it. I
17 mean, I made this allocation based upon discussions, a
18 little bit of discussion regarding his time. I knew that he
19 was spending some time on Sign Pro still just by talking to
20 him. I worked with him on things. I knew some of his
21 activities on Sign Pro. And then I knew that on January 1st
22 he was taking this other position, so it only made sense
23 that both -- that everyone pay a little bit of his expense.

24 This particular one, I did make the allocations,
25 and -- but I don't remember exactly how. I can -- I would

1 be guessing right now, but if you'll notice --

2 Q Well, there are a series of accounts that appear
3 off to the left.

4 A Right.

5 Q And then there is some handwriting in front of
6 each number.

7 A Right.

8 Q If you can explain what that represents?

9 A Well --

10 Q WMEE.

11 A -- WQHK, K105, and WRWO are radio stations in Fort
12 Wayne owned by either Pathfinder Communication Corporation
13 or Jam Communications, Inc., okay. Now, if you will notice,
14 they are 24 percent, four times six.

15 Then you get into what -- WBYT, WRBR, those are
16 what, 16 percent?

17 Q It's hard for me to read this.

18 A I think it's an eight.

19 And then WCUZ and AKX are 10 percent. I think
20 that they were -- they may have been distributed based on
21 their contribution of sales. I mean, not their
22 contribution, but like their sales compared to the total or
23 something like that. I just don't remember.

24 Q Now, is there any particular reason why WTRC isn't
25 listed?

1 A Yes. WTRC has very, very little national sales
2 business. They have almost none, and Dave's emphasis would
3 not have been at all under WTRC.

4 Q Now, who informed you that Mr. Hicks was going to
5 have these additional duties?

6 A We, it was -- I think it was general knowledge. I
7 mean, I'm sure John has talked to me about it. I'm
8 sure -- I had heard from a number of sources probably.

9 Q I want to direct your attention to Mass Media
10 Bureau Exhibit 1, page 96.

11 JUDGE CHACHKIN: Should we finish this before we
12 go to lunch?

13 MR. SHOOK: There will only be a couple more
14 questions along these lines.

15 JUDGE CHACHKIN: Okay, go ahead.

16 BY MR. SHOOK:

17 Q It's in the first volume.

18 A I'm sorry. What was the exhibit again?

19 A Exhibit 1, page 96.

20 A Okay.

21 Q Now, I want you to look, just read to yourself
22 under number 11 the second paragraph.

23 The question that I have for you is, is the
24 response that appears here on the second paragraph
25 consistent with the information that we were seeing on Mass

1 Media Bureau Exhibit 90, page 5?

2 A No, it's not. It's not at all -- it's not exactly
3 consistent with the other.

4 Let me look at it.

5 (Pause.)

6 Q Now, Mr. Watson --

7 A There appears to be some inconsistencies.

8 Q Okay, now, before you go any further with that,
9 could you turn to page 11 of Mass Media Bureau Exhibit 90?

10 A And read number 10, you mean?

11 Q Well, page 11 then.

12 Mr. Watson?

13 A Yes.

14 Q I'm probably confusing you. What I want you to
15 have in front of you is Mass Media Bureau Exhibit 1, page
16 96.

17 A Ninety-six.

18 Q And then the second thing that I want you to look
19 at is Mass Media Bureau Exhibit 90, page 11.

20 MR. GUZMAN; Your Honor, for clarification, it's
21 probably worth asking -- having counsel explain what page 96
22 represents, what document it is.

23 BY MR. SHOOK:

24 Q Well, Mr. Watson, first of all, do you have an
25 understanding as to what it is that --

1 A We're talking about page 11 in --

2 Q Mass Media Bureau Exhibit 90.

3 A -- No. 90, right?

4 Q Right.

5 A Okay. Yes.

6 Q Now, counsel's suggestion is well taken, and what
7 I would like you do is make sure that you understand what it
8 is that you're looking at with respect to Mass Media Bureau
9 Exhibit 1, page 96.

10 A Okay.

11 Q Do you know what that document was?

12 A Yes. I know what the document was, yes.

13 I was instructing Pat.

14 Q Okay. I'm sorry. I'm confusing you.

15 What your counsel suggested was just to make sure
16 that everybody in the room understands that you know what
17 Mass Media Bureau Exhibit 1, page 96, is referring to; you
18 know, what is that document.

19 A Oh, okay.

20 Q Okay. Do you understand what this document is?

21 A Yes. This document --

22 Q And what is it?

23 A This document appears to me to be the response to
24 the FCC's letter of inquiry back in, I think, April of '97.

25 Q And this was a document that you had some

1 involvement with?

2 A Yes, it is.

3 Q And what was the nature of that involvement?

4 A Well, I was involved in helping respond to the
5 FCC's requests and gathering information and data for our
6 attorneys to draft this for us.

7 Q And you were also one of the persons who supplied
8 a declaration affirming the --

9 A Yes.

10 Q -- truth of that response?

11 A Yes, I did.

12 Q And along those lines, if you could look, please,
13 at page 114 of Exhibit 1.

14 A Yes.

15 Q That's your signature?

16 A Yes, it is.

17 Q And that's the affidavit that -- from yourself --

18 A Yes.

19 Q -- that certifies the truthfulness, so far as you
20 know, of the response?

21 A So far as I know, yes. To the best of my ability
22 and so on, that is what I signed.

23 Q All right, now, let's go then to Mass Media Bureau
24 Exhibit 90, page 11, and if you could tell us, please, first
25 of all, that is your signature?

1 No, that's the volume on top.

2 A Okay, I got it.

3 Q That one.

4 A I got it.

5 JUDGE CHACHKIN: That's your signature, right?

6 THE WITNESS: Yes, it is.

7 BY MR. SHOOK:

8 Q Now, what is it that you're telling Pat to do?

9 A Telling Pat effective November 1, 1995, to
10 allocate \$3,000 of Dave Hicks' salary to WBYR, account
11 35350.

12 Q You mean WRBR?

13 A I mean WRBR. Excuse me.

14 Remember -- excuse me. The remainder of his
15 compensation should be charged to, at that time, that's a
16 CWCZ account in Grand Rapids.

17 Q Now, what is the note referring to at the bottom
18 of --

19 A It says, "I have made a reclass entry in October
20 1995 for \$30,000."

21 Q What does that mean?

22 A That means that I made an entry for \$3,000 to
23 reclass -- \$3,000 a month for January through October 1995
24 to cover 10 months.

25 Q A reclass, what does that mean?

1 A I reclassified it from -- I'm not sure exactly where
2 I reclassified it from to be honest with you, but I reclassified
3 it from various accounts and/or 65350, probably various
4 accounts, I just don't recall, and debited WRBR for \$3,000 a
5 month.

6 Q Now, why did you do that?

7 A I'm not sure. I did it after -- I mean, I know
8 Dave Hicks and I discussed this. What I don't know is how
9 we came up with the amount at that time to get -- I know
10 that he was starting to spend -- some time in 1995, was
11 spending considerable more time at WRBR. I don't know if he
12 felt that he should -- they should start -- I just don't
13 know. But at some point he and I -- he discussed the fact
14 of putting some of his salary in WRBR, and I think it was
15 around this time.

16 Q In November?

17 A And that continued.

18 Q Right. In November of 1995 or relatively close
19 that, that's when --

20 A Yes.

21 Q -- this discussion occurred?

22 A Yes.

23 Q Did the decision to reclassify entries or
24 reallocate salaries involve anybody other than yourself and
25 Mr. Hicks?

1 A No.

2 Q Now, did you send -- did you send anything in
3 writing to Mr. Hicks to reflect the fact that this is what
4 you were doing, that you were, in essence, going to be
5 charging WRBR --

6 A Yes, and it was based on a conversation with him,
7 but I -- it was nothing in my -- but it did continue for
8 awhile, I know.

9 Q But that certainly wasn't something that you had
10 in mind when you put together the information that appears
11 on page 5 of Exhibit 90?

12 A No, it wasn't. No.

13 Q Now, just to make sure we understand each other,
14 with respect to page 5, so far as you recall the decision to
15 allocate the salary as reflected in that document was your
16 decision?

17 A Yes.

18 Q And there was --

19 A I do know that he also changed statuses on -- some
20 on July 1, 1995, but -- so this allocation wasn't --
21 certainly wasn't made all -- made all year.

22 Q But if we look at page --

23 A But I can't remember that.

24 Q If we look at pages 5 and 11 of Mass Media Bureau
25 Exhibit 90, is that basically the explanation as to the

1 information that appears in the second paragraph to response
2 11 that appears on Mass Media Bureau Exhibit 1, page 96?

3 A Well, I'm not sure. I mean, it's a combination.
4 I think there is probably an inconsistency. I think there
5 is something when coming up with this data here for the LOI
6 that was missed. I really do.

7 It -- it very well may be that after this -- I
8 mean, this reclass was made, it was taken into consideration
9 in arriving at the answer to the LOI. I don't have the
10 backup for that answer right now. But I do know that at
11 this time it was certainly thought to be accurate. There's
12 no doubt in my mind or I wouldn't have signed the affidavit.

13 Q Now, just a couple more questions and then we can
14 leave this topic.

15 Looking at page 11, your note to Pat of 11-1-95.

16 A Yes.

17 Q Now, at that point isn't it also the case that Mr.
18 Hicks is the general manager of three Pathfinder radio
19 stations in the Grand Rapids area?

20 A Yes.

21 Q And basically, then, his salary is being divided
22 between the three Grand Rapids stations and WRBR? Is that
23 the import of this note?

24 A Well, except I think he was actually charged to
25 one of the stations in Grand Rapids, not all three.

1 Q But wasn't he managing all three?

2 A I believe he was at the time. I think he had all
3 three at that time. I think he did.

4 Q And at the same time that this allocation is
5 taking place WRBR, Hicks Broadcasting is also being charged
6 one-half of Mr. Kline's salary, correct?

7 A That's correct.

8 JUDGE CHACHKIN: All right, we'll recess until
9 2:00.

10 (Whereupon, at 12:50 p.m., the hearing was
11 recessed, to resume at 2:00 p.m., this same day, Friday,
12 October 23, 1998.)

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1 Q Right. What you're referring to is Mass Media
2 Bureau Exhibit 1, page 96, the second paragraph under No.
3 11?

4 A Yes, sir.

5 Q Okay.

6 A That paragraph was certainly meant to take into,
7 and I believe does reflect the reclass entry --

8 Q Made in November.

9 A -- that was made in November.

10 Q Of 1995?

11 A Yes, sir. It does. It certainly in almost all
12 instances, okay, and I haven't got a calculator so I can't,
13 I haven't been able to compute every number, but, for
14 example, the 51 percent reflects \$3,000 a month for six
15 months, and the -- there may be another calculation or so
16 that's incorrect, but it was certainly meant and thought it
17 reflected that in there. That's how you get to the 51
18 percent. Okay?

19 Q Well, I thought that might have been the case, but
20 I'm not supposed to be the one testifying.

21 A I know. I understand, but --

22 Q They may think I am.

23 A Without, you know, the benefit of having things a
24 little time lined, it was a little hard for me.

25 Q Understood.

1 A Okay.

2 Q Now, I had asked you to turn to page 6.

3 JUDGE CHACHKIN: Page 6 of what?

4 MR. SHOOK: Mass Media Bureau Exhibit 90.

5 THE WITNESS: Yes.

6 BY MR. SHOOK:

7 Q That's a check signed by yourself?

8 A Yes, it is.

9 Q Now, could you tell us what this check represents?

10 A Yes. This check represents compensation,
11 additional compensation to Dave Hicks, in which I believe
12 was certain that he used that money to contribute to loan
13 money to Hicks Broadcasting.

14 Q Now, you recall that during your deposition you
15 talked about this?

16 A Yes, I do, and I -- as vivid as anything.

17 Q And if I remember correctly, but for the fact that
18 Mr. Hicks had to -- was being asked to contribute to pay the
19 Booth note, and he needed some extra funds in order to do
20 that, but for the fact that he needed the extras funds he
21 would not have been issued this check?

22 A Well, I think I said in my deposition, and I --
23 there was definitely a cause and effect, meaning that he got
24 these additional funds because he had the need to contribute
25 the loans. What I also said is if there had been some other

1 need, other need, that he may have also got some additional
2 compensation paid to him, but I'm just clarifying.

3 Q In other words, the check that's reflected here
4 was not a part of -- not a regular part of Mr. Hicks'
5 salary?

6 A No, it wasn't.

7 Q I want to direct your attention now to page 8 of
8 Exhibit 90.

9 A Yes.

10 Q And isn't it also the case that this check, first
11 of all, was signed by yourself?

12 A Yes, it is.

13 Q And it's not a part of his regular compensation;
14 this is part of the additional compensation that we've been
15 talking about?

16 A Yes.

17 Q Again, to help Mr. Hicks make his payment to Hicks
18 Broadcasting?

19 A This was given to him so that he could make his
20 proportional share of the loans to Hicks Broadcasting.

21 Q Would that also --

22 A Well, I -- I mean -- yes.

23 Q Would that also be the case with the check that's
24 reflected on page 9?

25 A Yes.