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IRWIN, CAMPBELL & CROWE
 1320 EIGHTEENTH STREET, N.W.
 SUITE 400
 WASHINGTON DC 20036
 PHONE (202)728-0400

Invoice submitted to:
 Federated Media
 P.O. Box 2500
 Elkhart IN 46515-2500
 c/o Mr. Robert Watson

Invoice #11039

October 6, 1993

In reference to: WRBR-FM, Elkhart, IN -#30450

For Legal Services Rendered From September 1 to September 30, 1993

| | | <u>Hrs/Rate</u> | <u>Amount</u> |
|------------------------|---|-------------------|---------------|
| Total Hours and Amount | | | |
| 09/07/93 | ACC Review pledge and security agreements | 1.00 180.00/hr | 180.00 |
| 09/08/93 | ACC conference call re pledge and security agreements | 0.60 180.00/hr | 108.00 |
| 09/15/93 | ACC Conference call B. Watson and review revised draft agreements | 2.30 180.00/hr | 414.00 |
| 09/28/93 | ACC Review security and pledge revisions; call B. Watson re same | 1.20 180.00/hr | 216.00 |
| | | 5.10 | \$918.00 |

Federal Communications Commission

Docket No. MM93-66 Exhibit No. 17

Presented by MMB

Disposition: Identified Received Rejected

Received Oct 22 1993

Repr. by [Signature]

Date 10-6-93

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MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.
A Professional Limited Liability Company
150 West Jefferson, Suite 2500
Detroit, Michigan 48226
(313) 963-6420
Our Taxpayer I.D. No. 38-0836500

Attorney-Client/Attorney Work Product Privileged

April 29, 1994

Invoice #289505

**Please reference this invoice
number when remitting payment.**

Hicks, David L. - personal
4154 Jennings Drive
Kalamazoo, MI 49005

PLEASE REMIT PAYMENT TO:
P. O. Drawer 64348
Detroit, MI 48264-0348

For professional services rendered through
March 31, 1994 in connection with the following -

Re: Radio Station WRBR (FM)
Client/Matter #040363/00002
Billing Attorney: E V Brown Jr

-- Including Fees For --

| | |
|----------|---|
| 09/06/93 | Office conference with Mr. Hicks; telephone conference with Mr. Dille; review documents. |
| 09/20/93 | Conference with Mr. Hicks regarding Elkhart radio station; prepare memorandum to file and the like. |
| 09/21/93 | Conference with Mr. Sellby regarding arrangement. |
| 09/22/93 | Conference with Messrs. Dille and Hicks regarding station purchase in South Bend; review documents. |
| 09/28/93 | Receive documents from Hennigman regarding WRBR purchase. |
| 10/01/93 | Telephone conferences with Mr. Hicks regarding changes in deal; review documents. |
| 10/05/93 | Conference with Mr. Dille regarding status of negotiations. |
| 10/18/93 | Telephone conference regarding terms of |

HICKS 000630

HICKS 1

Federal Communications Commission

Docket No. MM98-18

Presented by MMB

Disposition Identified

Reporter [Signature]

Date 10-6-98

Received Oct 26 98

Rejected [Blank]

MILLER, CANFIELD, PADDOCK AND STONE

Attorney-Client/Attorney Work Product Privileged

April 29, 1994
Page 2

Invoice # 289505

transaction; review of Purchase Agreement;
review documents and conference with Mr. Hicks
and Attorney Watson; make notes on documents.

10/19/93 Prepare comments to Asset Purchase, Escrow,
Security Agreement and Pledge Agreement;
research provisions to be included in radio
station transaction; receive materials from
Attorney Watson and make arrangements for
conference call.

10/20/93 Review documents regarding purchase of radio
station; prepare marked up copy of documents
with proposed revisions; review proposed
revisions from Washington, D.C. counsel;
research various terms to be inserted in
documents; review and revise Asset Purchase
Agreement and various documents; conference with
Mr. Watson and Mr. Hicks; review comments of
Attorney Campbell and Mr. Watson.

10/21/93 Prepare additional revisions to Asset Purchase
documents including revisions to Termination;
conference with Mr. Watson; review and revise
Asset Purchase Agreement; send to Attorney
Hudolin, Mr. Hicks, Mr. Dille and Mr. Watson;
conference with Mr. Hicks.

11/01/93 Conference with Mr. Hicks and Attorney Hudolin.

11/02/93 Conference with Ms. Hudolin, attorney for Booth
Broadcasting.

11/03/93 Conference call with Attorney Hudolin regarding
agreement and mark changes in agreement; send to
Messrs. Hicks and Dille.

11/05/93 Receive additional Agreements and Schedules from
Attorney Hudolin.

11/08/93 Send documents to clients and conference with
Attorney Hudolin and Mr. Hicks.

11/09/93 Conference with Attorney Hudolin and review
documents.

11/10/93 Review documents from Attorney Hudolin. 2 HICKS 000631

11/11/93 Conference with Mr. Hicks and Attorney Hudolin;
review documents for acquisition of radio

April 29, 1994
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Invoice # 289505

station.

- 11/12/93 Conference with client regarding comments to documents and structure of deal.
- 11/14/93 Review acquisition documents.
- 11/15/93 Work on comments to documents; rewrite termination section and several other provisions; letter to Attorney Hudolin with comments; conference with Attorney Hudolin; work on Purchase Agreement and Escrow Agreement.
- 11/17/93 Conference with Mr. Hicks; conference with Attorney Hudolin regarding changes to Agreement; conference with Mr. Dille.
- 11/19/93 Review formation of limited liability company in Indiana; conference with Attorney Hudolin and Mr. Dille; conference with Mr. Hicks; check Indiana LLC.
- 11/22/93 Conference regarding execution of Agreement as Attorney-In-Fact and other issues to formation of Limited Liability Company; conference with Attorney Hudolin and Mr. Dille; conference with Mr. Hicks; make suggested changes to Asset Purchase Agreement.
- 11/23/93 Conference with Mr. Hicks and Attorney Hudolin; check on name availability.
- 11/24/93 Working session to review proposed revisions to documents; prepare draft of Opinion Letter; conferences with Mr. Hicks, Attorney Hudolin, Mr. Dille and Mr. Watson; review and make comments to Asset Purchase Agreement and related documents.
- 11/28/93 Draft Opinion Letter; review Opinion Letter of Seller's counsel and prepare comments; review Promissory Note, Security Agreement, and other documents with respect to Opinion Letter.
- 11/29/93 Research and draft Opinion Letter; prepare comments to Seller's Opinion Letter; prepare Application for Letter of Credit; working session to review Pledge and Letter of Credit; review marked Asset Purchase Agreement from Attorney Hudolin; conference with Mr. Hicks and

HICKS 000632

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April 29, 1994

Invoice # 289505

Page 4

review Bank application for Letter of Credit:

- 11/30/93 Revise Indiana counsel's Opinion; conferences with Attorney Hudolin, Mr. Hicks and Mr. Dille; revise Opinion and other documents; execute Agreements and send letter to Attorney Hudolin; work on Letter of Credit Application and the like; multiple conferences regarding structure of transaction and Opinion Letter.
- 12/01/93 Conferences with Attorney Hudolin; conferences with Mr. Hicks to have all agreements executed and conference with Mr. Dille.
- 12/02/93 Review of various matters with respect to transaction; telephone conference regarding Indiana Opinion Letter; letter to Attorney Hudolin regarding releases of documents and sending of copies.
- 12/08/93 Conference with Mr. Hicks; organize file.
- 12/17/93 Conference with Mr. Hicks regarding filing of application and memorandum to file.
- 01/11/94 Conference with Mr. Hicks regarding status of FCC filing.
- 01/26/94 Conference with Mr. Hicks regarding status and shareholders agreement.
- 01/27/94 Discuss Shareholder Agreement.
- 02/18/94 Conference with Mr. Watson and Mr. Hicks regarding Shareholder Agreement and remaining
- 02/21/94 Conference with Mr. Hicks and review file; make notes regarding Shareholder Agreement or understanding.
- 02/28/94 Conference with Mr. Hicks and Mr. Dille regarding status of matters.
- 03/01/94 Conference with Mr. Hicks and call Mr. Zaragossa in
- 03/07/94 Conference with Mr. Hicks; Conference with Mr. Zaragossa and receive documents from Mr. Watson.
- 03/08/94 Letter to Mr. Zaragossa and review documents.

HICKS 000633

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April 29, 1994
Page 5

Invoice # 289505

- 03/09/94 Conference with Detroit Attorney regarding changes in arguments.
- 03/10/94 Conference with Mr. Hicks regarding documents and Attorney for Booth; review documents to create limited liability company.
- 03/11/94 Review documents for creation of limited liability company.
- 03/14/94 Review letter from Mr. Hudolin; review documents to created limited liability company.
- 03/15/94 Conferences with Mr. Hicks and Mr. Dille; conference with Ms. Hudolin regarding letter
- 03/16/94 Review limited liability company documents.
- 03/17/94 Review provisions of Limited Partnership Agreement dealing with Shareholder Agreement; review documents for creation of limited liability company.
- 03/18/94 Call from Mr. Hudolin.
- 03/21/94 Conference with Mr. Hicks and Mr. Dille regarding
- 03/22/94 Conferences with Mr. Watson and others regarding closing, provisions of limited liability company and Mr. Zaragossa.
- 03/23/94 Conferences with Mr. Watson regarding shareholder agreement; conference with Ms. Hudolin and the like regarding closing.
- 03/24/94 Conferences with Mr. Watson; discuss materials for closing and opinion from FCC Lawyers; review
- 03/25/94 Review closing memorandum; prepare list of activities; telephone conference with Indiana counsel regarding opinion letter and closing; telephone conference with seller's counsel regarding closing; telephone conference with Mr. Watson; telephone conference with Mr. Sackley regarding use of arbitrator.
- 03/26/94 Receive and review redrafted Operating Agreement for L.L.C.; prepare list of necessary

HICKS 000634

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April 29, 1994
Page 6

Invoice # 289505

signatures; place telephone call to Indiana counsel.

- 03/28/94 Prepare comments to limited liability company; working session to review limited liability company; review Asset Purchase Agreement and Exhibits; telephone conferences with Seller's counsel regarding closing; review of survey and title insurance; telephone conference with title company; telephone conferences with Indiana counsel regarding open issues; conference with Mr. Hicks; read and review Operating Agreement for limited liability company; discuss changes.
- 03/29/94 Telephone conferences with Indiana counsel, Mr. Watson, Seller's counsel and others regarding closing; working session to review limited liability company Operating Agreement; telephone conference with Mr. Dille; discuss revisions to Operating Agreement with Indiana counsel and Mr. Watson; review closing documents received from Seller's counsel and prepare for execution; draft Resolution of Members of L.L.C.; attend to other matters for closing; conference with Mr. Campbell.
- 03/30/94 Review of issues to be addressed for closing; revise side letter and Operating Agreement; numerous telephone conferences with Mr. Watson, Indiana counsel and Seller's counsel; review of mortgage, deed and other documents; attend to other closing matters.
- 03/31/94 Prepare documents for closing; conferences regarding closing; close transaction; review Operating Agreement and other documents; revise warranty deed; prepare mailing package.
- 04/08/94 Telephone conference with Attorney Johnson regarding finalization of closing; telephone conference with title company regarding recording of deed and mortgage.
- 04/11/94 Prepare closing books.
- 04/12/94 Draft letter regarding escrow release; conference with Mr. Watson and Mr. Hicks.
- 04/13/94 Conferences with Mr. Hicks; letter to escrow agent and conference with Mr. Watson.

HICKS 000635

Attorney-Client/Attorney-Work Product Privileged

April 29, 1994
Page 7

Invoice # 289505

- 04/15/94 Conference regarding escrow funds, closing books and other matters.
- 04/18/94 Conference regarding matters to complete and assignments.
- 04/19/94 Conferences with Mr. Watson; review requirements to complete closing.
- 04/20/94 Review file to make checklist for completion.
- 04/22/94 Conference with Messrs. Watson, Hicks and Campbell regarding filing with FCC; make list of documents.
- 04/25/94 Letter to Mr. Campbell with copy of documents for FCC filing; letter to Mr. Watson.
- 04/26/94 Conference with Mr. Hicks and Mr. Watson.

FEEES DUE THIS MATTER.....\$ 22,045.50

-- Including Costs for --

| | |
|---|-------|
| Express Mail Delivery Inv#:5-088-07617; Vendor:FEDERAL EXPRESS | 55.00 |
| Express Mail Delivery Inv#:5-092-57829; Vendor:FEDERAL EXPRESS | 23.50 |
| Express Mail Delivery Inv#:5-097-62391; Vendor:FEDERAL EXPRESS | 14.00 |
| Express Mail Delivery UPS Inv#:5-103-10142; Vendor:FEDERAL EXPRESS | 20.00 |
| Express Mail Delivery Federal Express Shipment. Inv#:5-114-71281; Vendor:FEDERAL EXPRESS | 10.00 |

HICKS 000636

HICKS

7

Attorney-Client/Attorney Work Product Privileged

April 29, 1994
Page 8

Invoice # 289505

Express Mail Delivery 8.00
Federal Express to Jerry V.
Haines in Washington, D.C.
Inv#:5-191-0298-0;
Vendor:FEDERAL EXPRESS

Express Mail Delivery 24.00
Federal Express to Scott
Troeger at Barnes & Thornburg.
Inv#:5-199-91789;
Vendor:FEDERAL EXPRESS

Express Mail Delivery 13.50
Inv#:5-199-91789;
Vendor:FEDERAL EXPRESS

Duplicating 391.60

Telephone 120.48

Faxes 79.00

COSTS DUE THIS MATTER.....\$ 759.08

TOTAL DUE THIS MATTER.....\$ 22,804.58

TOTAL DUE FOR INVOICE #289505.....\$ 22,804.58

8

HICKS 000637

HICKS 8

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9-20-93

David C. Hicks

Job Dille — went to school at LFA -
and graduated with Eric Flynn
Can't buy station today because owner
interested in Elkhart, Indiana

station to be purchased in South Bend.

Job Dille has station in Elkhart FM/AM
Moved FM to Mishawaka

Job Dille operating now in JOA
with Job Booth.

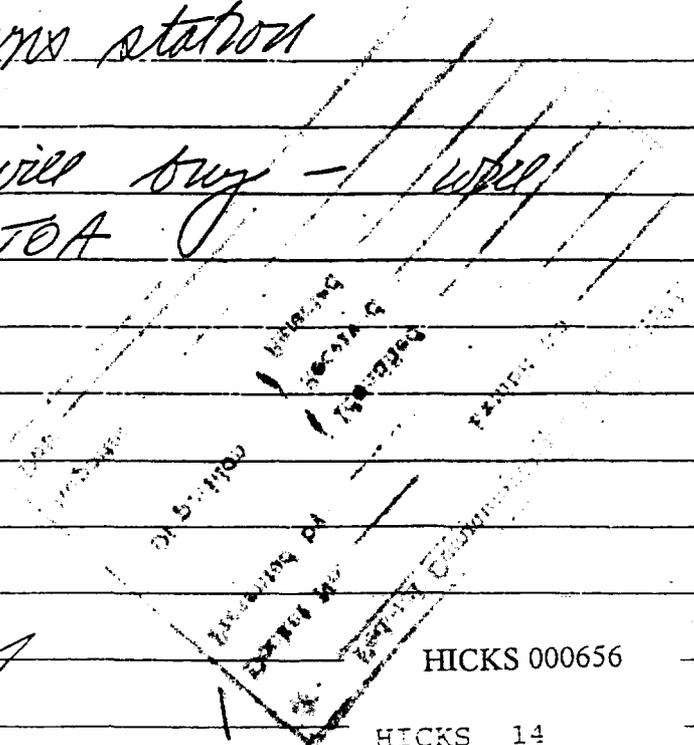
Booth America owns station

David Hicks will buy — will
pay for out of JOA

60,000 P.P.
paid own time

No interest

DL Hicks owns 52%



HICKS 000656

HICKS 14

Federal Communications Commission

Docket No. 77-98-6 Exhibit No. 19

Presented by MMMB

Di P. Iden

Reporter [Signature]

Date 10-6-98

Identified _____

Received _____

Rejected _____

11-4-98

Ollie will start operate and Hicks will be responsible for 2 or 3 employees.

No personal liability of David Hicks

Must put down credit for 52% of Deposit \$26,000 = Total is \$50,000

No deal at this time.

John Ollie - now owns 14 stations

David Hicks will have responsibilities - license of that station

- * Monthly Fee
- * furnishing arrangement
- * costs of Hicks

Deal will change from proposal - see notes on file

Game plan -

Unit respectable time -

request from FCC to permit purchase
by FCC

If not obtained will sell station
probably to someone else as duopoly.

Will meet with him Wednesday - Oct. 22 -
Dike will call me tomorrow.

HICKS 000658

HICKS 16

M

M

B

Ex.

21

4-22-93

David Hicks

John Dille

* FCC lawyer -

Alan Campbell -

own

John Dille
Moby -

* FCC lawyer -

John Guale

Deal doesn't go to commission - no hearing
Don't believe a problem
Been discussed with FCC and blessed

Board

Concerns

1.) Down the road -

Kids would buy David out
would require waiver at present time

2.) Licensee - stability

Programming responsible
Three or four employees
General manager
Because SON - is in place -

Selling Agreement - only
Agreement with Borth stays in place

Federal Communications Commission

Docket No. MM98-66 Exhibit No. 21

Presented by MMB

Di. Written

Identified

Received [Signature]

Rejected

Reporter [Signature]

Date 10-6-98

11-2-98

Deal

50,000 Escrow
CASH FLOW
P.P. 660,000

Note + Interest
350,000
9.46%

months No payments - 6 Months
0-6 - 0

7-12 - 5,000 / month
13 - 10,000 - Payment

25 - 30 10,000 / month

31 - 45 15,000 / month

46 440,000
Balance - 220,000

Studio + Office Lease

As part of deal seller pay lease 24 months -
3,000 / month - 6,000 square feet

Excess space

5 year lease - 2 years gone -
at closing 2 1/2 to go -

Combrue space

HICKS 21

HICKS 000651

Estimated Closing Date - February, 1994

- 2 -

Time commitment - 1 morning / month in
faculty -

Down the Road -

Would put - about \$50,000 -
maybe 10,000 per year for 5
years.

Probably would have to have
a formula.

Campbell - will cut comments to
Agreement

I would then review and put my
comments thereon.

M
M
B
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D

Robert A. Watson
Secretary - Treasurer

September 27, 1993

COPY

Pathfinder Communications C
WCKY/WIMJ, Cincinnati
WTRC/WLTA, Elkhart/South
WOHK-AM/FM, Fort Wayne
WMEE, Fort Wayne
WCUZ-AM/FM, Grand Rapids
WQWO, Muskegon
BANNER GRAPHIC, Greenc
Truth Publishing Company, Inc.
THE ELKHART TRUTH
KOLL-AM/FM, Tuisa

P.O. Box 2500
Elkhart, Indiana 46515
Telephone (219) 294-1661
FAX (219) 294-4014

Federated Media



David Foltyn
Honigman Miller Schwartz and Cohn
2290 First National Building
Detroit, Michigan 48226-3583

Dear Mr. Foltyn:

Attached are copies of the Asset Purchase Agreement, Payment of Transaction Consideration, Non-Compete Agreement, Escrow Agreement, Assignment and Assumption Agreement and Bill of Sale relating to our purchase of WRBR Radio. Our comments and suggestions relating to these documents, if any, are made on the respective pages.

Please add our attorney, Alan Campbell, to the Working Group List. His address is as follows:

Alan Campbell, Esq.
Irwin, Campbell & Crowe
1320 Eighteenth St., N.E.
Suite 400
Washington, DC 20036

If you have any questions regarding our comments or suggested changes that I can help you with, please call me.

Sincerely,

Robert A. Watson
Secretary-Treasurer

RAW/md

Attachments

cc: John Booth
Robert Ridder

| Federal Communications Commission | |
|-----------------------------------|--|
| Docket No. | MM98-66 Exhibit No. 22 |
| Presented by | MMB |
| Disposition | Identified <input checked="" type="checkbox"/> |
| | Received Oct 27, 1998 |
| | Rejected <input type="checkbox"/> |
| Reporter | <i>[Signature]</i> |
| Date | 10-6-98 |

PATH01587

MEMBER
23

STATE OF MICHIGAN
 IN THE CIRCUIT COURT FOR THE COUNTY OF KALAMAZOO

DAVID L. HICKS,
 Plaintiff,

Case No. B 94-3603-NZ

v.

HON. JOHN F. FOLEY

CRYSTAL RADIO GROUP, INC.,
 a Michigan corporation, EDWARD J.
 SACKLEY III, individually and as
 Trustee of the Edward J. Sackley III
 Trust, EDWARD J. SACKLEY II,
 RICHARD C. DOERING, JOHN N. STRANDIN,
 JANICE J. SACKLEY, individually and
 as Trustee of the Janice J. Sackley
 Trust, RICHARD R. ZARAGOZA, ELISE R.
 ZARAGOZA, and EDWARD J. SACKLEY,
 Trustee of the Edward J. Sackley
 Trust,

Defendants.

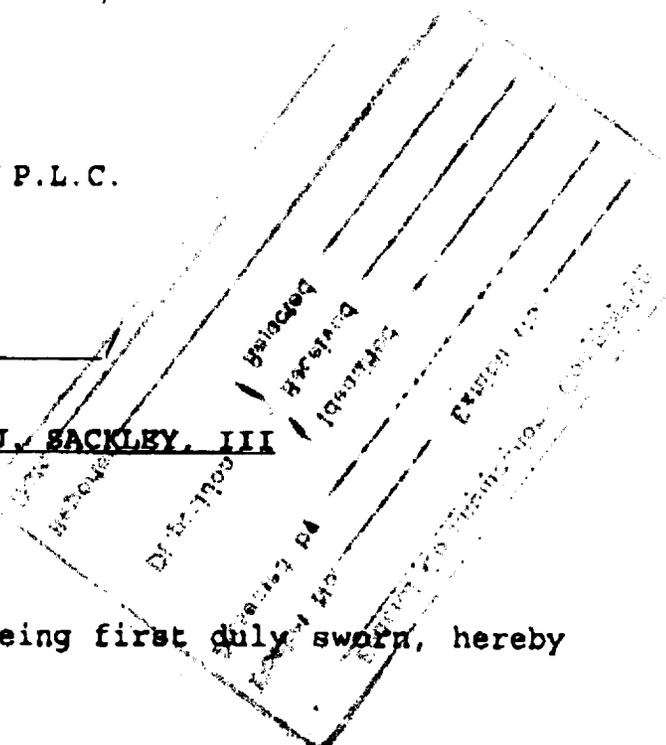
Robert J. Jonker (P38552)
 Warner, Norcross & Judd, L.L.P.
 Attorneys for Plaintiff
 900 Old Kent Building
 111 Lyon Street, N.W.
 Grand Rapids, Michigan 49503-2489
 Telephone: (616) 752-2000

Craig H. Lubben (P33154)
 Miller, Johnson, Snell & Cummiskey, P.L.C.
 Attorneys for Defendants
 425 West Michigan Avenue
 Kalamazoo, Michigan 49007
 Telephone: (616) 343-0282

AFFIDAVIT OF EDWARD J. SACKLEY, III

STATE OF MICHIGAN)
) ss.
 COUNTY OF KALAMAZOO)

Edward J. Sackley, III, being first duly sworn, hereby
 deposes and says:



Federal Communications Commission

Docket No. MM-86-66

Presented by MMB

Di. Paldon

Identified

Received

Revised

Reporter

Date

Exhibit No. 23

15-17-77-74, 25, 33-57
18-19-78-22, 23
20-21-78-19, 20
22-23-78-19, 20
24-25-78-19, 20

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10/20

MMB

1. I have personal knowledge of the facts contained herein and could testify competently thereto if called as a witness.

2. On August 31, 1993, Hicks Broadcasting Corporation was merged with the Air-Borne Group, Ltd. The surviving corporate entity was renamed Crystal Radio Group (hereafter "Crystal").

3. Certain of the Air-Borne shareholders dissented from the merger and were bought out. The remaining Crystal shareholders and the amount of stock which they own is as follows:

| <u>Name</u> | <u>Shares</u> | <u>% of Ownership</u> |
|-------------------------------------|---------------|-----------------------|
| David L. Hicks | 30,000 | 32.23% |
| Richard C. Doering | 2,050 | 3.17% |
| John N. Strandin | 7,486 | 8.04% |
| Edward Sackley, III Trust | 11,749 | 12.62% |
| Janice Sackley Trust | 11,749 | 12.62% |
| Edward J. Sackley Trust | 22,168 | 23.81% |
| Richard R. and Elise R. Zaragoza | 6,992 | 7.51% |

4. I became the President and CEO of Crystal. David L. Hicks became the Chairman and Treasurer.

5. The first meeting of the Crystal Board of Directors was held on September 28, 1993, about a month after the merger. I prepared a detailed draft Agenda for the meeting and reviewed it with David Hicks before the meeting. A copy of a revised Agenda that was presented to the Board is attached as Exhibit 1.

6. One of the things I reviewed with Mr. Hicks was that prior to the merger, he had been treating certain personal expenses as business expenses. I explained that for tax purposes these items would have to be segregated out and reported as income to him. I also explained that these items must not be charged to the Company in the future.

7. I first learned from John Dille, in a brief encounter at the Crystal offices prior to September 28th, that Dave Hicks was going to help him acquire WRBR-FM, a South Bend, Indiana radio station. Mr. Hicks later explained to me that his friend, John Dille, already owned a newspaper and other stations in the area and could not acquire the South Bend license because of Federal Communications Commission ("FCC") cross-ownership rules. Hicks proposed to acquire the station on Dille's behalf and transfer it to Dille at a later date.

8. I was very concerned about the impact such a transaction might have on Crystal's license since Hicks is the single largest shareholder of Crystal. As the Agenda for the September 28, 1993 Board meeting reflects, I requested:

. . . that full details regarding any such activity, planned or actual, be provided on a regular basis and that the opinion of an FCC attorney be obtained by Dave, at no cost to CRG, relative to the potential impact of such a transfer or assignment on CRG. That opinion, and a review period of no less than 3 business days, must be provided before Dave enters into any written or oral agreement or option.

9. Hicks' proposed ownership of the South Bend station was raised at the Board meeting of September 28, 1993. The Board told Mr. Hicks that it wanted more information about his involvement in the proposed transaction. The Board directed Mr. Hicks to obtain at no cost to Crystal an FCC counsel opinion about the impact of the proposed transaction on Crystal. The Board also directed Mr. Hicks to supply the proposed opinion to the Board at least three (3) business days before he entered into any oral or written transaction. A copy of the Board minutes from the September 28, 1993 meeting are attached as Exhibit 2.

10. Around January 10, 1994, I was contacted by our accountant who congratulated me on acquiring another radio station. When I asked what he was talking about, he informed me that Broadcast & Cable magazine had a notice that Hicks Broadcasting of Indiana had acquired WRBR-FM of South Bend, Indiana. A copy of the notice is attached as Exhibit 3.

11. Mr. Hicks had not disclosed this acquisition to the Crystal Board and had not obtained the requested legal opinion. I discussed the situation with Mr. Hicks and Board member Eric Brown prior to the January 28, 1994 Crystal Board meeting. Mr. Brown, who is an attorney, reminded Mr. Hicks that he was required to bring related business opportunities to Crystal's Board for consideration before he entered the transaction personally.

12. The Crystal Board met on January 28, 1994, and, among other things, the Board discussed Mr. Hicks' involvement in the South Bend situation. The January 28, 1994 Board minutes are attached as Exhibit 4 and state in pertinent part:

The Board reminded Dave of the previous instruction to furnish to Crystal Radio a legal opinion from an FCC attorney on the possible impact of the transaction on Crystal Radio. The Board also discussed the ramifications of WRBR having FCC violations, the possible need for an indemnification from Dave if so advised by legal counsel, and clarification that this activity was not to in anyway interfere with Dave's responsibilities at Crystal Radio. Dave acknowledged understanding of these points. . . .

13. Around March 17, 1994, Mr. Hicks sent me a memo stating that the FCC had approved the sale of the South Bend station. He still had not provided Crystal with a legal opinion on the effect of the transaction on Crystal.

14. Finally, around March 31, 1994, Mr. Hicks gave me an opinion letter from his communications counsel who happened to be the same attorney used by John Dille. A copy of that letter is attached as Exhibit 5.

15. The letter did not address the propriety of Mr. Hicks holding the South Bend station for the benefit of Mr. Dille. It did, however, acknowledge that activity at the station could impact Crystal's license, stating:

Thus, it is impossible that misconduct in the operation of WRBR-FM that is attributable to Hicks could be so fundamental that it could impact on Crystal through his attributable interest in Crystal; however, such misconduct would need to be extreme and it is not possible to define the parameters of such misconduct in advance.

16. In March and April, 1994, I was reviewing the 1993 financial records in preparation for filing corporate tax returns. I learned that in 1991, Mr. Hicks had taken a corporate tax refund check from the State of Michigan and had not deposited it in a

corporate account. The books originally showed the amount of the refund was an account receivable from the State of Michigan, but it had not been repaid. At the insistence of the corporate accountant, it was later reclassified as a note receivable from an officer/director. When I initially asked Mr. Hicks (Crystal's Treasurer) about the indebtedness, he denied any knowledge of the matter. When later confronted with notes on the matter from the accountant, he told me that his Board of Directors, Eric V. Brown, Jr. and Hoyt Goodrich, had instructed him to divert the funds to his personal account to avoid detection by his lender.

17. In addition, I was told that Mr. Hicks had personally accepted goods and services of value from a record promoter without complying with FCC sponsorship identification rules.

18. David Miholer, a/k/a Phil Britain, worked for Hicks Broadcasting and initially worked for Crystal after the merger. He was terminated from Crystal in late 1993 because of questionable activity. I learned that he had also received goods and services from record promoters without complying with FCC sponsorship identification rules.

19. On May 9, 1994, I noticed David Hicks meeting with David Miholer in Crystal's offices. I privately asked Mr. Hicks to send Miholer away. Mr. Hicks told me that he would meet with anyone he wanted at Crystal's offices. He also told me that Miholer worked for the entity that managed WRBR, the South Bend station.

20. I continued to be concerned about the potential impact of Hicks' involvement in WRBR on Crystal's licenses. I

decided to consult with an attorney with expertise in FCC matters to evaluate the potential affects of Hicks' activities on Crystal.

21. Specifically, on behalf of Crystal, I retained Nathaniel Emmons of the Washington, D.C. law firm of Mullin, Rhyne, Emmons and Topel.

22. Mr. Emmons wrote me a letter dated June 3, 1994. Mr. Emmons is submitting an Affidavit with his letters. In summary, he indicated that Mr. Hicks' conduct could adversely affect Crystal's license. He recommended that Crystal take the following actions:

- a. Remove Hicks as an officer and director;
- b. Terminate Hicks employment relationships;
- c. Cease to communicate with Hicks about the operation of Crystal's stations, except to the extent necessary to meet any obligation to him under the Shareholder's Agreement or under law;
- d. Make a formal demand upon Hicks for reimbursement to the corporation of the Michigan tax refund, and record it in the corporation's books as an obligation owed by Hicks; and
- e. Institute a comprehensive payola-prevention program at the stations, to include employee education and training, periodic employee affidavits, and structural safeguards to protect the integrity of music playlists.

23. I called a meeting of Crystal's Board on July 15, 1994 and shared Mr. Emmons' letter with the Board. It voted to place Hicks on an administrative leave pending further investigation of his relationship with WRBR and the other allegations.

24. Crystal obtained additional documents which Hicks filed with the FCC. These were sent to Mr. Emmons. He supplemented his opinion with a letter dated August 10, 1994. That letter is also being submitted with Mr. Emmons' Affidavit.

25. Other concerns have surfaced since Mr. Hicks' removal as an officer of Crystal. When he was still with Crystal, he investigated a media sign franchise opportunity which was presented to Crystal. At Mr. Hicks' recommendations, Crystal did not pursue the activity.

26. After Hicks' termination, we received the fax which is attached as Exhibit 6. It indicates that the sign opportunity was acquired by Federated Media, which is a company owned by John Dille. I have been told that Mr. Hicks now works for John Dille.

27. In addition, as part of the merger, Mr. Hicks signed the document attached as Exhibit 7. It states that there is no asbestos in the building that was owned by Hicks Broadcasting. Mr. Hicks also represented in the merger documents, that there was no asbestos in the building.

28. Recently, we learned that there is asbestos in the building. We have hired a consulting firm to advise the best procedure for abating the asbestos.

29. Crystal's Shareholder's Agreement is attached as Exhibit 8. Paragraph 18 includes a "Forced Sale Provision" which originally said it could be exercised at any time after January 1, 1995. However, paragraph 17F allows the shareholders to amend the agreement if a majority agree to do so after written notice.

30. As a shareholder, I am concerned about the liabilities that Mr. Hicks has created for Crystal. I am concerned that

he knows more about those liabilities than the other shareholders and has an unfair advantage. I am also concerned that his actions may impair Crystal's ability to renew its license in 1996.

31. In order to be certain no purchase or sale of Crystal would occur until all of the shareholders had a better understanding of the liabilities that Mr. Hicks created, the Secretary sent out a notice of a shareholders' meeting. The purpose of the meeting was to consider an amendment to provide that the "Forced Sale Provision" could not be exercised before January 1, 1996.

32. After the notice, Mr. Hicks served Crystal and the shareholders with this lawsuit.

33. It would be unfair to prevent the shareholders from exercising their right to amend the Shareholder's Agreement since Mr. Hicks has more knowledge than the other shareholders about the liabilities he has created for Crystal. If the Shareholder's Agreement is not amended, Mr. Hicks will have an unfair advantage and will be able to force a purchase or sale of Crystal stock when only he will know what he has done and how it may impact Crystal's value.


Edward J. Sackley, III

Subscribed and sworn to before me this 18th day of April, 1995.


Deborah A. Koppers
Notary Public
Kalamazoo County, Michigan
My Commission Expires: 2/22/99

CRYSTAL RADIO GROUP, INC.

Board of Directors Meeting
September 28, 1993

CONFIDENTIAL AGENDA

Call to Order

Attendance

New Business

- * • ~~First Amendment to Shareholders Agreement - Requested by shareholder Edward J. Sackley and supported by shareholder Edward J. Sackley III. Amendment would permit transfer by Edward J. Sackley of Crystal Radio Group, Inc. ("CRG") stock during his lifetime, or upon his death, to any of his children. Amendment would also extend time for closing of sale and purchase of stock to 365 days following the death of a shareholder. BOARD ACTION REQUIRED.~~
- Resolution of Corporation for Authority to Open Account - Required to establish *After Hours Depository Agreement* and authorize *Deposit Account Signature Form for Business Accounts* at Michigan National Bank. BOARD ACTION REQUIRED.
- * • Resolution of Corporation for Continuing Authority to Amend *Deposit Account Signature Form for Business Accounts* - Management requests that CRG Board grant continuing authority to President and Chairman to modify *Deposit Account Signature Form for Business Accounts* as deemed necessary in the future without obtaining prior board approval. Any change(s) in signature authority would be reported to Board at next special or regular meeting. BOARD ACTION REQUIRED.
- CRG Board of Directors Meeting Schedule - Management recommends that CRG Board meet at least semi-annually in Kalamazoo to review business operations and provide feedback to management. Meetings would be scheduled during March and September of each year, pursuant to notice. Additional meetings, including those by teleconference, may be called upon request of any board member. DISCUSSION AND BOARD ACTION REQUESTED.
- 12/94 • Directors will be reimbursed reasonable travel expenses.
- * • Adoption of The Air-Borne Group, Ltd. 401(k) Plan - Required to transfer the existing plan to CRG. Plan would permit newly-eligible Hicks employees to enter the program on January 1, 1994. BOARD ACTION REQUIRED.
- Ed • Management Cash Compensation - President recommends that annual cash compensation for Edward J. Sackley III and David L. Hicks be established, retroactive to September 1, 1993, as \$104,000 salary and \$30,000 concurrent bonus, subject to review on January 1, 1995. Ed and Dave would be directed to deliver, at minimum, CRG financial performance consistent with the revenue and expense projections set forth in the *Business Plan* developed in connection with the Air-Borne/Hicks merger proposal. A compensation review would be undertaken, and the Board would initiate any desired compensation revisions, on or about January 1, 1995. DISCUSSION AND BOARD ACTION REQUESTED.

Non-Cash Compensation -

Vehicles - Prior to the merger, Hicks Broadcasting Corporation, through broadcast trade agreements, provided vehicles for its President, David L. Hicks, and Station Manager, Robert Miller. CRG also assumes the cost of registering, insuring, maintaining and operating these vehicles. The Air-Borne Group, Ltd. had no such vehicle arrangements. The vehicles are presently leased by CRG and assigned to Dave and Bob for their unlimited business and personal use. Management will terminate the vehicle lease arrangement for Bob Miller in the near future. Personal use of these vehicles is a significant, if not majority, portion of their total use. That personal use clearly represents compensation under IRS rules and effectively provides additional compensation to the employees outside cash wage payments. CRG Business Manager, Marilyn White, has stated to the President that the Corporation's accounting firm, BDO Seidman, annually determines a value for the vehicles assigned to Dave and Bob, and that that amount is included in the W-2 furnished to each individual.

Expense Account - Items of a personal nature which had been treated as Hicks expense account transactions prior to the merger were identified during the due diligence review. These include country club, dining club, travel, lodging, automobile, personal items and other expenses that were paid by credit card and Company check. To the extent that these items, or any other items, are not legitimate business expenses for federal income tax purposes, they must be segregated from deductible items and reported as income to the employee for 1993. Additionally, these expenses must not be charged to the Company in the future.

Management recommends the CRG Board review and approve non-cash compensation, especially for Dave and Ed. Management requests the CRG board establish vehicle, personal expense account and other guidelines for Dave and Ed who will, in turn, establish similar guidelines for other employees. **DISCUSSION AND BOARD ACTION REQUIRED.**

- **Company-Provided Vehicles/Vehicle Expense for Senior Management** - Both Dave and Ed have historically accumulated significant business-related mileage. While Dave has been provided with a Company-owned vehicle and attendant expenses during his tenure with WKFR, Ed has driven a personally-owned vehicle and has not claimed any expenses to-date. With the merger, this inconsistency must be addressed. The President recommends that a Company-provided vehicle policy be established by the Board for Dave and Ed. A cash-equivalent monthly vehicle expense limit should be established that would include lease expense, registration, insurance, maintenance, gasoline allowance and other vehicle-related expenses. Of course, both Dave and Ed would have to comply with IRS guidelines for contemporaneous record keeping and delineation of personal versus business mileage. Any trade expense arrangement should not exceed two times the cash value. Any amount in excess of that agreed upon would be the personal responsibility of Dave or Ed.
- **Disability Payments for Senior Management** - In the event that either Ed or Dave becomes disabled, the Company would likely continue scheduled compensation for some period of time. That period needs to be determined in order to assist Ed and Dave in planning their personal disability insurance programs and to ensure an orderly transition should a disability prove long-term. **DISCUSSION AND BOARD ACTION REQUESTED.**

10/14/93
ED
Marilyn White
1/19/93

- **Designation of Chief Executive Officer and Assignment of Operational Titles** - It is certainly understood that the merger of Hicks Broadcasting Corporation and The Air-Borne Group, Ltd. resulted from a collaborative effort involving Dave and Ed. From a philosophical standpoint, Dave and Ed are committed to sharing the responsibility for success of the venture and managing for that success. Early in the merger discussions, Dave indicated his interest in focusing primary attention on the sales side of the business, drawing on his expertise as a career sales manager, general manager and station owner. Ed was very comfortable with that approach, given his interest in concentrating on programming, promotion and administrative areas. From a legal and practical standpoint, however, there must be a designated Chief Executive Officer. In the operational environment, it would be awkward not having a single individual designated as General Manager. Also, given the division of the WRKR and WKFR sales staffs and their separate local sales managers, designation of a General Sales Manager would also be in order. The President recommends that he be assigned the additional responsibilities of Chief Executive Officer and the title of General Manager, and that Dave be given the title of General Sales Manager. Although it is awkward to raise this issue given the nature of our personal partnership, it is imperative that appropriate legal and operational responsibilities be delineated at this time.
- **Outside Ownership and/or Quasi-Ownership of Additional Broadcast Properties** - Dave has indicated that discussions have taken place involving possible involvement by him, personally, in the transfer and assignment of the license of another broadcast facility or facilities. This would be undertaken in connection with a planned subsequent transfer to a third party. The President requests that full details regarding any such activity, planned or actual, be provided on a regular basis and that the opinion of an FCC attorney be obtained by Dave, at no cost to CRG, relative to the potential impact of such a transfer or assignment on CRG. That opinion, and a review period of no less than 3 business days, must be provided before Dave enters into any written or oral agreement or option. Indeed, such notification and legal opinion should be required of any CRG officer, director or shareholder contemplating any outside broadcast transaction. **DISCUSSION AND BOARD RECOMMENDATION REQUESTED.**
- **EEO Concerns and Minority-Oriented Programming** - CRG currently has no full-time minority employees and just yesterday hired a part-time minority board operator. The FCC's EEO guidelines require that we employ at least two full-time minority individuals. As license renewal approaches in 1996, we must accelerate our efforts to recruit and employ qualified minorities. An opportunity to do just that has presented itself. As an outgrowth of The Air-Borne Group, Ltd.'s and now CRG's Equal Employment Opportunity and Affirmative Action Program efforts, the President has been approached by representatives from the minority community regarding the re-establishment of limited minority-oriented programming on WKMI. During the mid-80's, WKMI did feature a youth-oriented Urban format during evening hours. For over a year, the minority community and many members of the general community enjoyed the Urban Contemporary ("UC") programming on WUBU-FM, Portage. The sale of that property resulted in the switch to an Oldies format and triggered a tremendous outcry in the Kalamazoo community. That UC programming, which appeals to a 25-54 Adult demographic, has not been replaced in the market. WKMI has an opportunity to accomplish two goals in providing UC programming on a part-time basis. First, the community has shown that it does respond to the format in significant numbers. By proposing evening hours on WKMI for locally-produced UC programming, the sponsors hope to maximize the value of the daypart given the limited nighttime service area and its good coverage of the geographic area that contains the highest percentage minority citizens. The public relations value of such a programming move should not be underestimated, as it

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would reflect most favorably upon CRG, its owners, management and staff. By sharing the vision of its sponsors, CRG would exemplify the type of cooperation required between diverse groups in our community and serve as a catalyst for further dialogue and understanding. Secondly, a well-planned and executed UC format offering, even on a limited basis utilizing a restricted low-power nighttime signal, may very well yield financial and ratings success for WKMI and CRG. In the mid-80's, WKMI enjoyed some ratings success with Urban programming. In one Arbitron survey, the WKMI nighttime audience exceeded even that of WKFR on a total audience basis. In its heyday, it consistently produced top five rank in its daypart even with a limited nighttime signal. Current research from Katz Radio for UC-formatted AM stations shows phenomenal time spent listening figures and over 56% of its target audience in the all-important 25-54 Adult demographic cell. With a 7:4 female to male ratio and median age of 40, the niche format complements the WKMI audience in other dayparts. The proposal offered by the UC format sponsors calls for programming on 4 or 5 nights per week, beginning at 8 p.m. and running until Midnight. It would be subject to pre-emption by all WKMI sports programs. All programming would be locally-originated and would contain no hard rap music. Community information, limited phone calls and special event programming would supplement the adult-targeted Urban Contemporary, Light Jazz and Blues musical offerings. The air staff would be employed on a part-time basis by CRG and would likely make sales calls as well. The two individuals who have approached CRG are stable and well-respected in the community. They also have the support of a number of local black leaders, including the President of the Kalamazoo Chapter of the NAACP. The addition of music programming would increase the limited music licensing fees paid by WKMI, but BMI and ASCAP representatives have calculated that amount to be less than \$7,500 annually. Incremental sales revenues should more than offset the cost of salaries and additional music license fees. The President recommends that CRG seriously consider the addition of limited UC programming between 8 p.m. and Midnight 4 or 5 nights per week to begin as soon as possible. It may appear inconsistent with the News/Talk fare broadcast during other dayparts, but it is a good fit demographically and, because of the adult orientation, would not drive daytime listeners away.

INFORMATION ONLY.

Board Member General Time

Adjournment

Crystal Radio Group, Inc.

Board of Directors Meeting

September 28, 1993

The meeting was called to order at 9:50 a.m.

Board Members Present: Hicks, Sackley Sr., Sackley III, J. Sackley, Strandin and Brown. Board Members Absent: None. *Quorum Established.*

General Comments

There was discussion of some programming, staff and facility changes made at each station, as well as discussion of the consolidation of staffs at Jennings Drive. Financial performance for the first month of the combined entity will be available within a few weeks. This data will be provided to each director.

Air-Borne Dissenting Shareholders Liability

Ed III discussed the liability to the two Air-Borne shareholders who dissented from the merger. The Company has the option to seek bank financing or may ask the dissenting shareholders to accept a note for a portion of the balance due. Mark Rubin has already indicated to Ed III that he would be amenable to such a deferred payment arrangement, if necessary. The dollar amount of the liability cannot be determined until the Air-Borne books are closed and a value is established as of August 31, 1993.

Banking Matters

It was moved by Brown, seconded by Strandin and approved by the Board as to the following:

1. Recommend amendments to Shareholders' Agreement providing for Sackley Sr.'s ability to transfer stock to his children. In addition, the amendment would extend time for closing of a sale following death of a shareholder.
2. To establish bank accounts and After Hours Depository Agreement.
3. To permit Chairman and President to amend deposit account signatures as needed without pre-approval by the Board.
4. To adopt The Air-Borne Group, Ltd. 401(k) Plan for all CRG employees. Employees of Hicks Broadcasting pre merger would be eligible to participate as of January 1, 1994.
5. To adopt The Air-Borne Group, Ltd. Dental Expense Reimbursement Plan for all CRG employees. Hicks employees are eligible for dates of service after August 31, 1993. Plan year is a calendar year.

Motion Approved.

Director Reimbursement

It was moved by Brown and seconded by J. Sackley to permit out-of-town directors to be reimbursed for reasonable travel expenses. *Motion Approved.*

Compensation of Executive Management

It was moved by Sackley Sr. and seconded by Brown to compensate Hicks and Sackley III at a salary level of \$104,000 and bonus of \$30,000. The amounts would be reviewed by the Board at the first meeting following January 1, 1995. *Motion Approved.* Hicks, Sackley III and J. Sackley abstained.

September 28, 1993

Vehicles

It was moved by Brown and seconded by Strandin that Sackley III would receive \$600 per month cash car allowance, effective September 1, 1993. The Company will continue the lease and insurance arrangements on the Cadillac until the existing lease expires in April, 1994, but Dave will pay for all of his gas, both business and personal. Management was directed to recommend a long-term vehicle plan at the January, 1994 meeting. *Motion Approved.* Hicks and Sackley III abstained.

Disability/Sickness Benefits

It was moved by Strandin and seconded by Sackley Sr. that in the event Hicks or Sackley III is unable to work due to sickness or accident, CRG will continue paying the employee's salary for a period of four months. *Motion Approved.* Hicks and Sackley III abstained. The Board directed management to explore the possible purchase of disability insurance for Hicks and Sackley.

Designation of Titles

It was moved by Strandin and seconded by Sackley Sr. that Sackley III be designated as President, Chief Executive Officer and General Manager and that Hicks be designated as Chairman, Executive Vice-President and Director of Sales. *Motion Approved.*

Outside Ownership

The Board briefly discussed its expectation that outside broadcast business interests by CRG employees be disclosed to and reviewed by the Board.

EEO Concerns and Affirmative Action Efforts

Sackley III outlined efforts to locate and recruit minority candidates and also the retention of minority employees hired in the past. He presented an idea to introduce minority-produced programming on WKMI during the evening hours. Under consideration is a plan designed by two local individuals who expressed an interest in developing an Urban Contemporary format. The Board strongly encouraged continued efforts to find ways to include minorities on CRG's staff.

Meeting Schedule

The Board agreed to meet on Friday, January 28, 1994 at 12:00 Noon. The future meeting schedule will be adopted at that time.

The meeting was adjourned at 1:10 p.m.

Respectfully submitted,

Janice J. Sackley
Secretary

Orleans; WODZ-AM-FM Rome, N.Y., and WZOQ-FM Wapakoneta, Ohio. Seller owns KCKN(AM)-KBCQ-FM Roswell, N.M.; WWSR-AM-FM Charleston, W.V.; WPHR-FM Cleveland; WZOU-FM Boston; WCIB-Falmouth, Mass.; WIRA(AM)-WQVW-FM Fort Pierce, Fla., and KKCJ(FM) Liberty, Mo. WOGY-FM has easy listening format on 94.3 mhz with 3 kw and antenna 300 ft. Filed Dec. 13, 1993 (BALH931213GP).

WFXL(TV) Albany, Ga. □ Purchased by SGA Associates Inc. (R. Douglas Oliver) from Walter W. Kelley, trustee for New South Broadcasting, for \$1.9 million. Buyer and seller have no other broadcast interests. WFXL is Fox affiliate on ch. 10 with 316 kw visual, 43.6 kw aural and antenna 964 ft. Filed Dec. 15, 1993 (BALCT931216KM).

WCYK-AM-FM Crozet, Va. □ Purchased by Clark Broadcasting Co. (Michael L. Douglass) from High Communications Partnership (Terry C. Kile) for \$1.17 million. Buyer and seller have no other broadcast interests. WCYK(AM) is 1 kw daytimer with country format on 810 khz. WCYK-FM has country format on 102.3 mhz with 4.9 kw and antenna 360 ft. Filed Dec. 10, 1993 (AM: BAL9-3:210GV; FM: BALH931210GM).

KEPS(AM)-KINL-FM Eagle Pass, Tex. □ 50% interest purchased by Willis Jay Harpole from Mary E. Harpole, both of Eagle Pass Broadcaster's Inc., for \$1.06 million. Buyer and seller own KVOU-KYUF Uvalde and KVOZ-KOYE Laredo, both Texas. KEPS is 1 kw daytimer with Tejano format on 1270 khz. KINL-FM has adult contemporary format on 92.7 mhz with 3 kw and antenna 255 ft. Filed Nov. 17, 1993 (AM: BTC-931117EB; FM: BTCH931117EC).

WCKU-FM Nicholasville, Ky. □ Purchased by Clark Broadcasting Co. (A. James Clark) from High Communications Partnership (Terry C. Kile) for \$875,000 (see WCYK(AM) Crozet, Va., item above). WCKU-FM has urban contemporary format on 102.3 mhz with 3 kw and antenna 300 ft. Filed Dec. 10, 1993 (BALH931210GW).

WRBR(FM) South Bend, Ind. □ Purchased by Hicks Broadcasting of Indiana (David Hicks) from Booth American Co. (John Booth) for \$660,000. Buyer owns WKMI(AM) Kalamazoo, WKFR(FM) Battle Creek and WRKR(FM) Portage, all Michigan. Seller owns WSGW(AM)-WIOG(FM) Saginaw-Bay City, Mich.; WZPL(FM) Indianapolis, and WTOD(AM)-WKKO(FM)/WRED(FM) Toledo, Ohio. WRBR has oldies format on 103.9 mhz with 3 kw and antenna 328 ft. Filed Nov. 30, 1993 (BALH931222GE).

WCBH(FM) Casey, Ill. □ Purchased by Ellingham Broadcasting Co. (Joseph McNaughton) from Casey Broadcast

Group Inc. (M.N. Sholar) for \$400,000. Buyer owns WRMN(AM)-WJKL-FM Elgin and WBIG(AM) Aurora, both Illinois, and WBEV(AM)-WXRO-FM Beaver Dam and WYKY-FM Columbus, both Wisconsin. Seller has no other broadcast interests. WCBH has classic hits format on 104.3 mhz with 11.2 kw and antenna 495 ft. Filed Dec. 9, 1993 (BALH-931222GF).

KSEL-AM-FM Portales, N.M. □ Purchased by Bergman Broadcasting Co. Inc. (Sandi Bergman) from James and Mona Boles for \$400,000. Buyer has no other broadcast interests. Seller owns KPOS-AM-FM Post, Tex. KSEL(AM) has adult contemporary/country/oldies format on 1450 khz with 1 kw. KSEL-FM has C&W format on 95.3 mhz with 6 kw and antenna 300 ft. Filed Dec. 2, 1993 (AM: BAL-931206EA; FM: BALH931206EB).

KIOO-FM Porterville, Calif. □ Purchased by Buckley Broadcasting Corp. of the San Joaquin Valley (Richard D. Buckley Jr.) from Double M Broadcasting Inc (Monte Moore) for \$360,000. Buyer owns KMGX-FM San Fernando, KNZR(AM) Bakersfield, KLLY-FM Oildale, KKH-AM-FM San Francisco, KLBB-FM Mariposa and KSEQ-FM Visalia, all California; WOR(AM) New York and WFBL(AM)-WSEN-FM Baldwinsville, both New York, and WDRG-AM-FM Hartford, Conn. Seller owns KTIP (AM) Porterville, Calif. KIOO-FM has adult top tracks format on 99.7 mhz with 24 kw and antenna 690 ft. Filed Dec. 10, 1993 (BALH-931210GN).

WSV(FM) Petersburg, Va. □ 55% stock transferred to Walton M. Belle and Charles E. Cummings from Sandra M. Adair Vaughan for \$250,000. Buyer owns WREJ(AM) Richmond, Va. Seller has no other broadcast interests. WSV has adult contemporary format on 100.3 mhz with 3 kw and antenna 328 ft. Filed Dec. 1, 1993 (BTCH931217GH).

KEVA(AM)-KOTB(FM) Evanston, Wyo. Purchased by Rocky Mountain Radio Network Inc. (David B. Smith) from Evanston Broadcasting Co. Inc. (Bret Lambert) for \$200,000. Buyer has no other broadcast interests. Seller owns WSTJ(AM)-WNKV(FM) St. Johnsbury, Vt., and WIKE(AM) Newport, Va. KEV has adult contemporary format on 124 khz with 1 kw. KOTB has country format on 106.3 mhz with 110 w and antenna 1,523 ft. Filed Nov. 24, 1993 (AM: BAL 931206EC; FM: BALH931206EB).

WLRZ-FM Peru, Ill. □ Purchased by Valley Plus Broadcasting Inc. (Wayne F Ulrich) from Starved Rock Radio Project Inc. (Thomas N. Spaight) for \$150,000. Buyer has no other broadcast interests. Seller has interests in KRNA Iowa City Iowa. WLRZ-FM has classic rock format on 100.9 mhz with 1.15 kw and antenna 518 ft. Filed Dec. 13, 1993 (BALH 931213GQ).

KWDS(AM) Prescott Valley, Ariz. □ Purchased by Prescott Valley Broadcasting Co. (Sanford and Terry Cohen) from Oasis International Communications (Michael Macintosh) for \$75,000. Buyer owns KIHX-FM Prescott Valley, Ariz. Seller has no other broadcast interests. KWDS is 1 kw daytimer with religious format on 1130 khz. Filed Nov. 15, 1993 (BAL931005EE).

KMBY(AM) Capitola and KMBY(FM) Seaside, both California □ Purchased by Almor Properties Inc. (Lee Shubert, trustee) from KMBY Inc. (Stephen M. Adams) for \$3 million to \$4 million. Buyer owns KAMA(AM)-KAMC-FM El Paso and KLLL-AM-FM Lubbock, both Texas; WRNS-AM-FM Kinston, N.C.; WSOY-AM-FM Decatur, Ill.; WYAV(FM) Conway, S.C., and WYNG-FM Evansville, Ind. Seller has no other broadcast interests. KMBY(AM) has Kool Gold format on 1540 khz with 10 kw. KMBY(FM) has AOR format on 107.1 mhz with 860 w and antenna 804 ft. Filed Dec. 10, 1993 (AM: BAL931210GZ; FM: BALH-931210HA).

WAYV-FM Atlantic City, N.J. □ Purchased by Osborn Communications Corp. (Frank Osborn) from Radio WAYV Inc. (Robert Forrest) for an estimated \$2 million to \$3.6 million, plus assumption of debt valued at \$3 million. Debt to be assumed at subsidiary level. Buyer owns WAZU(FM) Springfield, Ohio; WBYB-FM Brunswick, Ga.; WFXK(FM) Tarboro, N.C.; WJSU-TV Anniston, Ala.; WNDR(AM)-WNTQ(FM) Syracuse, N.Y.; WWA(AM)-WQVK(FM) Wheeling, W.Va., and WTJS(AM)-WTVN(FM) Jackson, Tenn. Seller has no other broadcast interests. WAYV-FM has adult contemporary format on 95.1 mhz with 20 kw and antenna 300 ft. Filed Dec. 13, 1993 (BALH931213GG).

Proposed station trades

By dollar volume and number of sales

This week:

AM's □ \$75,000 □ 1
 FM's □ \$28,945,000 □ 16
 Combos □ \$47,055,000 □ 9
 TV's □ \$5,400,000 □ 2
 Total □ \$81,475,000 □ 22

So far in 1994:

AM's □ \$445,000 □ 3
 FM's □ \$59,215,000 □ 22
 Combos □ \$58,220,000 □ 17
 TV's □ \$35,900,000 □ 4
 Total □ \$153,790,000 □ 46

For 1992 info see Feb. 1, 1993 BROADCASTING.

CRYSTAL RADIO GROUP, INC.

MINUTES OF BOARD OF DIRECTORS MEETING

JANUARY 28, 1994

Present: David Hicks, Edward Sackley III, John Strandin, Eric Brown, Jan Sackley, and Ed Sackley Sr.

Approval of Minutes. Brown moved and Strandin seconded a motion to approve the minutes of the previous Board meeting held

Election of Officers: Brown moved and Sackley Sr. seconded a motion to reelect all officers as follows:

Edward Sackley, President and Chief Executive Officer
David Hicks, Chairman of the Board of Directors, Treasurer
and Director of Sales
John Strandin, Vice-President
Jan Sackley, Secretary

Motion Passed.

Vehicles. After discussion of the cost to the company for the four leased vehicles, a motion was made by Brown and seconded to grant Ed and Dave a \$400 cash allowance, or \$800 trade allowance per month for a vehicle, including all insurance expense. Gas and maintenance are not the company's responsibility. The new car allowance will be effective May 1, 1994. ***Motion passed.*** No vehicle was authorized for Bob Miller. The WRKR van was just purchased and the WKFR van is on a lease.

Disability Coverage. There was no change made to the previous decision to allow four months' continued salary in the event of illness for Ed or Dave.

Hicks Private Transaction. Dave explained the transaction recently filed with the FCC involving his 51% ownership of Hicks Broadcasting of Indiana, LLC, purchaser of WRBR, South Bend, Indiana from Booth American Company. The Board reminded Dave of the previous instruction to furnish to Crystal Radio a legal opinion from an FCC attorney on the possible impact of the transaction on Crystal Radio. The Board also discussed the ramifications of WRBR having FCC violations, the possible need for an indemnification from Dave if so advised by legal counsel, and clarification that this activity was not to in anyway interfere with Dave's responsibilities at Crystal Radio. Dave acknowledged understanding of these points and agreed to arrange for Dick Zaragoza to review the transaction as soon as Hicks Broadcasting of Indiana completes a Shareholders Agreement between all of its owners. Eric Brown agreed to assist Dave with obtaining the opinion, which is not to be an expense of Crystal.

Dissenting Air-Borne Shareholders. Ed explained that Fruin and Rubin had sent a demand for payment in accordance with their rights under Michigan law for the shares of Air-Borne which they owned. A partial payment has been made to each of them, with the balance to be determined after Air-Borne's financials are completed as of August 1993. It was discussed that the Holt Media appraisal cannot be used to determine the station value for the following reasons: a) it was as of 12/31/92 and significant changes occurred during the first eight months of 1993 which had a negative impact on WRKR's sales trends; b) the appraisal was done for bank financing purposes which uses different projection methods than a purchaser appraisal would use, and the appraisal is expressly noted to be invalid for any other purpose; c) the appraisal contained some gross oversights and thus was not relied upon by Air-Borne and Hicks during merger negotiations; and d) the appraisal of WRKR was done as a piece of a duopoly transaction, not as an independent stand alone which has a significant impact on values customarily used by the industry. Ed said that Hungerford, Aldrin, Nichols & Carter would be finalizing the books and then an independent appraisal would probably be sought, or another documented method of determining value.

Sales Review. Dave distributed and discussed information regarding the actual vs projected sales revenue figures. He also discussed Crystal's relative standings overall in the Kalamazoo market with respect to share of radio advertising dollars.

Misc. Ed and Dave briefly mentioned ratings results for the fall Arbitron, alternate financing methods offered by Michigan National, the hiring of an Operations Manager, Rick Belcher, and the positive response to the offering of the company's 401(k) Plan.

The date of the next meeting was set for July 15, 1994.

The meeting was adjourned at approximately 6:30 p.m.

Respectfully submitted,



Janice J. Sackley, Secretary

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CRYSTAL RADIO GROUP, INC.

SHAREHOLDERS MEETING

JANUARY 28, 1994

The meeting was called to order at 3:05 p.m. Present were the following shareholders: David Hicks, Edward Sackley Sr, Trustee, Edward Sackley III, Trustee, John Strandin, and Janice J. Sackley, Trustee. Eric Brown was a guest.

Election of Directors: Strandin moved and Sackley III seconded a motion to reelect the existing slate of Directors as follows:

David Hicks, Director and Chairman
Edward Sackley, III, Director
John Strandin, Director
Edward Sackley Sr., Director
Janice Sackley, Director
Eric Brown, Director

Motion Passed.

Annual Meeting. Jan Sackley moved and Sackley III seconded a motion to hold future annual shareholders meetings the first Friday of each April, with the next meeting to be held in April, 1995. *Motion passed.*

Respectfully submitted,

Janice J. Sackley
Janice J. Sackley, Secretary

IRWIN, CAMPBELL & CROWE, P.C.

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April 5, 1994

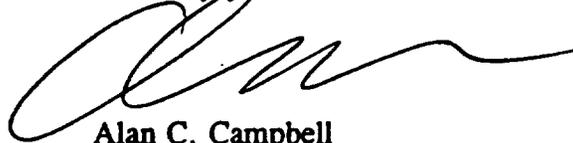
Mr. Edward J. Sackley, III
Crystal Radio Group, Inc.
4154 Jennings Drive
Kalamazoo, MI 49001

Re: WRBR

Dear Mr. Sackley:

In accordance with Ric Brown's request, here is the original of my March 31 opinion letter. There is one change from the fax version you saw. On page one, the date of the FCC grant of the WRBR assignment has been changed from March 17 to March 16, 1994.

Cordially yours,



Alan C. Campbell

Enc
cc/enc Eric V. Brown, Jr., Esquire:

IRWIN, CAMPBELL & CROWE, P.C.

ATTORNEYS AT LAW
1320 EIGHTEENTH STREET, N.W.
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ALAN C. CAMPBELL
(202) 728-0003

March 31, 1994

Crystal Radio Group, Inc.
4154 Jennings Drive
P.O. Box 50911
Kalamazoo, MI 49005-0911

Re: Station WRBR-FM, South Bend, Indiana

Gentlemen:

You have asked our opinion concerning the proposed ownership interests and participation of David L. Hicks ("Hicks") in radio station WRBR-FM, South Bend, Indiana, and whether that ownership and participation would have an adverse impact on Crystal Radio Group, Inc.'s operations.

By way of background, the Federal Communications Commission ("FCC" or "Commission") approved the assignment of the WRBR-FM licenses to Hicks Broadcasting of Indiana, LLC ("Hicks Broadcasting") on March 16, 1994. BALH-931222GE. Hicks holds a 51% membership interest in Hicks Broadcasting and is the President and Chief Executive Officer of the company. The FCC assignment application also reported that Hicks is the Chairman and approximately 35% shareholder of Crystal Radio Group, Inc. ("Crystal"), which is the licensee of radio stations WKMI(AM) Kalamazoo, WKFR(FM), Battle Creek, and WRKR(FM), Portage, Michigan.

As further disclosed in the FCC assignment application, there are three additional members of Hicks Broadcasting, each with a 16.33% membership interest - Sarah D. Dunkel, Alec C. Dille and John F. Dille, IV (collectively the "Dille children"). The Dille children are not officers or directors of Hicks Broadcasting and, in accordance with Section 73.3555 of the FCC rules, 47 C.F.R. §73.3555, do not have attributable interests in Hicks Broadcasting. It is our understanding that the Dille children will not be involved in the operation of WRBR-FM.

The FCC assignment application further noted that each of the Dille children is a less than 1% shareholder in Truth Publishing Company, Inc. ("Truth") which publishes a daily

Crystal Radio Group, Inc.

March 31, 1994

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newspaper in Elkhart, Indiana (The Elkhart Truth) and that they are the adult children of John F. Dille, IV ("John Dille").¹ John Dille is the 94% voting shareholder of Pathfinder Communications Corporation ("Pathfinder"), which, among other things, is the licensee of radio station WLTA-FM, Elkhart, Indiana. The FCC assignment application also noted that each of the Dille children has a less than 10% beneficial stock interest in Pathfinder, and that none of the Dille children is an officer, director or employee of Pathfinder. The FCC staff processing the assignment application did not request a copy of the JOA. The FCC staff requested and received a statement from John Dille that he would not be involved in the day-to-day operation of WRBR-FM.²

Finally, the FCC assignment application advised the Commission that Pathfinder and the assignor of WRBR-FM, Booth American Company ("Booth") had entered into a Joint Sales Agreement dated December 18, 1992 (the "JOA"), involving joint administrative, marketing and sales operations between WRBR-FM and WLTA-FM, and that the JOA would be assigned to Hicks Broadcasting at the closing. The Asset Purchase Agreement which was filed with the FCC assignment application provided that the assignment of the JOA to Hicks Broadcasting was a condition of closing.³

Based on the above and such review of the rules and regulations of the FCC as we deem necessary, and further based upon discussions with FCC personnel and counsel for Booth prior to the date the FCC assignment application was filed, it is our opinion that the acquisition of WRBR by Hicks Broadcasting is properly authorized by the FCC and in accordance with the applicable rules and regulations of that agency, and operation of WRBR-FM pursuant to and in accordance with the JOA after the closing is consistent with the rules and regulations of the FCC.

You have also asked our opinion whether future FCC rule violations occurring in connection with the operation of WRBR will have an adverse impact on Crystal. Obviously, this question is generated by the fact that a principal of Crystal, Dave Hicks, will be the controlling owner of WRBR-FM.

¹ For convenience, attached hereto is a copy of Exhibit 2 to the FCC assignment application which details the media ownership interests of John Dille and the Dille children.

² The statement also was submitted on behalf of John Dille's father, John F. Dille, Jr., who has attributable ownership interests in Truth and Pathfinder.

³ The JOA itself was not filed with the FCC assignment application. The FCC rules do not require the filing of joint operating agreements similar to the JOA unless they involve programming in addition to administrative and sales activities.

Crystal Radio Group, Inc.
March 31, 1994
Page 3

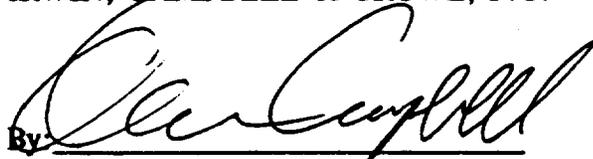
In its *Policy Regarding Character Qualifications in Broadcast Licensing*, 102 FCC 2d 1179 (1986), *recon. granted in part, denied in part*, 1 FCC Rcd 421 (1986), *modified*, 5 FCC Rcd 3252 (1990), the Commission addressed character issues relating to the multiple ownership of stations. The Commission stated that "there should be no presumption that misconduct at one station is necessarily predictive of the operation of the licensee's other stations." *Id.* at ¶ 92. However, the Commission warned that "some behavior" may be so "fundamental" to a licensee's operation that it could be relevant to its qualifications to hold any FCC license. *Id.* The limits of the issue would be considered to be a question of fact, that will be decided on a case-by-case basis. *Id.* Thus, it is possible that misconduct in the operation of WRBR-FM that is attributable to Hicks could be so fundamental that it could impact on Crystal through his attributable interests in Crystal; however, such misconduct would need to be extreme and it is not possible to define the parameters of such misconduct in advance.

We have acted as special communications counsel to Hicks Broadcasting in connection with the acquisition of WRBR-FM, and the filing and prosecution of the FCC assignment application. We also serve as special communications counsel to Pathfinder and Truth.

We are qualified to practice law in the District of Columbia and we do not purport to express opinions herein concerning the laws of any jurisdiction other than the United States of America. This opinion is limited to the matters stated herein and no opinions may be implied or inferred beyond the matters expressly stated herein. We have assumed no obligation to advise you beyond the opinions specifically expressed herein. The conclusions stated herein are as of the date of this letter and we undertake no obligation to advise the parties of any changes that may occur thereafter.

This opinion is solely for your benefit and may not be quoted in whole or in part or otherwise referred to, nor may it be filed with or furnished to any governmental agency or other person, without the prior written consent of this firm. This letter may not be relied upon by any other person for any purpose whatsoever.

Very truly yours,
IRWIN, CAMPBELL & CROWE, P.C.

By: 
Alan C. Campbell, Principal

Enc

FAX TRANSMITTAL FORM

DATE: 1-6-95

TO: DAVE HECKS

MEMO: _____

NUMBER OF PAGES (Including Cover Sheet): 3

PLEASE CONTACT US IMMEDIATELY IF YOU DO NOT RECEIVE ALL PAGES TRANSMITTED.

THANK YOU.

BOB WATSON

Telephone: (219) 294-1661
FAX Number: (219) 294-6477

Western Montana Radio Network

**WE DELIVER
CUSTOMERS.**

Fax Message
1/3/95

To: Bob Watson
Federated Media
Elkhart, Indiana
219-295-2500
fax 219-294-4014

From: Rod Harsell
Sign Marketing Group
Missoula, Montana
800-597-7147
fax 406-721-9026

Re: Extentsion of Kalamazoo 2nd & 3rd payments

Total pages including cover, 2

Dear Bob,

I spoke with Kathi Olson in my office last week regarding the extension of the 2nd and 3rd payments for the Kalamazoo, Michigan market.

Federated Media has been a good customer and we are glad to be able to extend the (2) Kalamazoo payments to the following:

| | | |
|----------------|------------|--------|
| Second Payment | \$7,083.83 | 4/1/95 |
| Final Payment | 7,083.33 | 5/1/95 |

KYSS/FM

WJZZ

WJZZ

SIGN PRO

**Marketing
GROUP INC.**

2621 Brooks Street, Missoula, MT 59801 406/728-0518 fax 406/721-9026