

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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MAY 21 2001

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In re Applications of)	MM Docket No. <u>99-153</u>
)	
READING BROADCASTING INC.)	File No. BRCT-940407KF
)	
For Renewal of License of Station)	
WTVE(TV), Channel 51,)	
Reading, Pennsylvania)	
)	
and)	
)	
ADAMS COMMUNICATIONS)	File No. BPCT-940630KG
)	
For Construction Permit for a)	
New Television Station On)	
Channel 51, Reading,)	
Pennsylvania)	

To: The Commission

SECTION 1.65 STATEMENT

Reading Broadcasting, Inc., by its counsel and pursuant to Section 1.65 of the Commission's Rules, hereby provides notice that Michael L. Parker has resigned as an officer and director of RBI and assigned to Frank D. McCracken all rights in a certain irrevocable proxy coupled with an interest granted by Henry N. Aurandt, et. al. entitling the holder to vote 109,336 shares of RBI stock, representing 8.41% of the issued and outstanding shares of the company. At the same time, Partel, Inc. conveyed to the RBI Voting Trustee, Irvin Cohen, Trustee, 393,680 shares of voting stock in RBI, representing 30.283% of the issued and outstanding share of the

company, subject to a final resolution of Michael Parker's qualifications in this proceeding. At the same time, Partel, Inc. conveyed 81250 shares of voting stock in RBI, representing 6.25% of the issued and outstanding shares in the company, to Harvey L. Massey, as assignee of a warrant originally issued to Meridian Bank. At the same time, Partel, Inc. and RBI agreed to terminate the Management Services Agreement between them, effective as of May 18, 2001.¹

Pursuant to the foregoing actions, Michael L. Parker will not hold an attributable interest in RBI unless and until he is deemed qualified to be licensee of the Commission, at which time he will be entitled to vote the stock placed in the RBI Voting Trust.

Respectfully submitted,

READING BROADCASTING, INC.

By Thomas J. Hutton

Thomas J. Hutton
Eric Fishman
C. Dennis Southard, IV

¹ All of the foregoing actions were agreed in principle as of May 18, 2001 and were executed on that date or today, with the exception of the Voting Trust Agreement, which has been executed by Partel, Inc., but has not yet been executed by Irvin Cohen, Trustee, due to his travel schedule. All of the actions described herein are effective as of May 18, 2001.

Holland & Knight, LLP
2099 Pennsylvania Avenue, N.W.
Suite 100
Washington, DC 20006-6801
May 21, 2001



READING BROADCASTING, INC.
WTVE (TV)

1729 NORTH 11TH STREET
READING, PENNSYLVANIA 19604

PHONE: (610) 921-9131
FACSIMILE: (610) 921-9139
URL: www.wtve.com

E-MAIL:

mikep@wtve.com

May 18, 2001

George A. Maltmillar, Jr.
Secretary
Reading Broadcasting, Inc.
1729 North 11th Street
Reading, Pennsylvania 19604

Re: *Resignation*

Dear George:

By this letter, I give you notice of my resignation as president and a member of the Board of Directors of Reading Broadcasting, Inc., effective at the close of business Reading time on Friday, May 18, 2001.

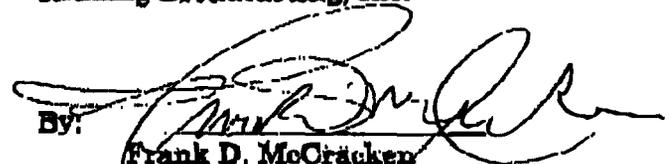
Very truly yours,

Micheal L. Parker

Termination of Management Services Agreement

Reading Broadcasting, Inc. and Partel, Inc. hereby confirm that the Management Services Agreement between them has been terminated as of May 18, 2001.

Reading Broadcasting, Inc.

By: 
Frank D. McCracken
Executive Vice President

Partel, Inc.

By: 
Michael L. Parker
President

WAS10076101 v1

ASSIGNMENT OF PROXY

KNOW ALL PERSONS BY THESE PRESENTS that I, Michael L. Parker ("Assignor"), holder of a Proxy coupled with an interest granted on or about November 13, 1997, by Henry N. Aurandt, M.D., *et al.*, all stockholders holding interest jointly or severally in READING BROADCASTING, INC., entitling me to vote 109,336 of said shares, hereby assign all of my right to vote said shares pursuant to said Proxy to

Francis D. McCracken,

(hereinafter "Assignee") and I appoint him, with full power of substitution, the true and lawful attorneys and proxies of the proxy grantors for and in their name, place and stead in respect to such stock or any other stock received by the attorney or attorneys, or his or their substitute or substitutes, in said Corporation, or any other corporation or corporations in respect hereof, for the following purposes: to represent and vote for the undersigned at all meetings, regular or special, of said Corporation, or all special or regular meetings; to consent to and enter into any transaction, contracts, reorganization, recapitalization, dissolution, changes of name, or other acts of whatsoever kind or nature requiring the consent of stockholders or for which the consent of the stockholders is requested by the Corporation, and generally and without limitation because of the specific enumeration of authority hereby conferred, to do any and all acts and things that the undersigned might or could do in respect to such the stock in said Corporation, cash, securities or other consideration. The Proxy applies to 109,336 shares of the Company which, as of the date of this *Assignment of Proxy*, constitute 8.41% more or less of the total issued and outstanding shares of the Company, which number 1,300,000.

The underlying Proxy is coupled with an interest and is not revocable except according to its terms. The only limitation Assignor places on assignment of this Proxy is that Assignee may further assign the Proxy only to Robert H. Clymer, and -- if he is or becomes unable or unwilling to serve -- the Proxy may be further assigned only to Roger Longenecker, and -- -- if he is or becomes unable or unwilling to serve -- only then may the Proxy be assigned to another person, which person must have been a shareholder in Reading Broadcasting, Inc., in 1991.

But for the foregoing limitation, all of the rights, duties and entitlements of the aforesaid Proxy are assigned to the Assignee.

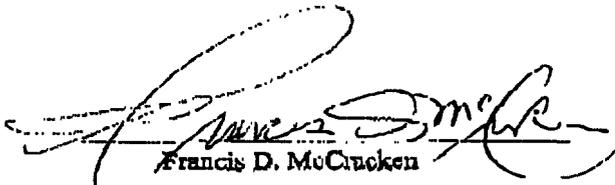
This *Assignment* is made in exchange for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by Assignor. This *Assignment* is executed in triplicate, with each deemed an original. An original signed version of this *Assignment* shall be delivered by Assignee to the Secretary of Reading Broadcasting, Inc., who shall note its receipt.

-- Assignment of Proxy, 1 of 2 Pages --

IN WITNESS, I have hereunto set my hand on May 18, 2001.


Michael L. Parker

Duties accepted:


Francis D. McCracken

Receipt Acknowledged:


George A. Matmiller
Secretary
Reading Broadcasting, Inc.

-- Assignment of Proxy, 2 of 2 Pages --

VOTING TRUST AGREEMENT

This *Voting Trust Agreement* ("*Trust Agreement*") is made and entered into this 18th day of May, 2001, by and between Partel, Inc., a Washington corporation, the principal office of which is 22720 S.E. 410th Street, Enumclaw, Washington 98022 (hereinafter referred to either as "Settlor"); and Irvin Cohen, 1505 Lorraine Road, Reading, Pennsylvania 19609 (hereinafter referred to as "Trustee").

WITNESSETH

WHEREAS, Reading Broadcasting, Inc. (hereinafter "RBI"), is a Pennsylvania business corporation which holds a license to operate commercial television station WTVH, Reading, Pennsylvania, issued by the FCC; and

WHEREAS, Settlor is a record owner of certain new voting common shares of RBI, represented by RBI Share Certificate 131A (393,680 shares) (hereinafter referred to as "Partel Stock"); and

WHEREAS, Settlor is aware that it has become important to maintaining or establishing the value of RBI's business and the preservation of the license to operate WTVE that Settlor and Michael L. Parker withdraw from any ability to manage, control or vote shares in RBI; and

WHEREAS, Settlor believes that it is important to the preservation of the value of its interest in RBI that Settlor assigns its shares of RBI stock to a voting trust administered by an independent person whose qualifications to be an owner of RBI have been and continue to be approved by the Federal Communications Commission ("FCC"); and

WHEREAS, Trustee is such an independent person whose qualifications to be an owner of RBI have been and continue to be approved by the Federal Communications Commission, and who is willing to administer a voting trust which owns shares belonging to Settlor;

NOW, THEREFORE, in consideration of the promises and of the mutual covenants, conditions and agreements set forth herein and for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Settlor and Trustee, intending to be legally bound, hereby agree as follows:

1. *Creation of RBI Voting Trust:* Subject to the terms and conditions hereof, a trust in respect to Three Hundred Ninety Three Six Hundred Eighty (393,680) shares of new voting common stock of RBI. Trustee hereby accepts the trust created hereby and agrees to serve as

trustee hereunder. This trust shall be known as the **RBI Voting Trust** and shall be irrevocable until terminated pursuant to Paragraph 5, *infra*.

2. *Assets to Be Conveyed; Assumption of Obligations*

(a) Upon execution of this *Trust Agreement* and upon prior consent of the FCC, if required, Settlor shall convey to the Trust and Trustee shall accept on behalf of the Trust Three Hundred Ninety Three Thousand Six Hundred Eighty (393,680) shares of new voting common stock of RBI known as Partel Stock, the ownership of which is evidenced by Certificate No. 131A issued by RBI (hereinafter "Trust Shares"). Settlor and Trustee acknowledge that all of the aforesaid Trust Shares are pledged to HLM Communications, Ltd. ("HLM"), successor-in-interest to Meridian Bank, a lender to RBI, and that One Hundred Twenty Nine Thousand One (129,001) shares are further subject to an option granted by Settlor to Philadelphia Television Network, Inc. ("PTN"), pursuant to an *Option Agreement* among Settlor, RBI, certain other parties and PTN. Settlor acknowledges that the Trust Shares may be lost in the event that RBI is found in default of certain loan agreements with HLM, and that Trustee may be compelled to sell certain of the shares for a pre-determined price to PTN in the event that PTN is able to exercise its option. The Trustee shall cooperate to the same extent as any other shareholder of RBI is required to cooperate in assuring compliance by RBI with respect to the pledge of new voting common shares to HLM pursuant to the loan agreements.

(b) Anything in this *Trust Agreement* to the contrary notwithstanding, this *Trust Agreement* shall not constitute an agreement or attempt to transfer, convey or assign any right, benefit or incidence of ownership of the Trust Shares other than the right to cast votes attached to ownership of said Trust Shares.

3. *Actions by Trustee*

(a) The Trustee shall at all times hold the Trust Shares in accordance with any requirements applicable to all shareholders of RBI under the pledge to HLM and the option to PTN.

(b) The Trustee shall promptly pay over to Settlor any cash dividends or distributions made by RBI, provided that any shares or other securities issued by RBI as a distribution or dividend shall be retained by the Trust and shall become part of the Trust Shares. The Trustee shall promptly pay over to Settlor any option payments or payments received for sale of the shares pursuant to the *Option Agreement* with PTN.

(c) The Trustee shall cast any voting rights attached to the Trust Shares, and Settlor may not direct, advise or other participate in any decision by the Trustee whether

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to cast votes, how many votes to cast or whether said votes should be cast for or against any particular issue or candidate for office or directorship. The Trustee has no duty to advise, consult or inform Settlor of any votes cast either prior to or after such votes are cast or a decision to abstain from voting is effected. For the purposes of this *Trust*, any decision by the Trustee to refrain from attending any meeting, to participate in the establishment of a quorum or to abstain from voting some or all of the Trust Shares shall be considered a decision to cast votes, and shall be committed to the absolute discretion of the Trustee. Nothing contained herein shall be construed as limiting the Trustee's discretion to cast votes in favor of his own candidacy or the candidacy of any other related party, or to cast votes in a manner which will serve his personal interests. It is the intent of this *Trust Agreement* to grant the Trustee discretion in voting the Trust Shares which is as great as Trustee would enjoy were record and beneficial ownership of the shares both merged in his person.

(d) Notwithstanding any other provision of this *Trust Agreement* however, the Trustee is prohibited from contracting to sell any of the Trust Shares without the express written approval of Settlor, provided that Trustee may sell those shares already subject to an option in favor of PTN to PTN in accordance with the *Option Agreement*. Notwithstanding the foregoing, nothing herein shall limit the ability of the Trustee to cast votes on any matter placed before the shareholders relating to selling all or substantially all of RBI's assets, including without limitation RBI's FCC licenses.

(e) The Trustee shall have any and all such further powers and shall take such further actions, including but not limited to legal action, as may be reasonably necessary to fulfill the Trustee's obligations under this *Trust Agreement*.

4. *The Trustee*

(a) Settlor has independently satisfied itself that Trustee is fully qualified under FCC policies and rules to act as Trustee. Trustee has made no representations to Settlor as to Trustee's qualifications and abilities to discharge the obligations of this Trust.

(b) The Trustee shall be free from liability in acting upon any paper, document or signature believed by the Trustee to be genuine and to have been signed by the proper party. The Trustee shall not be held liable for any error of judgment in any act done or omitted, nor for any mistake of law or fact, nor for anything that Trustee may do or refrain from doing in good faith. The Trustee may consult with legal counsel of his own choosing, and any action under this *Trust Agreement* taken or suffered in good faith by the Trustee and in accordance with the opinion of Trustee's legal counsel (if such opinion shall have been obtained by Trustee) shall be conclusive on the parties to this *Trust*

Agreement, and the Trustee shall be fully protected and be subject to no liability in respect thereto.

(c) Subject to Paragraph 4(c), *infra*, the rights and duties of the Trustee hereunder shall terminate upon the Trustee's incapacity to act, death or insolvency, and no interest in any of the Trust Shares held by the Trustee nor any of the rights and duties of a deceased Trustee may be transferred by will, devise, succession or in any manner except as provided in this *Trust Agreement*. The heirs, administrators, executors or other representatives of an incapacitated, deceased or insolvent Trustee shall, however, have the right and the duty to convey the Trust Shares held by the Trustee to one or more successor Trustees designated by Settlor pursuant to Paragraph 4(c), *infra*.

(d) The Trustee may resign by giving not less than Sixty (60) day's written notice prior to the date of resignation to Settlor with a copy to the president of RBI, provided that a successor Trustee has been appointed, such successor has been approved by the FCC (if necessary), and any order granting such approval has become final, that is, no subject to administrative or judicial review. Settlor shall cooperate fully in the prompt appointment of a successor Trustee and shall not unreasonably interfere with or delay the effectiveness of such resignation.

(e) In the event of such resignation, incapacity to act, death or insolvency of the Trustee, he shall be succeeded, subject to such prior approval of the FCC as may be required, by Robert H. Clymer, M.D., and if he is unable or unwilling to serve as Trustee or, if after accepting service as Trustee, resigns or becomes unable to act by death, incapacity or insolvency, the successor Trustee shall be a committee of the Board of Directors made up of persons who are shareholders and whose qualifications as shareholders have been approved by the FCC. Said committee shall act by majority vote. Any successor Trustee shall succeed to all of the rights and obligations of the Trustee replaced hereunder upon execution by such successor Trustee of a counterpart of this *Trust Agreement*.

5. *Termination of Trust Agreement; Distribution of Assets*

(a) This *Trust Agreement* shall terminate upon the earlier of the following events:

- (1) The finality of an FCC decision that Micheal L. Parker possesses the basic qualification to hold an FCC license or be a voting shareholder in an FCC licensee; or

- (2) The closing of a transaction pursuant to which RBI assigns, transfers or conveys some or all of its assets, including all of its licenses issued by the FCC, to a third party unrelated to RBI.

For the purposes of this Paragraph, finality means that the decision is no longer subject to administrative or judicial review, and "closing" means that licenses have been conveyed irrevocably to a third party (except for the reserving of any liens or encumbrances to ensure future payment) and notification to the FCC that the transaction has been consummated.

(b) Upon the termination of this *Trust Agreement* pursuant to Paragraph 5(a) hereof and consistent with the requirements of the FCC, the Trustee shall deliver to Settlor the Trust Shares to Settlor or its assignee.

6. *Communications:* The Trustee may communicate with and provide reports (specifically financial reports) to Settlor concerning the implementation of the RBI Voting Trust, but he may not communicate with Settlor concerning any matters relating to the casting of votes which attach to the Trust Shares. Settlor shall not communicate with Trustee regarding any matters related to the casting of votes which attach to the Trust Shares or related to management or control of RBL. For the purposes of this section, the term "Settlor" refers to Partel, Inc., Michael L. Parker, any member of his immediate family, or any other officer, director or employee of Partel, Inc. Any communications permitted by this Paragraph 6 shall be in writing.

7. *Miscellaneous:* The following additional terms and conditions apply to the performance of this *Trust Agreement* by the parties:

(a) Either Settlor or Trustee may waive or remedy any default in any manner without waiving such default remedied and without waiving any other prior or subsequent default. Either party may waive or delay the exercise of any right or remedy under this *Agreement* without waiving that right or remedy or any other right or remedy hereunder. No waiver of any of the terms, provisions or conditions hereof shall be effective against either party unless the same is in writing and signed by both parties.

(b) This *Trust Agreement* shall be binding upon, and shall inure to the benefit of, the respective heirs, executors, administrators, successors and assigns of the parties hereto.

(c) Each of the agreements, covenant and warranties on the part of the either Settlor or Trustee in this *Trust Agreement* shall be deemed and construed to be on a continuing basis and shall survive the execution and delivery of this *Trust Agreement*.

(d) All notices, demands or requests required or permitted under the terms of this *Trust Agreement* to be given by or to the other party by either party (i) shall be in writing, and (ii) unless and until otherwise specified in a written notice by the respective parties or any of them, shall be sent to the parties at their following respective addresses:

If to the Settlor: Micheal L. Parker
Partel, Inc.
22720 S.E. 410th Street
Burienclaw, Washington 98022

If to the Trustee: Irvin Cohen
1505 Lorraine Road
Reading, Pennsylvania 19606

or to such other address as Settlor or Trustee may from time to time designate by written notice to the other. Each such notice, demand or request shall be deemed to have been properly served for all purposes if personally delivered or sent by Registered or Certified Mail, return receipt requested, postage prepaid, to its addressee at its address as set forth hereinabove. Each such notice, demand or request so mailed by the Settlor or Trustee shall be deemed to have been received by its addressee on the business day after the day of mailing.

(e) This *Trust Agreement* represents the entire agreement of the parties as to the subject, and there exists no other oral or written agreement or understanding which is not of part of this *Trust Agreement* or which shall have any force or effect. This *Agreement* shall not be amended or modified, except by written instrument executed by both parties hereto.

(f) The obligations of the parties under this *Trust Agreement* are subject to the rules, regulations and policies of the FCC and all other applicable laws. The parties agree that RBI, Settlor or Trustee may file a copy of this *Trust Agreement* with the FCC. Each section, subsection and lesser section of this *Trust Agreement* constitutes a separate and distinct undertaking, covenant or provision hereof. If any provision in this *Trust Agreement* is held to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability will not affect any other provision of this *Trust Agreement*, and this *Trust Agreement* will be construed as if it did not contain such invalid, illegal, or unenforceable provision.

(g) This *Trust Agreement* shall be construed in accordance with and governed by the laws of the Commonwealth of Pennsylvania. The parties agree that this *Trust Agreement* was made and performance of the *Trust Agreement* is to occur substantially in

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the Commonwealth of Pennsylvania. Thus, the parties agree that the sole venue for all actions brought pursuant to this *Trust Agreement* shall be the courts of general jurisdiction for Berks County, Pennsylvania.

(h) Titles at the beginning of paragraphs, subparagraphs, sections and subsections of this *Trust Agreement* are placed there for the convenience of the reader, and are of no force or effect. To the extent that said titles are expressly or impliedly contrary to any provision in this *Trust Agreement*, the terms of the provision and not the title governs the interpretation of this *Agreement*. Pronouns, regardless of gender, shall be interpreted as if they were of the gender of the noun to which they refer.

(i) Both Settlor and Trustee agree that they have participated in the drafting of this *Trust Agreement*, and that said *Trust Agreement* shall not be construed against either of them by virtue of either party drafting any provision of this *Trust Agreement*.

(j) This *Trust Agreement* may be signed in counterparts with the same effect as if the signature on each counterpart were upon the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this *Trust Agreement* in duplicate, with each copy deemed an original, effective on the latter date set out below.

SETTLOR

PARTEL, INC.

Date: May 18, 2001


By Michael L. Parker, President

TRUSTEE

IRVIN COHEN

Date: May 18, 2001

Irvin Cohen, Trustee

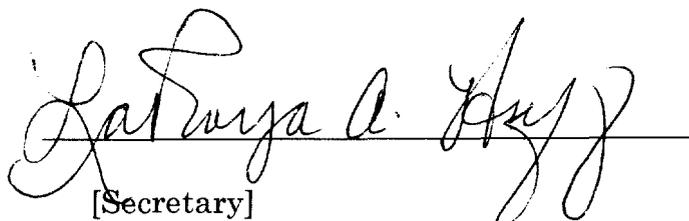
CERTIFICATE OF SERVICE

I, La Roya A. Huff, a secretary in the law firm of Holland & Knight, LLP, do hereby certify that on May 21, 2001, a copy of the foregoing SECTION 1.65 STATEMENT was delivered by hand to the following:

John I. Riffer, Esq.
Office of General Counsel
Federal Communication Commission
445 12th Street, S.W
Room 8-A660
Washington, D.C. 20554

James Shook, Esq.
Mass Media Bureau
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Gene A. Bechtel, Esq.
Henry F. Cole, Esq.
Bechtel & Cole, Chartered
1901 L Street, N.W.
Suite 250
Washington, D.C. 20036
Counsel for Adams Communications Corporation


[Secretary]