

1 THEREUPON,

2 ROBERT L. HAAG,

3 called as a witness, and after having been duly
4 sworn, testified as follows:

5 EXAMINATION

6 BY MR. HUTTON:

7 Q Will you state your name and address for
8 the record?

9 A Robert L. Haag, H-A-A-G, 4545 West Touhy
10 Avenue, Lincolnwood, Illinois 60712.

11 Q Mr. Haag, I'm Tom Hutton. I'm counsel
12 for Reading Broadcasting, Inc.

13 If I ask any questions that you don't
14 understand, please feel free to ask me to rephrase
15 the question.

16 If Mr. Cole interposes an objection,
17 please wait until we have finished our colloquy
18 before responding.

19 And if you want to take a break at any
20 time, please let me know and we'll take a break.

21 A Okay.

22 If you have trouble with my answer, I'm

1 having a dental problem right now and I'm having a
2 little trouble articulating.

3 Q Okay.

4 Which leads to my first question.

5 Are you taking any medications that might
6 interfere with your ability to recall past events or
7 testify accurately as to past events?

8 A No.

9 Q What is your position with Reading
10 Broadcasting, Inc.?

11 A I'm the president.

12 Q Are you a director?

13 MR. COLE: Objection.

14 MR. HUTTON: I'm sorry.

15 MR. COLE: It's not an objection. It's a
16 clarification.

17 BY MR. HUTTON:

18 Q The question was incorrect.

19 What is your position with Adams
20 Communications Corporation?

21 A I'm the president.

22 Q And are you a director?

1 A Yes.

2 Q Have you ever presided over any corporate
3 meetings of Adams Communications Corporation?

4 A A long time ago, yes.

5 Q And who attended those meetings?

6 A Outside of Howard Gilbert, I really don't
7 remember.

8 Q And what was the purpose of those
9 meetings?

10 A To discuss business.

11 Q What sort of business?

12 A The business of Adams Communications.

13 Q And when did the first of these meetings
14 occur?

15 A I don't know. It was sometime ago.

16 Q Was it before the application was filed?

17 A I'm not clear on that. It must have
18 been.

19 Q To give you a frame of reference, the
20 application was filed on June 30, 1994.

21 A I would assume we had meetings before
22 that.

1 Q Do you recall anyone besides Mr. Gilbert
2 participating in those meetings?

3 A Not offhand, no.

4 Q Were any minutes taken of those meetings?

5 A I don't know.

6 Q Did you take any minutes?

7 A No.

8 Q Did you take any notes?

9 A No.

10 Q How did you first become aware of the
11 opportunity to apply for the channel in Reading,
12 Pennsylvania?

13 A From Howie Gilbert.

14 Q And what did he tell you?

15 A That there were stations that weren't
16 providing public access or doing something for the
17 community.

18 Q And at that time did he mention the
19 Reading, Pennsylvania station?

20 A Yes.

21 Q Did he mention any other stations?

22 A One in Massachusetts.

1 Q And did he tell you anything about how he
2 learned about these stations?

3 A No.

4 Q Did he give you any indication as to how
5 they were deficient in serving the public interest?

6 A They weren't providing local news and
7 community service.

8 Q And by community service, what do you
9 mean?

10 A They weren't giving information that
11 people in the community needed.

12 Q Such as?

13 A Local news.

14 Q Anything else?

15 A Not that I remember.

16 Q Did he mention the format of these
17 stations?

18 A Yeah. They were home shopping network
19 stations.

20 Q To your knowledge, were the stations that
21 he mentioned the only home shopping stations in the
22 country?

1 A I really don't remember.

2 Q Did you have any independent knowledge as
3 to whether there were any home shopping stations in
4 the country besides these two?

5 A No.

6 Q And did you undertake any effort to
7 verify whether or not either of the stations were
8 providing public service?

9 A If Howard tells me it's so, then as far
10 as I'm concerned, it's so. There's no need for me
11 to verify it.

12 Q And do you know if he had viewed either
13 one of the stations in question?

14 A I have no knowledge.

15 Q Do you know if he had inspected the
16 public file of either of the stations?

17 A I don't know.

18 Q Do you know if he had undertaken any
19 research at the FCC as to the history of either
20 station?

21 A I don't know.

22 Q Prior to the time the application was

1 filed, did you have any discussions with Mr. Gilbert
2 about how your company would serve the public
3 interest if it got a license?

4 A I don't remember having any conversation.

5 Q At the time of these discussions, where
6 were you working?

7 MR. COLE: Objection. Clarification.
8 Which discussions?

9 BY MR. HUTTON:

10 Q The discussions about forming a group to
11 apply for the Reading channel.

12 A I don't have a job as such. I'm an
13 investor. I use my money to invest in businesses
14 and real estate.

15 Q And was that true at the time?

16 A Yes.

17 Q And prior to the time you became an
18 investor, where did you work?

19 A What do you mean by work?

20 Q Can you give me a rough chronology?

21 As I understand it, you were a co-founder
22 of Alberto-Culver?

1 A Right.

2 Q Can you give me a rough background of
3 your work history generally?

4 A I graduated from NYU. I got a job out of
5 school. I worked for a company called Jewels
6 Montenier. They promoted me from New York and moved
7 me to Denver.

8 Later on I moved from Denver to Chicago
9 with another promotion. I stayed there for a while.
10 And I left with some of the people from that firm.
11 And we formed a national sales agency representing
12 other companies. And that company eventually became
13 Alberto-Culver.

14 Q And what was your last position with
15 Alberto-Culver?

16 A Vice-president.

17 Q And when did you leave Alberto-Culver?

18 A I think it was 1970.

19 Q And did you leave to take another job?

20 A To change my lifestyle.

21 Q And you became an investor?

22 A Basically.

1 (Haag Deposition Exhibit Number 1 was
2 marked for identification.)

3 BY MR. HUTTON:

4 Q Can you tell me what Mercury Products
5 Corporation is?

6 A Mercury Products Corporation is a
7 family-owned business. We own it through a holding
8 company called Monroe Products Company. It
9 manufactures products for the automotive,
10 agricultural, motorcycle, truck businesses.

11 Q Just to back up a minute.

12 Did you prepare this biography?

13 A Yeah.

14 Q And the fax line at the top reads The
15 Monroe Group. What is The Monroe Group?

16 A That's the company that --

17 Let me see this.

18 That was a company that --

19 Oh, The Monroe Group. Okay.

20 That's the holding company for Mercury
21 Products.

22 Q And can you tell me what Fine Arts

1 Broadcasting is?

2 A Fine Arts Broadcasting I was a director
3 of. We owned radio stations.

4 Q And where were those stations?

5 A In Homestead, Florida, Knoxville,
6 Tennessee, Bay City, Michigan, Grand Rapids, and
7 there was one in Central Michigan. I don't remember
8 the name of the city.

9 Q And those stations all had been sold
10 before the Adams application was filed?

11 A I really don't remember if they were all
12 sold or not. I think so, but I'm not sure.

13 Q You don't have any interest in any of
14 those stations now, do you?

15 A No.

16 I'm sure they were.

17 I'm not sure.

18 I'm aging rapidly.

19 Q I think we all are.

20 Have you ever been involved in any civic
21 activities in and around the Reading, Pennsylvania
22 area?

1 A No.

2 Q Have you ever been a member of or
3 associated with any organization that deals with
4 programming available on television, other than
5 Adams Communications or Monroe Communications?

6 A Alberto-Culver was a big advertiser on
7 television. And so was Midas where I was a
8 director.

9 Q Did either of those organizations have
10 any role in television other than as an advertiser?

11 A No.

12 Q Beyond Monroe Communications and Adams
13 Communications and beyond what you've described with
14 respect to Midas and Alberto-Culver, have you ever
15 been associated with any organization involved in
16 television programming?

17 A Jewels Montenier at one time owned the
18 television show What's my Line, but I wasn't
19 involved in that at all.

20 Q The company owned the program?

21 A Yeah. In those days companies could own
22 the show and control the show that they owned -- I

1 mean, that they were running.

2 Q They were the syndicator of the program?

3 A No. They owned the show.

4 Corporations in those days actually owned
5 television shows. They could move television shows
6 from network to network or anything else they
7 wanted. Those days are long past.

8 Q Have you ever been to Reading,
9 Pennsylvania?

10 A No.

11 (Discussion held off the record.)

12 BY MR. HUTTON:

13 Q And, to your knowledge, has anyone
14 associated with Adams Communications visited Reading
15 in connection with the Adams application or the
16 preparation thereof?

17 A Mr. Gilbert has.

18 Q And when did he go?

19 A I don't remember.

20 Q Do you know if he made one visit or more
21 visits than one?

22 A I don't remember.

1 Q Do you know when he went?

2 A No.

3 Q Given that the application was filed on
4 June 30, 1994, do you know if it was before or after
5 that date?

6 A I don't remember.

7 Q Can you tell me what you know about the
8 programming of WTVE in Reading, Pennsylvania?

9 A Then or now?

10 Q Both.

11 A Then it was Home Shopping Network with
12 very little -- with no local programming. And today
13 it's Telemundo Spanish broadcasting.

14 Q How do you know that the station had no
15 local programming?

16 A That's what I was told.

17 Q By whom?

18 A Mr. Gilbert.

19 Q And when did he tell you that?

20 A I don't know. I don't remember. I
21 remember he did.

22 Q Do you know if it was before the

1 application was filed?

2 A I don't remember.

3 Q Do you know if Mr. Gilbert analyzed the
4 programming of any other stations in that television
5 market?

6 A I don't remember.

7 Q Do you know which television market
8 Reading, Pennsylvania is in?

9 A It's Reading, Pennsylvania.

10 Q So it's in the Reading, Pennsylvania
11 market?

12 A Yes. It's a Reading station.

13 Q And can you tell me what research you or
14 anyone else from Adams Communications did with
15 respect to the market prior to filing the
16 application?

17 A I didn't do any research and I don't know
18 whether anyone else did.

19 Q Did Adams Communications have a business
20 plan prior to filing the application?

21 A What do you mean a business plan?

22 Q Well, a plan with respect to how the

1 business would be operated if the Adams application
2 were successful?

3 A We must have discussed it, but I really
4 don't remember.

5 Q Do you know if there was anything in
6 writing?

7 A Not to my knowledge.

8 Q Did you have any knowledge at that time
9 as to whether or not the existing station in
10 Reading, Pennsylvania had been financially
11 successful?

12 A I had no knowledge of that.

13 Q Did you know that they had been in
14 bankruptcy previously?

15 A I don't remember that.

16 Q Do you recall any discussions prior to
17 the time the application was filed with respect to
18 how large a staff the station might have if you were
19 successful?

20 A I don't remember any discussions of that.

21 Q Do you recall any discussions as to how
22 the station would be programmed if your application

1 were granted?

2 A I don't remember any.

3 Q Was it your understanding that any of the
4 Adams Communications stockholders would move to
5 Reading and work at the station if the application
6 were successful?

7 A I don't remember any conversation like
8 that.

9 Q So that was not your understanding?

10 A I don't know if it was or wasn't. I just
11 don't remember.

12 Q Well, what is your present understanding
13 on that issue?

14 A Present understanding?

15 Q Yes.

16 A Right now it's sort of silly to talk
17 about it until we find out what happens to the
18 station.

19 Q And do any of the principals of Adams
20 Communications have broadcast experience?

21 A What do you mean by broadcast experience?

22 Q Experience in the operation of a

1 television station or management of a television
2 station?

3 A Well, we were all directors of a chain of
4 radio stations, but direct operation, no.

5 Q Prior to the time the application was
6 filed, were you involved in any discussions as to
7 what sort of equipment the station would need if the
8 Adams application were granted?

9 A I don't remember anything like that.

10 Q Was there any discussion of the need or a
11 plan to operate the station in a digital television
12 mode?

13 A I doubt if I even knew what digital was
14 in those days.

15 Q Did you play any role in selecting a
16 tower site for the proposed station?

17 A No.

18 Q Did you play any role in obtaining a
19 financing commitment for the proposed station?

20 A No.

21 (Haag Deposition Exhibit Number 2 was
22 marked for identification.)

1 BY MR. HUTTON:

2 Q Mr. Haag, is that your signature?

3 A Yes.

4 Q Do you recall signing this letter?

5 A No. But it is my signature so I must
6 have signed it.

7 Q And did you have any telephone
8 discussions with Mr. Lubas before signing the
9 letter?

10 A I don't remember any.

11 Q Did you have any face-to-face meetings
12 with Mr. Lubas?

13 A No.

14 Q Do you recall any discussions with any
15 other representative of Conestoga Telephone and
16 Telegraph Company and yourself?

17 A No.

18 Q And do you recall any discussions with
19 any other representative of any other tower site or
20 potential tower site and yourself?

21 A No.

22 Q And Exhibit 2 says, Re: Letter of

1 Intent - Gibraltar Hill Property. Do you know where
2 the Gibraltar Hill Company is?

3 A I assume it's in Reading, Pennsylvania.

4 Q And this letter which has been redacted,
5 was that the letter of intent for the property or
6 was there other correspondence?

7 A I don't remember.

8 Q And does Adams Communications have a
9 lease for the tower site or does it have a letter of
10 intent to enter into a lease or a purchase?

11 A I don't know.

12 Q Do you know if Adams Communications has
13 any agreement for the use of a tower site?

14 A I don't know.

15 (Haag Deposition Exhibit Number 3 was
16 marked for identification.)

17 BY MR. HUTTON:

18 Q Mr. Haag, do you recall this letter?
19 It's been redacted. But do you recall receiving a
20 letter from Mr. Watts?

21 A I don't remember receiving it.

22 Q Do you recall having any discussions with

1 any representative of American National Bank with
2 respect to a potential loan to Adams Communications?

3 A No.

4 Q Do you know if any other representative
5 of Adams Communications had any such discussions
6 with any representative of the bank?

7 A I'm sure Howie Gilbert did.

8 Q And what did he tell you about those
9 discussions?

10 A I don't remember.

11 Q Do you know if the bank turned you down
12 or offered to loan money?

13 A I'm sure they wouldn't turn us down.

14 Q Why not?

15 A We have a good reputation with that bank.
16 They've loaned me money in the past.

17 Q Do you know who Mr. Watts is?

18 A No. I'm friendly with the president of
19 the bank, though. He must work for the president.

20 Q Do you recall having any discussions with
21 the president of the bank about Adams
22 Communications?

1 A No.

2 Q Do you know whether the bank has offered
3 a loan commitment to Adams Communications, one that
4 the bank could be sued on or is it just an
5 expression of interest in making a loan?

6 A I don't know, but I'm sure that if we
7 asked for a loan that they would make it, you know,
8 within certain parameters.

9 Q What do you mean within certain
10 parameters?

11 A I think we could borrow without any
12 trouble anything up to 30 or 40 million.

13 Q And how much would you expect to borrow?

14 A I don't know.

15 Q Have you participated in any discussions
16 with any party concerning a potential settlement of
17 the Adams Communications proceeding?

18 A No.

19 Q Have you had any discussions with any
20 other principal of Adams Communications about
21 settling the case?

22 A No.

1 Q Have you had any discussions with any
2 representative of Telemundo in connection with the
3 Adams Communications application?

4 A I haven't.

5 Q Have you had any discussions with any
6 party about a potential sale of the construction
7 permit if the Adams Communications application were
8 granted?

9 A No.

10 Q Have you had any discussions with any
11 party about selling any interest in the company?

12 A No.

13 Q Are you a trustee of any school or
14 nonprofit organization?

15 A What do you mean by trustee? A director?

16 Q Yes.

17 A I'm a director of the American Israel
18 Chamber of Commerce.

19 Q I'd like to ask you about any other
20 potential media interests. And I'm going to exclude
21 anything less than 1 percent in a publicly traded
22 company.

1 A I have no other media interests at this
2 time.

3 Q And does that include radio or television
4 broadcast of any type?

5 A Yes.

6 Q Cable television?

7 A Yes.

8 Q Satellite? Publications?

9 A Yes. I don't even own a satellite.

10 (Haag Deposition Exhibit Number 4 was
11 marked for identification.)

12 BY MR. HUTTON:

13 Q Mr. Haag, this is a copy of the
14 application filed with the FCC on June 30, 1994 by
15 Adams Communications.

16 Are you familiar with that application?

17 A No.

18 Q Do you have a copy of it in your files?

19 A I don't remember.

20 Q You don't remember receiving a copy after
21 it was filed?

22 A I don't remember.

1 Q Were you involved in the drafting of the
2 application?

3 A No.

4 Q Turning to page 3 of the application,
5 there's a reference in the middle of the page to
6 incorporation of the company on November 23, 1993 in
7 Boston, Massachusetts.

8 Do you see that?

9 A Uh-huh.

10 Q Do you know why the company was organized
11 in Boston, Massachusetts?

12 A No.

13 Q Turning to the next page, you're listed
14 as having an 18.5 percent interest in the company.

15 Do you know how that percentage was
16 arrived at?

17 A It was arrived at to ensure that
18 Mr. Gilbert and I would control the corporation.

19 Q And why was that important?

20 A Well, I think it's important to any
21 corporation that somebody is in control.

22 Q Why was it important that you and