

FEDERAL COMMUNICATIONS COMMISSION
Washington, D. C. 20554

DEC 12 2001

OFFICE OF
MANAGING DIRECTOR

Mr. Jack Lotsof
Stereo 97, Inc.
276 Nassau Avenue
Buffalo, New York 14217

Re: Request for Waiver of FY 2001
Regulatory Fees
Fee Control No.: 00000RROG-01-031

Dear Mr. Lotsof:

This letter responds to your request for a waiver of the Fiscal Year (FY) 2001 regulatory fees of \$655 submitted on behalf of FM station KAVV, Benson, Arizona, licensed to Stereo 97, Inc.

You recite that Stereo 97, whose sole business is KAVV, lost \$72,039 in the fiscal year ended June 30, 2001. Based on the licensee's cash flow projection, you assert that WAVV also is expected to lose \$6,000 per month in the next fiscal year. You state that only one of the three corporate officers receives compensation for his work in the amount of \$30,450. In support of your request for waiver, you submit a financial statement for the years ended June 30, 2000 and 2001.

In establishing a regulatory fee program, the Commission recognized that in certain instances payment of a regulatory fee may impose an undue financial hardship upon a licensee. The Commission therefore decided to grant waivers or reductions of its regulatory fees in those instances where a "petitioner presents a compelling case of financial hardship." See Implementation of Section 9 of the Communications Act, 9 FCC Rcd 5333, 5346 (1994); recon. granted, 10 FCC Rcd 12759 (1995).

Our review of your submission indicates that Stereo 97 suffered operating losses in fiscal years 2000 and 2001 of \$68,820 and \$72,039 respectively, and that these deficits were only partially offset by the salary paid to one officer and a deduction for depreciation. Accordingly, in light of your compelling showing of financial hardship, your request for waiver of the 2001 regulatory fees is granted.

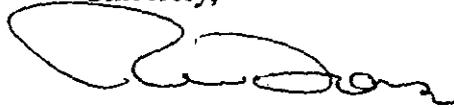
You have also requested confidential treatment of the materials that you submitted with your fee waiver request. Pursuant to Section 0.459(d)(1) of the Commission's rules, 47 C.F.R. 0.459(d)(1), we do not routinely rule on requests for confidential treatment until we receive a request for access to the records. The records are treated confidentially in the mean time. If a request for access to the information submitted in conjunction with your regulatory fees is received, you will be notified and afforded the opportunity to respond at that time.

Mr. Jack Lotsof

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A check, made payable to the maker of the original checks, and drawn in the amount of \$655, will be sent to you at the earliest practicable time. If you have any questions concerning this refund, please contact the Revenue and Receivable Operation Group at (202) 418-1995.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark A. Reger". The signature is fluid and cursive, with a large initial "M" and a long, sweeping underline.

Mark A. Reger
Chief Financial Officer

0109219835244009

STEREO 97, INC.

276 NASSAU AVENUE - BUFFALO, NEW YORK 14217
716 876-6924

September 18, 2001

Att'n: Regulatory Fee Waiver/Reduction Requests
Office of the Managing Director
Federal Communications Commission
450 12th Street, S.W., Room 1-A625
Washington, D.C. 20554

WFA

Re: Waiver of Mass Media Regulatory Fee for
FM Radio Station KAVV, Benson, Arizona

RECEIVED
FCC
2001 SEP 24 P 2:44
ACCOUNT PROCESSING
GROUP-LPT/RPT/TMT

Gentlemen:

Please accept this letter and the accompanying Financial Statement as this licensee's application for waiver of the regulatory fee for FM Radio Station KAVV for fiscal year 2001, pursuant to 47 CFR §1.1166, 9 FCC Rcd 5333, 5346 (1994).

The enclosed financial statement shows that in its fiscal year ended June 30, 2001, Stereo 97, Inc., whose sole business is KAVV, lost \$72,039, on a cash basis. Stereo 97, Inc. is owned by the undersigned, a retired engineer, 83 years old, on a fixed retirement income. I find it necessary to keep the station on a strict operating budget. Where expenses for one item increase, expenses for other items are forced down. Because of this, the imposition of the regulatory fee necessarily means that expenditures for needed back-up equipment and programming have to be scaled back by an equal amount.

Were it not for the regulatory fee, which is currently \$655, KAVV would have been able to acquire back-up equipment to keep its transmitter at full power in the event of a lightning strike. Lightning strikes are unusually common in the region of southeast Arizona. A recent lightning strike damaged the transmitter. Because of our inability to have acquired the back-up parts that are most vulnerable to lightning strikes, service to the listeners was impacted.

The following is this firm's cash flow projection for the present (2001-02) fiscal year: KAVV is expected to lose \$6,000 per month from on-going operations on a cash basis.

In the Commission's letter of March 27, 1997, granting this station's request for waiver of the regulatory fee, it was noted that "KAVV-FM's losses exceed the aggregate total of its deductions for amortization and the salaries paid to officers." This remains the case, as may be seen from the enclosed Financial Statements for the Fiscal Year ended June 30, 2001. The only officer of Stereo 97, Inc., who received any remuneration was Paul S. Lotsof. While, even if this individual's salary is subtracted, the station operated at a very large loss considering that this is a small business, it makes little sense to deduct this salary. The fact that the individual is an officer of the corporation does not mean that the compensation he received is in lieu of distribution of profit. Paul S. Lotsof's sole employment was his full-time position as KAVV's general manager. He works more than sixty hours per week for this station. His salary in the fiscal year just ended was \$30,450. This salary was his only remuneration and represented compensation only for services actually rendered to the station as its general manager. This employee has more than 35 years' experience in the commercial radio business. He has dedicated the past 20 years to KAVV, when he could have been commanding a far higher salary elsewhere. The station has taken advantage of this employee's dedication to the breaking point.

The regulatory fee for this station was waived for FY 1994, 1995, 1996 and 1997, but requests for 1998 and 1999 were denied by letter dated August 25, 2000. This letter cited Paul S. Lotsof's salary as a reason for denying the application, reasoning that, in essence, that if the station can afford to pay its general manager's salary, it certainly can afford to pay the regulatory fee. In actuality, the general manager is so terribly underpaid at the present rate of compensation. The problems the station encounters because of its financial limitations have caused this employee immeasurable aggravation, stress and overwork, beyond the extent to which he could have been expected to cope. The Commission's suggestion, implicit in its August 25, 2000 letter, that this employee's salary should not have reached its current level, is infuriating and ignorant.

The officers of Stereo 97, Inc. and the respective amounts of their compensation from the said business in FY2000-01 and currently are:

Jack Lotsof, President	None
Paul S. Lotsof, Vice President	\$30,450/year
Frances S. Lotsof, Secretary/Treasurer	None

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No other employee, consultant or other individual received as much as \$25,000 in any form of compensation in Stereo 97's FY 2000-01.

If further information is required, please contact me.

Permit me to repeat the request made in applications for waiver of the regulatory fee in prior years, that the information contained in this letter and the enclosure be kept confidential to the extent legally possible.

Thank you very much for entertaining this request.

**Sincerely,
STEREO 97, INC.**

By 
**Jack Lots of
President**

Encl.