

MINORITY MEDIA AND TELECOMMUNICATIONS COUNCIL

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May 27, 2003

Hon. Marlene Dortch  
Secretary  
Federal Communications Commission  
445 12th Street S.W.  
Washington, D.C. 20554

Dear Ms. Dortch:

RE: MM Docket Nos. 95-31 and 97-234 (Broadcast Auction Procedures)

Pursuant to 47 CFR §1.1206, this will disclose that in connection with this permit-but-disclose proceeding, on behalf of MMTC I met from 2:30-3:00 PM on May 21, 2003 with Roy Stewart, Esq., Deputy Chief, Media Bureau, and Media Bureau Attorney Advisors Jamila Bess Johnson and Thomas S. Nessinger, Esqs.

I explained that MMTC had filed, in each of the above-referenced dockets, pleadings seeking to clarify the auction procedures to avoid shams and abuses. MMTC is concerned that as the rules are written now, an applicant could claim new entrant bidding credits, deploy the credits in the auction against other applicants, and then, during or after the auction, quietly abandon the attributes that gave rise to those credits. MMTC is concerned that this gamesmanship might eviscerate the value of bidding credits, which are the only remaining significant FCC policy aimed at promoting minority ownership. As a remedy, we proposed immediate posting on the auction website of any comparative downgrading, as well as disgorgement of the book value of any improvidently deployed bidding credits. Our concern is that in its Second Report and Order in MM Docket No. 95-31, FCC 03-44 (released April 10, 2003), the Commission failed to mention the issue. MMTC will seek reconsideration of the Second Report and Order and will engage an expert in game theory to demonstrate how the absence of a "comparative downgrading" policy adversely impacts legitimate holders of bidding credits.

An original and two copies of this letter are being filed with the Secretary.

Sincerely,



David Honig  
Executive Director

cc: Roy Stewart, Esq.  
Jamila Bess Johnson, Esq.  
Thomas S. Nessinger, Esq.

/dh

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