

NATIONAL ASSOCIATION OF BLACK OWNED BROADCASTERS

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JAMES L. WINSTON

*Executive Director
and General Counsel*

March 18, 2014

VIA ELECTRONIC FILING

Ms. Marlene H. Dortch

Secretary

Federal Communications Commission

445 12th Street, SW

Washington, DC 20554

Re: **Notice of *Ex Parte* Communication, MB Docket No. 09-182 (2010
Quadrennial Review), MB Docket No. 07-294 (Diversification of
Ownership)**

Dear Ms. Dortch:

On March 18, 2014, the undersigned Executive Director and General Counsel of the National Association of Black Owned Broadcasters, Inc. ("NABOB") sent the attached letter and related materials to Commissioner Ajit Pai and Matthew Berry, Chief of Staff to Commissioner Pai. The letter responds to a March 14, 2014 *ex parte* letter submitted by counsel for Tougaloo College, and follows up on a previous NABOB letter, regarding the March 5, 2014 statement issued by Commissioner Pai about the Joint Sales Agreement of television station WLOO, licensed to Tougaloo College.

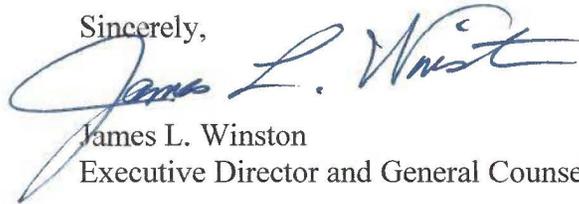
This *ex parte* letter is also submitted to report on four meetings in which the undersigned engaged on March 14, 2014, in which the matters discussed in the attached letter were discussed. The four meetings were with the following: (1) Chairman Tom Wheeler, Gig Sohn, Special Counsel for External Affairs to Chairman Wheeler, and Maria Kirby, Legal Advisor, Media, Consumer and Governmental Affairs, and Enforcement, to Chairman Wheeler; (2) Commissioner Michael O'Rielly and Courtney Reinhard, Senior Legal Advisor and Chief of Staff to Commissioner O'Rielly, (3) Adonis Hoffman, Chief of Staff

Ms. Marlene H. Dortch
March 18, 2014
Page 2 of 2

and Senior Legal Advisor – Media to Commissioner Mignon Clyburn; and (4) Matthew Berry, Chief of Staff to Commissioner Ajit Pai.

In accordance with Section 1.1206(b) the Commission's rules, this notice is being filed in the Commission's Electronic Comment Filing System.

Sincerely,

A handwritten signature in blue ink that reads "James L. Winston". The signature is fluid and cursive, with the first name "James" being particularly prominent.

James L. Winston
Executive Director and General Counsel

cc: Chairman Tom Wheeler
Commissioner Mignon Clyburn
Commissioner Ajit Pai
Commissioner Michael O'Rielly
Gigi Sohn
Maria Kirby
Courtney Reinhard
Matthew Berry
Adonis Hoffman



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JAMES L. WINSTON
Executive Director and General Counsel

March 18, 2014

VIA ELECTRONIC FILING

The Honorable Ajit Pai
Commissioner
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: MB Docket No. 09-182 (2010 Quadrennial Review), MB Docket No. 07-294 (Diversification of Ownership)

Dear Commissioner Pai:

I have had an opportunity to speak with Mr. Pervis Parker, General Manager of WLOO(TV), and have reviewed the *ex parte* letter submitted by WLOO's counsel on March 14, 2014. I realize that NABOB obtained incorrect information and wish to retract the statement that the WLOO studio is co-located with the WLBT and WDBD studios. As stated in its letter of March 12, 2014, NABOB hopes that Tougaloo College will be very successful in its operation of WLOO and that it will eventually obtain full operational control of its station without the need for the JSA.

However, discussion of the WLOO JSA misses the point that the Commission needs to address. The point that needs to be addressed is that the Commission should stop approving the many clearly abusive JSAs and SSAs, which bear no resemblance to the WLOO JSA, which the Commission has permitted over the past decade.

The Commission has approved numerous JSA/SSA transactions in which:

- The JSA/SSA operator obtains an option to purchase the station it is operating under the JSA/SSA. Some options have allowed the

- exercise of the option for a 5 year option term, with the right to extend the option term for 5 more 5 year periods. In other words, the option is available for a total to 30 years.
- Other option agreements have provided for an 8 year option term with the right to extend the option term for 3 more 8 year terms – an option term that totals 32 years.
- Some of the options described above have included a purchase price which does not increase for the entire 30 year option term.
- Some of the options described above have an option price that increases 1% per year over the 32 year option term.
- Some of the agreements approved by the Commission allowed the JSA/SSA operator to purchase almost all of the assets of the station, including real estate, equipment, computers, certain contracts, websites and intangible property, while the nominal licensee only acquired the FCC license, transmitter facility and certain programming contracts. In one such transaction, the licensee paid the seller 1/10th of the purchase price for the assets the licensee acquired, and the JSA/SSA operator paid the seller 9/10ths of the purchase price for the assets it acquired.
- Some of the agreements refer to loan guarantees provided by the JSA/SSA operator to the licensee, but do not provide full information on such loan guarantees.

NABOB's review of previously approved JSA/SSA arrangements leads to the inescapable conclusion that the Commission has given little consideration to whether many of the JSA/SSA arrangements reflect a true arm's length agreement on reasonable business terms, and whether the JSA/SSA operator is the real party in interest in such transactions.¹

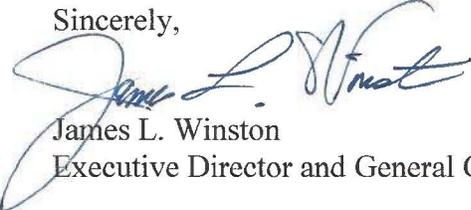
The Commission must begin to treat JSA/SSA arrangements structured like those described above as attributable to the JSA/SSA operator. However, the Commission should consider allowing waivers of the attribution rule if: (1) minority ownership, or another public interest benefit, will result, and (2) a plan and timetable for full operational control by the licensee is included in the waiver request.

¹ Incidentally, NABOB found no such abusive agreements in the file for the WLOO JSA and believes that, with some modification, the WLOO JSA could obtain a waiver of the attribution rule as proposed here by NABOB.

The Honorable Ajit Pai
March 18, 2014
Page 3 of 3

I look forward to discussing this and the other matters pending in the Quadrennial Review with you further. Best regards.

Sincerely,

A handwritten signature in blue ink, appearing to read "James L. Winston". The signature is stylized with a large initial "J" and a long horizontal stroke.

James L. Winston
Executive Director and General Counsel

cc: Matthew Berry