

Federal Communications Commission

DA 14-703

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	MB Docket No. 14-82
)	
PATRICK SULLIVAN)	FRN 0003749041, 0006119796,
(Assignor))	0006149843, 0017196064
)	
and)	Facility ID No. 146162
)	
LAKE BROADCASTING, INC.)	File No. BALFT-20120523ABY
(Assignee))	
)	
Application for Consent to Assignment of License)	
of FM Translator Station W238CE,)	
Montgomery, Alabama)	

HEARING DESIGNATION ORDER

Adopted: May 23, 2014

Released: May 23, 2014

By the Chief, Media Bureau:

I. INTRODUCTION

1. This Order commences a hearing proceeding before an Administrative Law Judge to determine whether the application of Patrick Sullivan ("Sullivan") for Consent to Assignment of the License of FM Translator Station W238CE, Montgomery, Alabama ("Assignment Application") to Lake Broadcasting, Inc. ("LBI") should be granted. As discussed below, LBI's president, director, and sole shareholder, Michael S. Rice ("Rice"), is a convicted felon who previously held radio station authorizations, through LBI and other entities, which were revoked on the basis of Rice's felony convictions and misrepresentation to and lack of candor before the Commission.¹ Significant and material questions exist as to whether, on the basis of Rice's criminal convictions and misrepresentations, Rice and, hence, LBI possess the basic character qualifications to hold the Station authorization. Because we are unable to make a determination on the record currently before us that grant of the Assignment Application would serve the public interest, convenience and necessity, we hereby designate the Assignment Application for hearing.

2. The Chief, Media Bureau ("Bureau"), issues this Hearing Designation Order pursuant to Section 309(e) of the Communications Act of 1934, as amended (the "Act"), and the Bureau's delegated authority.²

¹ See *Contemporary Media, Inc.*, Initial Decision, 12 FCC Rcd 14254 (ALJ 1997) ("CMI ID"); *Contemporary Media, Inc.*, Decision, 13 FCC Rcd 14437 (1998) ("CMI Decision"), *recon. denied*, Order, 14 FCC Rcd 8790 (1999), *aff'd sub nom.*, *Contemporary Media, Inc. v. FCC*, 214 F.3d 187 (D.C. Cir. 2000) ("Contemporary Media"), *cert. denied*, 532 U.S. 920, 121 S.Ct. 1355 (2001).

² See 47 C.F.R. §§ 0.61 and 0.283.

Federal Communications Commission

DA 14-703

II. BACKGROUND

3. In November 1990, Rice was arrested in St. Charles County, Missouri, and was charged with eight counts of deviate sexual assault of children who were between 14 and 16 years old, and four counts of sodomy of children who were under 14 years old. The alleged activities took place between December 1985 and October 1990. On July 5, 1994, Rice was convicted of four counts of sodomy, six counts of deviate sexual assault in the first degree, and two counts of deviate sexual assault in the second degree, all of which were felonies.³ The misconduct for which Rice was convicted involved five children. Rice was sentenced to a total of 84 years in prison.

4. At the time of his conviction in 1994, Rice held a 67.5 percent ownership interest in LBI, then the licensee of Station KBMX(FM), Eldon, Missouri; permittee of unbuilt Station KFXE(FM), Cuba, Missouri; and applicant for a new FM broadcast station at Bourbon, Missouri. Rice subsequently became and remains the owner of all issued shares of LBI's stock. Rice also was the sole shareholder at the time of Contemporary Media, Inc. ("CMI"), licensee of Stations WBOW(AM), WZZQ(AM), and WZZQ(FM), Terre Haute, Indiana; and Contemporary Media, Inc. was the parent company of Contemporary Broadcasting, Inc., licensee of Station WFMZ(FM), Columbia, Missouri; and the permittee of Station KAAM-FM, Huntsville, Missouri.

5. By Order to Show Cause and Notice of Apparent Liability,⁴ the Commission directed the three Rice-owned broadcast companies to show cause why their licenses and construction permits should not be revoked. The Order to Show Cause specified issues (a) to determine the effect of Michael Rice's convictions on the basic qualifications of his companies to be and remain Commission licensees; (b) to determine whether the companies misrepresented to the Commission that subsequent to his arrest, Michael Rice had been excluded from the management and operation of his radio stations; and (c) to determine whether Michael Rice had engaged in an unauthorized transfer of control of his broadcasting companies. Following a full and complete evidentiary hearing, the Presiding Administrative Law Judge concluded that, while there was no unauthorized transfer of control, Rice's felony convictions and his companies' misrepresentation and lack of candor constituted independent grounds for disqualification of the licensees and revocation of their authorizations. The conclusions reached in the Initial Decision of the Presiding Administrative Law Judge were affirmed through all administrative and judicial appeals.⁵

6. Because his sentences ran concurrently, Rice was incarcerated for just over five years. He was released from prison in December 1999. On May 23, 2012, Sullivan filed the captioned application for Commission consent to the assignment of license for Station W238CE to LBI.

7. In the Application, Sullivan and LBI acknowledge Rice's criminal history, but argue that Rice is now qualified to be a Commission licensee because he has been sufficiently rehabilitated. In this regard, LBI claims, among other things, that the felonies of which Rice was convicted occurred over twenty years ago, Rice has paid his debt to society and had his rights restored, and he has been a productive and respected citizen since his release from prison. In addition, LBI argues that although Rice suffered from severe, undiagnosed, and untreated mental illnesses at the time of his arrest and conviction, he is "fully recovered and rehabilitated from his psychiatric condition," and that "[t]here is no evidence that he will relapse."⁶

8. The Application was accepted for filing on May 24, 2012. On December 20, 2012, Child Protect, a Children's Advocacy Center serving Montgomery, Autauga, Elmore, and Chilton Counties in

³ *State v. Michael Steven Rice*, Case No. 11R019001787 (11th Judicial Circuit Court, St. Charles County, Missouri).

⁴ 10 FCC Rcd 13685 (1995).

⁵ See *supra* note 1.

⁶ Combined Exhibits 12 and 13 to Application ("Character Exhibits") at fifth and sixth unnumbered pages.

Federal Communications Commission

DA 14-703

Alabama, filed an informal objection to the Application (“Informal Objection”).⁷ The Informal Objection is based, first, on Rice’s prior convictions for deviate sexual assault and sodomy;⁸ and second, on the Commission’s prior findings that Rice and LBI lacked candor with the Commission in misrepresenting the extent of his involvement with LBI and other companies owned by Rice.⁹ With regard to the latter allegation, Child Protect alleges that Rice has lacked candor with the Commission since the revocation of his companies’ authorizations on the basis that he has unlawfully managed the operations of Station WRBZ(AM), Wetumpka, Alabama, under a Local Marketing Agreement (“LMA”).¹⁰ Previously, the WRBZ(AM) (then-WAPZ(AM)) licensee applied to assign the license to Rice’s CMI, but the initial application was dismissed under the Commission’s “red light” rules.¹¹ CMI filed, and subsequently dismissed, a second assignment application.¹² Child Protect alleges that Rice entered into the LMA after dismissal of the first assignment application in order to program the station after being unable to purchase it.¹³ Child Protect further alleges that Johnny Roland, the owner of WRBZ(AM), is an absentee owner who now resides in Arizona, and thus Rice is “manag[ing] the station as the controlling owner of the licensee”¹⁴

9. In a Joint Opposition to Informal Objection (“Opposition”), Sullivan and LBI challenge the Informal Objection on numerous grounds. First, they note that the Informal Objection was initially not served on Sullivan or LBI, was untimely as a petition to deny, and was not supported by an affidavit or declaration of personal knowledge.¹⁵ Second, Sullivan and LBI claim that while they have not denied Rice’s past criminal conduct referenced in the Informal Objection, they have adequately documented Rice’s rehabilitation in an exhibit to the Application.¹⁶ Third, Sullivan and LBI state that the LMA for WRBZ(AM) was a “standard initial step in [CMI’s] proposed purchase” of the station, noting that the dismissal of the initial assignment application was without prejudice, and contained “no prohibitions on Mr. Rice’s conduct going forward.”¹⁷ Finally, Sullivan and LBI deny that Rice is managing WRBZ(AM), stating that he is a full-time resident of St. Charles, Missouri, some 615 miles from Wetumpka, Alabama; that Rice typically makes four “brief visits” to Wetumpka in a calendar year; and that he has no managerial role or voice at the station other than to provide programming, and has exerted no influence on personnel matters or financing.¹⁸ The parties also state that Johnny Roland is, in fact, a resident of Creve Coeur, Missouri, since leaving Arizona in 2003, and “runs WRBZ with its local full-time General Manager, Patrick Sullivan.”¹⁹

⁷ The Informal Objection was originally filed October 24, 2012, but was re-filed because the original filing was not served on Sullivan and Rice.

⁸ Informal Objection at 1.

⁹ *Id.* at 1-2.

¹⁰ *Id.*

¹¹ File No. BAL-20040715ADJ. See *J.W. Promotions, Inc.*, Letter (MB Jan. 12 2005) (dismissing the application pursuant to 47 C.F.R. §§ 1.1910(b)(3) and 0.283).

¹² File No. BAL-20050610AGS.

¹³ Informal Objection at 2.

¹⁴ *Id.*

¹⁵ Opposition at 1-2.

¹⁶ *Id.* at 2.

¹⁷ *Id.* at 3 (emphasis in original).

¹⁸ *Id.* at 4 and Exhibit E (Declaration of Michael S. Rice).

¹⁹ *Id.* at 4.

Federal Communications Commission

DA 14-703

III. DISCUSSION

10. *Rice's Character Qualifications.* Under the Commission's Character Qualifications Policy Statement,²⁰ non-FCC misconduct may raise a substantial and material question of fact concerning a licensee's character. In assessing character qualifications in broadcast licensing matters, the Commission considers, as relevant, "evidence of any conviction for misconduct constituting a felony."²¹ In particular, we have found that "[b]ecause all felonies are serious crimes, any conviction provides an indication of an applicant's or licensee's propensity to obey the law" and to conform to provisions of both the Act and the agency's rules and policies.²² In addition, conviction of certain felonies involving "misconduct so egregious as to shock the conscience and evoke almost universal disapprobation . . . might, of its own nature, constitute *prima facie* evidence that the applicant lacks the traits of reliability and/or truthfulness necessary to be a licensee. . . ."²³ In affirming the Commission's revocation of Rice's prior authorizations, the U.S. Court of Appeals for the District of Columbia Circuit opined that with regard to sexual offenses involving minors:

whatever the issue with respect to crimes that might be regarded as being on the boundary of "egregiousness," the reasonableness of the FCC's decision in the instant case is clear. There is no question but that the crimes at issue here are, as the FCC found, "characterized by moral turpitude" to such an extent that they "fall[] in the category of those that 'shock the conscience' and summon almost universal disapproval," (citation omitted) a category that the FCC expressly warned would be the subject of special agency concern.²⁴

11. In keeping with these findings and principles, we must here weigh whether Rice has been sufficiently rehabilitated and, therefore, is qualified to hold the Station's license. In the *1990 Character Policy Statement*, the Commission stated:

Rehabilitation is generally a factor when misconduct occurred prior to the filing of the application in question. Whether an applicant has been rehabilitated will necessarily turn on the facts of each case. Among other factors, the Commission will consider: (1) whether the applicant has not been involved in any significant wrongdoing since the alleged misconduct occurred; (2) how much time has elapsed since the misconduct; (3) the applicant's reputation for good character in the community; and (4) meaningful measures taken by the applicant to prevent the future occurrence of misconduct. (citation omitted) Further, where previous Commission consideration of the misconduct resulted in the denial of an application, the deterrent impact of our previous action may provide a basis for concluding that a recurrence of misconduct is unlikely.²⁵

12. We find that substantial and material questions remain regarding whether Rice has been rehabilitated. First, although Rice was convicted more than a decade ago, the ten-year period that the Commission generally considers as relevant is not a "statute of limitations for character inquiry," as LBI

²⁰ See *Policy Regarding Character Qualifications In Broadcast Licensing Amendment of Rules of Broadcast Practice and Procedure Relating to Written Responses to Commission Inquiries and the Making of Misrepresentations to the Commission by Permittees and Licensees*, Report, Order, and Policy Statement, 102 F.C.C.2d 1179 (1986) ("*1986 Policy Statement*"), *recon. dismissed/denied*, 1 FCC Rcd 421 (1986). See also *Policy Regarding Character Qualifications in Broadcast Licensing*, Policy Statement and Order, 5 FCC Rcd 3252 (1990) ("*1990 Policy Statement*"), *modified*, Memorandum Opinion and Order, 6 FCC Rcd 3448 (1991), *further modified*, Memorandum Opinion and Order, 7 FCC Rcd 6564 (1992).

²¹ See *1990 Policy Statement*, 5 FCC Rcd at 3252.

²² *Id.*

²³ *1986 Policy Statement*, 102 F.C.C.2d at 1205 n.60.

²⁴ *Contemporary Media*, 214 F.3d at 193 (citing *1990 Policy Statement*, 5 FCC Rcd at 3252 n.5).

²⁵ *1990 Character Policy Statement*, 5 FCC Rcd 3252 n.4.

Federal Communications Commission

DA 14-703

characterizes it.²⁶ Indeed, the passage of time has no bearing on the question of whether the underlying allegations of misconduct can be proved or disproved. Here, we are presented with felony convictions, adverse character determinations, and a set of license revocations that are *res judicata* and therefore not subject to retrial in this hearing. Thus, while the passage of time is relevant to the issue of whether Rice has been rehabilitated, “it does not limit our consideration of *adjudicated* misconduct that has already been litigated.”²⁷ Our view is consistent with Commission precedent. As but one example, the Enforcement Bureau revoked a license held by an amateur radio operator convicted more than 13 years earlier of sexual felonies involving minors.²⁸ In revoking the license, the Enforcement Bureau noted that, regardless of the lapse of time, the nature of the criminal misconduct was such that it called into serious question whether the licensee possessed the requisite character qualifications to retain his authorization.²⁹ As noted above by the Court of Appeals for the D.C. Circuit, it is without question that the nature of the criminal misconduct for which Rice was found guilty involved areas “of special agency concern.”³⁰ Thus, without other compelling evidence of rehabilitation, we find that a rote application of the Commission’s general ten-year time limitation policy would not serve the public interest in this instance.

13. Our review of the materials submitted in each of the Character Exhibits leads us to conclude that the testimonials therein are of limited probative value, i.e., they fall short of establishing material propositions.³¹ The two-page introduction to the Character Exhibits, and the three-page Biographical Sketch that follows, are self-serving and, as would be expected, cast Rice in the best possible light. However, they lack critical information and provide little to no context. For example, LBI states, for example, that “[b]ased on his full rehabilitation, the State of Missouri has fully restored Mike Rice to his rights as a citizen.”³² Rice offers no documentation and does not detail the scope or meaning of full restoration of his rights by the State of Missouri. Moreover, the requirement by the State of Missouri that Rice remain listed on an official Sex Offender Registry as a consequence of his conviction undercuts this argument.³³ Without evidence of his ability to be removed from the Sex Offender Registry, his contention that the State of Missouri has fully restored his rights or deems him fully rehabilitated is dubious.

14. The primary Character Exhibit upon which Rice relies is a two-page letter, dated October 31, 2011, from psychiatrist Wayne A. Stillings, M.D. (“Stillings”), who states he has treated Rice for 20 years.³⁴ Attached to the two-page letter is an eight-page Declaration from Stillings that was itself

²⁶ Character Exhibits at first unnumbered page, citing *1986 Policy Statement*, 102 F.C.C.2d at 1229. There, the Commission stated, “As to the time period relevant to character inquiries, we find that, as a general matter . . . even as to consideration of past conduct indicating ‘a flagrant disregard of the Commission’s regulations and policies,’ a ten year limitation should apply. The ‘inherent inequity and practical difficulty’ (citation omitted) involved in requiring applicants to respond to allegations of greater age suggests that such limit be imposed.” *Id.*

²⁷ *Robert D. Landis*, Order of Revocation, 22 FCC Rcd 19979, 19982 (EB 2007) (“*Landis*”) (emphasis in original).

²⁸ *Id.*

²⁹ *Id.*, 22 FCC Rcd at 19982.

³⁰ *Contemporary Media*, 214 F.3d at 193.

³¹ See, e.g., *Liberty Productions, a Limited Partnership, et al.*, Memorandum Opinion and Order, 16 FCC Rcd 12061, 12099 n.15 (2001) (Commissioner Tristani, dissenting) (citing *U.S. v. Bagley*, 473 U.S. 667 n.5 (1985) (Marshall, J., dissenting) (citing E. Cleary, *McCormick on Evidence* § 185 (3d ed. 1984); 1 J. Wigmore, *Evidence* § 2 (P. Tillers rev. 1982))).

³² Character Exhibits, second unnumbered page.

³³ See generally Mo. Rev. Stat. §§ 589.400 – 589.425 (2014). The requirement to register as a sex offender is a lifetime requirement, absent certain narrow circumstances, such as reversal or vacation of the offenses, that do not exist here. Mo. Rev. Stat. § 589.400(3) (2014). See Missouri Highway Patrol Sex Offender Registry, searchable at <http://www.mshp.dps.mo.gov/CJ38/Search> (accessed May 21, 2014).

³⁴ Character Exhibits, sixth-seventh unnumbered pages.

Federal Communications Commission

DA 14-703

executed more than ten years prior to the letter.³⁵ Stillings states that Rice's conduct that led to his criminal convictions was the result of a combination of psychiatric illnesses, specifically Bipolar Affective Disorder, Mixed; Dissociative Disorder, NOS; Dysthymia; and alcohol abuse.³⁶ Stillings opines that each of these illnesses is physiological in nature; that these physiological illnesses caused the conduct that led to Rice's criminal convictions; that Rice had no control over his conduct during episodes of mania and dissociation during which he engaged in his criminal activities; that Rice was unaware that he had these diseases prior to commencing treatment in 1991; and that he is neither a pedophile nor "in any sense a typical 'sex offender.'"³⁷ Stillings thus disputes the conclusion, from the fact of Rice's criminal convictions, that Rice is of bad character or unfit to be trusted to discharge his fiduciary responsibilities as a radio station licensee.³⁸ He states that each of Rice's disorders has been in remission for approximately ten years; that there is "absolutely no reason to anticipate that any of [Rice's] disorders will again become active, so long as [Rice] continues to take his prescribed medications and to pursue the appropriate therapy"; and that Rice is an "excellent patient, diligent and dedicated to his recovery and to maintaining his state of wellness" for the ten years prior to the 2001 declaration date.³⁹ Stillings also states that radio is Rice's "driving passion" and the "love of his life," and that to take his involvement with the radio business away from Rice would be "both tragically misguided and exceedingly harmful."⁴⁰

15. We find Stillings's letter and declaration to be, in substantial part, in contradiction of the record in this case or beyond the scope of expert medical testimony.⁴¹ While Stillings opines that Rice's criminal conduct was the result of a combination of physiological illnesses over which Rice had no volitional control, and that he should not be considered a "typical sex offender," it is clear that the sentencing court found Rice to be sufficiently responsible for his actions to be sentenced to a total of 84 years in prison, as well as to a 12-month sex offender program.⁴² Stillings further states, in his covering letter, that "[i]t is [his] opinion, to a reasonable degree of medical and psychiatric certainty, that Mr. Rice is qualified for FCC licensure."⁴³ This, however, is a conclusion of law, not of medicine or psychiatry.⁴⁴

³⁵ Declaration of Wayne A. Stillings, M.D., dated May 17, 2001, Character Exhibits at eighth through fifteenth unnumbered pages ("Stillings Declaration").

³⁶ Stillings Declaration, ¶¶ 3, 6-7.

³⁷ *Id.*, ¶ 8.

³⁸ *Id.*, ¶ 9.

³⁹ *Id.*

⁴⁰ *Id.*, ¶ 10.

⁴¹ The Commission's evidentiary rules for applications and pleadings outside of a designated hearing do not follow the Federal Rules of Evidence. *See* 47 C.F.R. §§ 73.3540 and 73.3584. In a designated hearing, however, such rules, including Fed. R. Evid. 702 ("Testimony By Expert Witnesses"), do apply, except to the extent that there is a determination that relaxation of such rules will better serve the ends of justice. *See* 47 C.F.R. § 1.351.

⁴² *See CMI Decision*, 13 FCC Rcd at 14439; Character Exhibits, fourth unnumbered page ("Mr. Rice's medical treatment . . . also included Mr. Rice's successful completion of a 12-month Missouri Sexual Offender Program, which began on April 20, 1998.").

⁴³ Character Exhibits, seventh unnumbered page.

⁴⁴ We reiterate that Stillings's opinion regarding Rice's remission from his various illnesses is stated as a conditional: there is no reason to expect his disorders to return, *so long as* he continues taking his medication and participating in therapy. Stillings Declaration, ¶ 9. We note that the Bureau, which has application and licensing responsibilities for over 15,000 full-power broadcast stations and over 6,000 translator and booster broadcast stations, lacks both the expertise and the manpower to monitor any individual's compliance with medication and therapy programs.

Federal Communications Commission

DA 14-703

In fact, Stillings does not limit himself to these areas of medical opinion, but rather argues forcefully for his patient's return to the broadcasting business.⁴⁵

16. Viewed in its entirety, the Stillings declaration goes beyond being an objective medical assessment of Rice's actions and prognosis, reading more as a pleading advocating the ultimate legal result of this proceeding. Moreover where, as here, the declaration is 13 years old, there are questions regarding the probative value of any facts contained therein. A determination as to whether Rice is *presently* qualified to serve the public interest, convenience, and necessity should be based on a current and thorough assessment of his medical condition or, at the very least, on an assessment that is more recent than one that was prepared more than a decade ago. As such, Stillings's testimony does not assist us in reaching the ultimate legal and factual conclusions regarding the Application.

17. Of equal or perhaps greater importance, neither Stillings's letter or declaration, nor the other materials submitted, deals in any meaningful way with the second independent ground underlying the revocation of LBI's and the Rice Companies' prior authorizations, namely, Rice's lack of candor and misrepresentation regarding Rice's participation in the management and operation of his stations following his arrest. The Administrative Law Judge found, and both the Commission and the U.S. Court of Appeals for the District of Columbia Circuit affirmed, that LBI and the other Rice Companies lacked candor and made misrepresentations to the Commission regarding Rice's role in the management of his various stations as he awaited trial and sentencing.⁴⁶ As stated in the *CMI ID*,

As the sole shareholder of CMI and CBI, the (then) 67.5 percent shareholder of LBI, and an officer and director of all three corporations, Rice had the ultimate responsibility and duty to ensure that the Licensees' submissions to the Commission were complete, accurate, and truthful. This was especially important here since those reports related to his own activities. However, there is no record evidence that Rice made any attempt whatsoever to live up to his obligations in this regard.⁴⁷

18. As the Commission found, the court affirmed, and Rice himself conceded, misrepresentation and lack of candor are sufficient grounds for revocation of licenses.⁴⁸ The misrepresentations and lack of candor were cited along with Rice's criminal convictions as separate and independent grounds for revoking the Rice Companies' authorizations.⁴⁹ However, LBI's rehabilitation showing is almost exclusively devoted to Rice's criminal convictions. Any determination regarding Rice's or LBI's qualifications to be a Commission licensee must include a determination regarding Rice's candor and truthfulness before the Commission. The Application does not present us with a sufficient record on which to make that determination.

19. Rice submits four letters in the Character Exhibits, each supporting his qualifications as a broadcast licensee. Each of the letters suffers from a deficiency noted by the Administrative Law Judge in the *CMI ID* with regard to character statements submitted on Rice's behalf during that proceeding, in

⁴⁵ For example, Stillings asserts that "[s]ociety has a pressing moral responsibility to end such discrimination against the mentally ill," and that "[t]he Federal Communications Commission can discharge an important element of that responsibility by supporting Mike Rice's continued mental and physical health and by reconsidering its decision regarding his radio stations." *Id.*, ¶ 13. According to Stillings, "[t]o take on that responsibility would be an act of honor and courage" and "[t]o abrogate that responsibility would be ... a travesty." *Id.*

⁴⁶ See *CMI ID*, 12 FCC Rcd at 14295-14305; *CMI Decision*, 13 FCC Rcd at 14454-59; *Contemporary Media*, 214 F.3d at 196-98.

⁴⁷ *CMI ID*, 12 FCC Rcd at 14305. We note also that these activities took place after Rice's hospitalization and while he was being treated by Stillings, yet Stillings insists that Rice "has always been truthful." Stillings Declaration, para. 11.

⁴⁸ See, e.g., *Contemporary Media*, 214 F.3d at 196.

⁴⁹ *CMI Decision*, 13 FCC Rcd at 14459.

Federal Communications Commission

DA 14-703

that they make no mention of Rice's criminal convictions, or otherwise indicate whether the writer is familiar with those aspects of Rice's background that led to his license revocations.⁵⁰ The closest such indication is in a letter from Frank Utley, a Rice neighbor since 1988, who states only that Rice "is a good person, and in my opinion fully recovered from the demons of his past."⁵¹ This, however, falls short of evidencing any familiarity with the specifics of either Rice's criminal convictions or of the grounds for revocation of his radio station licenses. Kenny L. Robertson, who states he has known Rice for 25 years, speaks to Rice's election to the boards of a homeowners' association and a condominium association, states that based on his observation, Rice has "the respect of his neighbors," and is "always willing to help others in need."⁵² Teddy Booker, who does not disclose how long he has known Rice, states that Rice exhibited honest dealings with him, that he finds Rice to be "an honorable honest person," and that he never noticed or heard any accusations against Rice.⁵³ Kevin Berlen, a former employee of Rice's radio stations who states he is currently the local manager of a Rice-owned communications tower, testifies only to the "extemporary (sic) operation" of Rice's stations, and that Berlen never noticed any violations of FCC regulations. Berlen characterizes the former Rice stations as "the finest technical facilities in the area."⁵⁴ The Berlen letter speaks exclusively of the technical facilities of the Rice Companies and Rice's qualities as a radio station operator, rather than addressing Rice's character qualifications. The other three letters consist primarily of vague platitudes concerning Rice's honesty, his positions with non-broadcast associations (that do not carry the same responsibilities for truthfulness and acting in the public interest that broadcast licensees do), and his personal kindness and willingness to help others in need. Such statements shed little light on Rice's character as a potential Commission licensee, particularly given that, as noted above, there is no indication that the declarants are aware of the details of Rice's background or his prior criminal acts, and could therefore speak to his rehabilitation from those past acts. While each of the four letters evinces the writer's favorable disposition toward Rice, we are unable to find on the basis of these letters that Rice possesses the requisite good character to become a Commission licensee.

20. *Informal Objection.* With regard to Child Protect's Informal Objection,⁵⁵ we believe the above discussion addresses Child Protect's first concern regarding Rice's past criminal convictions and potential rehabilitation. With regard to the WRZB(AM) LMA, however, Child Protect does not set forth facts sufficient to raise a substantial and material question of fact regarding Rice's alleged control over WRZB(AM). LMA's are not precluded by any Commission rule or policy, as long as our ownership rules are not violated and the participating licensee maintains ultimate control over its facilities.⁵⁶ The licensee maintains such control when it holds ultimate responsibility for essential station matters such as

⁵⁰ See *CMI ID*, 12 FCC Rcd at 14294; *CMI Decision*, 13 FCC Rcd at 14446. See also *Contemporary Media*, 214 F.3d at 195 ("We cannot fault the FCC for concluding that those who vouched for Rice's character while evidencing little if any knowledge of his egregious acts cannot be regarded as credible on the subject.").

⁵¹ Character Exhibits, nineteenth unnumbered page (Letter from Frank James Utley, Jr.).

⁵² *Id.*, sixteenth unnumbered page (Letter from Kenny L. Robertson).

⁵³ *Id.*, seventeenth unnumbered page (Letter from Teddy Booker).

⁵⁴ *Id.*, eighteenth unnumbered page (Letter from Kevin Berlen).

⁵⁵ While Child Protect requests that we accept its filing as "an objection to and petition to deny" the Application, it was filed more than 30 days after public notice of the Application's acceptance for filing. *Broadcast Applications*, Public Notice, Report No. 27747 (MB May 29, 2012) at 3. Because it was untimely filed, it may not be considered as a petition to deny. 47 C.F.R. § 73.3584(a). Consistent with the Bureau's practice, we will consider the filing on its merits as an informal objection.

⁵⁶ 2002 *Biennial Regulatory Review – Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996*, Report and Order and Notice of Proposed Rule Making, 18 FCC Rcd 13620, 13743 (2003) (subsequent history omitted).

Federal Communications Commission

DA 14-703

programming, personnel, and finances.⁵⁷ Child Protect does not set forth specific facts, supported by the affidavit of a person with personal knowledge,⁵⁸ demonstrating that WRZB(AM)'s licensee abrogated its responsibility for station functions. Child Protect therefore does not make out a *prima facie* case of any statutory or rule violation, nor does Child Protect provide evidence to counter LBI's rebuttal of its allegations.⁵⁹ We thus decline to designate an issue regarding CMI's LMA of WRZB(AM).

IV. CONCLUSIONS

21. In light of the foregoing, we believe that there remain substantial and material questions of fact as to whether Rice, and therefore LBI, possesses the requisite character qualifications to be a Commission licensee. Having examined all of the record evidence regarding Rice's character and finding it lacking in probative value, and given the seriousness of the criminal behavior in which Rice engaged, we believe that a hearing before an Administrative Law Judge is warranted. In this regard, such a hearing will provide the best forum to evaluate whether Rice has been rehabilitated to an extent that the Commission is fully confident Rice will refrain from engaging in the kind of behavior for which he was convicted; Rice and/or LBI can be relied upon to be truthful, candid, and forthcoming in their dealings with the Commission; and Rice and/or LBI will comply in all other respects with the Commission's Rules, regulations, and policies.⁶⁰ Consequently, appropriate issues will be designated for hearing.

V. ORDERING CLAUSES

22. ACCORDINGLY, IT IS ORDERED that, pursuant to Section 309(e) of the Communications Act of 1934, as amended, 47 U.S.C. § 309(e), the captioned Application IS DESIGNATED FOR HEARING in a proceeding before an FCC Administrative Law Judge, at a time and place to be specified in a subsequent Order, upon the following issues:

(a) To determine the effects, if any, of Michael S. Rice's felony convictions on his qualifications and/or the qualifications of Lake Broadcasting, Inc., to be a Commission licensee;

(b) To determine the effects, if any, of the misrepresentation and lack of candor by Michael S. Rice's broadcast companies on his qualifications and/or the qualifications of Lake Broadcasting, Inc., to be a Commission licensee;

⁵⁷ 47 U.S.C. § 310(d); 47 C.F.R. § 73.3540(a). See also *Solar Broadcasting Co., Inc.*, Memorandum Opinion and Order, 17 FCC Rcd 5467, 5486 (2002) ("Although a licensee may delegate certain functions to an agent or employee on a day-to-day basis, ultimate responsibility for essential station matters, such as personnel, programming and finances, is nondelegable."); *Radio Moultrie, Inc.*, EB Docket No. 02-367, Order to Show Cause and Notice of Opportunity for Hearing, 17 FCC Rcd 24304, 24306-07 (2002) (stating that "the Commission looks not only to who executes the programming, personnel, and finance responsibilities, but also to who establishes the policies governing those three areas"); *Choctaw Broadcasting Corp.*, Memorandum Opinion and Order, 12 FCC Rcd 8534, 8538-39 (1997) ("[A] licensee involved in an LMA is not relieved of its responsibility to retain ultimate control.").

⁵⁸ Child Protect states only that it is its understanding, "on information and belief," that Rice manages WRZB(AM) as the controlling owner of the licensee. Informal Objection at 3.

⁵⁹ The LMA did not provide Rice with an ownership interest in WRZB(AM). Had it provided Rice with a cognizable ownership interest in the station, that would have raised a question as to the licensee's qualifications to remain a licensee. See *1990 Policy Statement*, 5 FCC Rcd at 3252.

⁶⁰ In evaluating the evidentiary record in this proceeding, the Presiding Administrative Law Judge should consider whether crimes involving child sex abuse are so egregious, so utterly shocking to the conscience, and so patently inconsistent with the public interest, that a person so convicted, regardless of when the conviction took place, may be determined to be qualified to be a Commission licensee only in the most extraordinary and compelling of circumstances. See *1986 Policy Statement*, 102 F.C.C.2d at 1205 n.60; *1990 Policy Statement*, 5 FCC Rcd at 3253 n.5.

Federal Communications Commission**DA 14-703**

(c) To determine, in light of the evidence adduced pursuant to the foregoing issues, whether Michael S. Rice and/or Lake Broadcasting, Inc., is qualified to be a Commission licensee; and

(d) To determine, in light of the evidence adduced pursuant to the foregoing issues, whether the captioned Application for consent to the assignment of license for Station W238CE should be granted.

23. IT IS FURTHER ORDERED that to avail themselves of the opportunity to be heard and the right to present evidence at a hearing in these proceedings, pursuant to Section 1.221 of the Commission's Rules, Lake Broadcasting, Inc., and Patrick Sullivan, in person or by their attorneys, SHALL FILE, within 20 days of the mailing of this Hearing Designation Order, written appearances in triplicate stating their respective intentions to appear on the date fixed for hearing and to present evidence on the issues specified in this Hearing Designation Order.

24. IT IS FURTHER ORDERED, pursuant to Section 1.221 of the Commission's Rules, that if Lake Broadcasting, Inc., or Patrick Sullivan fails to file a written appearance within the time specified above, or has not filed prior to the expiration of that time a petition to dismiss without prejudice, or a petition to accept, for good cause shown, such written appearance beyond expiration of said 20 days, the Presiding Administrative Law Judge shall expeditiously dismiss the captioned application with prejudice for failure to prosecute.

25. IT IS FURTHER ORDERED that the Chief, Enforcement Bureau, IS MADE A PARTY to this proceeding without the need to file a written appearance.

26. IT IS FURTHER ORDERED, that a copy of each document filed in this proceeding subsequent to the date of adoption of this Hearing Designation Order SHALL BE SERVED on the counsel of record appearing on behalf of the Chief, Enforcement Bureau. Parties may inquire as to the identity of such counsel by calling the Investigations & Hearings Division of the Enforcement Bureau at (202) 418-1420. Such service copy SHALL BE ADDRESSED to the named counsel of record, Investigations & Hearings Division, Enforcement Bureau, Federal Communications Commission, 445 12th Street, S.W., Washington, DC 20554.

27. IT IS FURTHER ORDERED, that the Presiding Administrative Law Judge shall not, in the context of this hearing proceeding, relitigate any of the findings of fact and/or conclusions of law contained in any order or opinion relating to the state court proceeding in which Michael S. Rice was determined to be a convicted felon or in any order or opinion relating to the Commission proceeding in which Michael S. Rice and/or the broadcast companies in which he held an interest were previously determined to be unqualified.

28. IT IS FURTHER ORDERED, that, in accordance with Section 309(e) of the Communications Act of 1934, as amended, the burdens of proceeding with the introduction of evidence and of proof with respect to all issues designated herein SHALL BE upon the parties to the captioned application.

29. IT IS FURTHER ORDERED that, given the very serious questions that exist as to whether Michael S. Rice and/or Lake Broadcasting, Inc. is qualified to hold a Commission license and operate a radio facility in the public interest, the Presiding Administrative Law Judge shall, to the fullest extent possible, ensure that each of the issues designated herein is thoroughly explored and his Initial Decision is predicated on a full and complete evidentiary record.

30. IT IS FURTHER ORDERED, that the parties to the captioned application shall, pursuant to Section 311(a)(2) of the Communications Act of 1934, as amended,⁶¹ and Section 73.3594 of the

⁶¹ 47 U.S.C. § 311(a)(2).

Federal Communications Commission**DA 14-703**

Commission's Rules,⁶² GIVE NOTICE of the hearing within the time and in the manner prescribed in such Rule, and shall advise the Commission of the publication of such notice as required by Section 73.3594(g) of the Commission's Rules.⁶³

31. IT IS FURTHER ORDERED that the December 20, 2012, letter filing of Child Protect IS DISMISSED as a Petition to Deny. IT IS FURTHER ORDERED that the December 20, 2012, letter filing of Child Protect IS DENIED as an Informal Objection as to the allegations therein regarding an unlawful transfer of control of station WRZB(AM) to Contemporary Media, Inc. and/or Michael S. Rice.

32. IT IS FURTHER ORDERED that copies of this Hearing Designation Order SHALL BE SENT *via* Certified Mail, Return Receipt Requested, and by regular first class mail to the following:

Jerold L. Jacobs, Esq.
Cohn and Marks LLP
1920 N Street, N.W.
Suite 300
Washington, DC 20036-1622
(Attorney for Patrick Sullivan and Lake Broadcasting, Inc.)

Patrick Sullivan
22932 Abrolat Road
Wright City, MO 63390

Lake Broadcasting, Inc.
P.O. Box 1268
St. Peters, MO 63376

Jannah M. Bailey, Executive Director
Child Protect
935 S. Perry Street
Montgomery, AL 36104

33. IT IS FURTHER ORDERED that the Secretary of the Commission shall cause to have this Hearing Designation Order or a summary thereof published in the Federal Register.

FEDERAL COMMUNICATIONS COMMISSION

William T. Lake
Chief, Media Bureau

⁶² 47 C.F.R. § 73.3594.

⁶³ 47 C.F.R. § 73.3594(g).