

Federal Communications Commission Washington, D.C. 20554

August 23, 2018

In Reply Refer To: 1800B3-IB

Richard Blackston, Board Chair Peace and Justice Network of San Joaquin County P.O. Box 4123 Stockton, CA 95204

Betty J. Smith, President Delta 2000 301 W. Tenth St. Antioch, CA 94509

David F. Jackson, Project Director Westside Public Radio of San Joaquin County 1852 West Eleventh St., Suite 200 Tracy, CA 95376

In re: KBCC(FM) (formerly KYNJ), Tracy, California

Facility ID No. 176022
File No. BALED-20170801AJ
BRED-20130802AAO
Application for License Assignment
Application for License Renewal
Informal Objection

KXVS-LP, Stockton, California Facility ID No. 195758 File No. BLL-20170926AAB

Dear Applicants and Objector:

The Media Bureau, Audio Division (Bureau) has before it: (1) an unopposed application from Peace and Justice Network of San Joaquin County (PJN) to renew the license of noncommercial educational (NCE) FM station KBCC(FM), Tracy, California (Tracy Station);¹ (2) an application for consent to assign the Tracy Station's license to Delta 2000 (Delta);² (3) an Informal Objection to the Tracy Assignment by Westside Public Radio of San Joaquin County (Westside);³ and (4) PJN's

¹ See File No. BRED-20130802AAO (filed Aug. 2, 2013) (Tracy Renewal).

² See File No. BPFT-20170801AJL (filed Aug. 1, 2017) (Tracy Assignment).

³ Westside Opposition to Assignment of License for NCE FM Radio Station KBCC to Delta from PJN (filed Aug. 28, 2017) (Objection). Westside is a non-profit organization located in Tracy, California which offered to purchase the Tracy Station from PJN in 2016. Commission records reflect that Westside's principal, David F. Jackson, was President of Modesto Graffiti Radio Project, Inc., whose license for DKXOK-LP, Modesto, California expired as a

Response.⁴ PJN is also the licensee of silent Low Power FM (LPFM) station KXVS-LP, Stockton, California (Stockton Station).⁵ For the following reasons, we will: hold the Tracy Assignment in abeyance for 30 days; rescind grant of PJN's application to license the Stockton Station and return it to pending status;⁶ and grant the Objection in part.

Background

In 2010, PJN received a permit to construct the Tracy Station after prevailing over a competing applicant under a point system that compared desirable factors in each proposal.⁷ In accordance with Section 73.7003 of the Commission's rules (Rules), the Commission conditioned the Tracy Station's authorizations upon completion of a holding period, during which the Commission will entertain point-system related complaints from the public and the selected NCE licensee cannot sell the station to an organization that qualifies for fewer points.⁸ The holding period remains in effect until the station achieves four years of on-air operations and is intended to maintain the integrity of the comparative process, deter speculation, and ensure that the public will receive the benefits that were the basis for the license grant.⁹ On April 20, 2013, the Commission licensed the Tracy Station, thus beginning the holding period. However, PJN took the Tracy Station silent that same day and has since filed six requests for special temporary authority (STA) to remain off-air¹⁰ and three requests to operate with reduced power.¹¹

In Fall 2013, the Commission opened a filing window for applications to construct new LPFM stations. ¹² PJN applied on November 14, 2013 for a permit to construct a new LPFM station at Stockton,

matter of law in February 2016 due to extended silence. See File Nos. BON-20150505AAW, BPL-20160113ABT; 47 U.S.C. § 312(g).

⁴ See PJR Opposition to Petition Stating Opposition to Transfer of Assignment (filed Sept. 18, 2017) (Response).

⁵ Pursuant to LPFM cross-ownership rules, PJR pledged to divest the Tracy Station before operating the Stockton Station. *See* 47 CFR § 73.860(d); File No. BNPL-20131114BXL (granted Sept. 26, 2014) (Stockton Permit).

⁶ See File No. BLL-20170926AAB (filed Sept. 26, 2017) (Stockton License Application).

⁷ See 47 CFR § 73.7003; Comparative Consideration of 59 Groups of Mutually Exclusive Applications for Permits to Construct New or Modified NCE FM Stations, Memorandum Opinion and Order, 25 FCC Rcd 1681, 1692, 1719, paras. 40-41, 154 (2010). Specifically, PJN received a total of seven points (established local applicant, three points; diversity of ownership, two points; and best technical proposal, two points). *Id.* at 1692, paras. 40-41. The other applicant, also proposing NCE service to Tracy, received a total of two points for diversity of ownership. *Id.*

⁸ See File Nos. BNPED-20071022AOK (granted Mar. 31, 2010), Cond. 2 (citing 47 CFR § 73.7005(a)), BLED-20130328AKC (granted April 30, 2013), Cond. 3 (citing 47 CFR § 73.7003(b)); Reexamination of Comparative Standards for Noncommercial Educational Applicants, Report and Order, 15 FCC Rcd 7386, 7424-25, paras. 92-94 (2000) (subsequent history omitted) (Comparative Standards).

⁹ See Comparative Standards, 15 FCC Rcd at 7424-25, paras. 92-94.

¹⁰ See File Nos. BLSTA-20130430ADU, BLESTA-20140106AZE, BLSTA-20140701ACE, BLESTA-20141217ADH, BLSTA-20160927AFG, and BLESTA-20170424AAW. The stated reasons for the silent periods include: power difficulties; need to divest the license so that PJN can operate an LPFM station; and need to replace equipment.

¹¹ Concurrently with PJN's August 1, 2017 filing of the Tracy Assignment, it applied for an STA to operate the Tracy Station from a different site at reduced power and has received extensions of that STA. *See* File No. BSTA-20170801AJK (granted Aug. 7, 2017); BESTA-20180205ABD (granted Feb. 7, 2018); BSTA-20180410ABC (granted Apr. 16, 2018).

¹² See Media Bureau Announces Availability of the Revised FCC Form 318 and the Filing Procedures for October 15 — October 29, 2013 Low Power FM Filing Window, Public Notice, 28 FCC Rcd 8854 (MB 2013); see also

where PJN is located.¹³ The Rules provide that organizations cannot simultaneously be licensed to operate an LPFM station and a station in another broadcast service.¹⁴ A party with an attributable interest in a broadcast station must divest such interest prior to the commencement of operations of an LPFM station in which the party also holds an interest.¹⁵ PJN pledged to divest its interest in the Tracy Station before applying to license the Stockton Station.¹⁶ The Bureau granted the Stockton Permit on September 26, 2014 requiring PJN to construct and apply to license the Stockton Station no later than September 26, 2017. PJN filed the Tracy Assignment on August 1, 2017, requesting expedited consideration so that it might divest the Tracy Station before the September 26, 2017 expiration of the Stockton Permit. The Bureau could not expedite consideration of the Tracy Assignment, however, because its policy is not to grant a license assignment prior to renewing that license, and several matters prevented grant of the pending Tracy Renewal application. Additionally, the Objection raised issues that could not be resolved prior to expiration of the Stockton Permit.

When PJN filed the Stockton License Application on September 26, 2017, it disclosed that it still owned the Tracy Station, and characterized that dual interest as a condition that prevented it from operating the Stockton Station with program test authority.¹⁷ The Bureau licensed the Stockton Station on October 2, 2017. On October 16, 2017, PJN filed a request for STA to remain silent, stating that the Stockton Station had not been on-air since September 26, 2017, the date that it applied to license that facility.¹⁸

Westside opposes the Tracy Assignment because it views the Tracy Station's lengthy silences and short periods of operation as an attempt by PJN to deceive the Commission with respect to the Tracy license's continued validity, PJN's satisfaction of the NCE holding period, and PJN's intent to serve Tracy while constructing at Stockton.¹⁹ Westside's arguments are potentially relevant under three Rules: (1) Section 73.1740(c), which provides for automatic license expiration upon a broadcast station's silence for one year; (2) Section 73.7005, which establishes a holding period for NCE authorizations awarded in comparative proceedings; and (3) Section 73.860, which prohibits LPFM licensees from having attributable interests in other broadcast services.²⁰ Westside's allegation of misrepresentation also

Media Bureau Extends Low Power FM Filing Window, Public Notice, 28 FCC Rcd 14101 (MB 2013) (extending window through Nov. 14, 2013).

¹³ The cities of Tracy and Stockton are approximately 20 miles apart. See Objection at 2.

¹⁴ See 47 CFR § 73.860(a) ("no [LPFM] license will be granted to any party if the grant of such authorization will result in the same party holding an attributable interest in any other non-LPFM broadcast station").

¹⁵ See 47 CFR § 73.860(d).

¹⁶ See Stockton Permit application at Exh. 2. PJN's application for the Stockton Permit claimed points for local diversity of ownership based on the pledged divestiture. *Id.* PJN had also claimed local diversity of ownership points in the Tracy Application based upon a requirement in its own governing documents to maintain diversity. *See* 47 CFR § 73.7003(b)(2).

¹⁷ See Stockton License Application, Section I, Exh. 4.

¹⁸ See File No. BLSTA-20171116AEQ (granted Nov. 1, 2017).

¹⁹ See Objection at 1-2.

²⁰ See 47 CFR §§ 73.1740(c), 73.7005, 73.860(a). See also 47 U.S.C. § 312(g) (expiration as a matter of law upon one year of silence, unless license is extended or reinstated). Westside does not cite any of these Rules directly.

implicates the Commission's character qualifications policy, which potentially disqualifies parties who have engaged in misconduct demonstrating a proclivity to be untruthful with the Commission.²¹

Discussion

Informal objections, like petitions to deny, must allege properly supported facts that, if true, would establish a substantial and material question of fact that grant of the application would be inconsistent with the public interest.²² We find that Westside has raised no such question.

Silence. A broadcast station's license expires as a matter of law upon twelve consecutive months of silence and/or unauthorized operations.²³ Stations that have been silent for substantial periods, but not for twelve consecutive months, face significant hurdles when seeking license renewal.²⁴ It is undisputed that the Tracy Station went silent on April 30, 2013, almost immediately after grant of its license. Westside alleges that PJN either never began to broadcast at all or operated the Tracy Station with unauthorized facilities.²⁵ Westside also alleges that the Tracy Station did not "resume" authorized broadcasts one year later on April 29, 2014, as claimed.

We find that Westside has not raised a substantial and material question of fact concerning the Tracy Station's silence because its claims are speculative. The only evidence Westside provides is a statement that its Director drives by the Tracy Station's authorized transmitter site almost every day and has not heard a signal. Such drive-by listening would generally be fleeting, and Westside provides no information, such as specific dates, times, and duration of the listening, from which we might conclude otherwise. Westside expresses a "steadfast belief" that PJN may have used an unlicensed site and/or unauthorized power but provides no supporting evidence. Westside's unsworn 2017 allegations are far removed in time from the certified statements that PJN submitted to us in 2013 and 2014, contemporaneously with the events at issue. The record reflects that the Tracy Station has been silent for considerable periods but not that the station ever remained off-air continuously for a year. Accordingly, we reject Westside's allegation that the Tracy Station's license expired as a matter of law. Nevertheless, we find that the Tracy Station's record of on-again, off-again operations should be considered in the pending Tracy Renewal proceeding. As discussed below, we will defer such consideration for 30 days.

Holding Period/Character. NCE organizations that receive authorizations through a point system analysis must, as discussed previously, satisfy a four-year holding period of on-air operations. PJN

²¹ See Character Qualifications in Broad. Licensing, Report, Order, and Policy Statement, 102 FCC 2d 1179, 1190-91, para. 23 (1986) (subsequent history omitted); see also 47 CFR § 1.17 (truthful written statements).

²² See, e.g., WWOR-TV, Inc., Memorandum Opinion and Order, 6 FCC Rcd 193, 197 n.10 (1990); cf. 47 U.S.C. § 309(d)(1).

²³ See 47 U.S.C. § 312(g); 47 CFR § 73.1740(c); Eagle Broad. Group, 563 F.3d 543, 553 (D.C. Cir. 2009) (unauthorized and unlicensed transmissions no better than silence).

²⁴ See Family Voice Comm., LLC, Hearing Designation Order, FCC 18-56, para. 6 (rel. May 7, 2018) (designating license renewal application for paper hearing to determine whether station that was silent for most of its license term met the requirements for license renewal in 47 U.S.C. § 309(k)).

²⁵ See Objection at 2.

²⁶ *Id.* at 4, 8. As noted previously, PJN applied for and received STA from 2017 onward to operate from an interim site with reduced facilities, and such STA-related operations are authorized. *See supra*, note 11.

²⁷ See Roger L. Hoppe, Memorandum Opinion and Order and Notice of Apparent Liability, 31 FCC Rcd 8790, 8793, para. 11 (MB 2016) (Hoppe) (brief periods of operation sandwiched between prolonged periods of silence are of little value in evaluation of licensee's performance).

addresses this requirement in an exhibit to the Tracy Assignment.²⁸ PJN acknowledges that the Tracy Station was not on-air for a full four years but contends nevertheless that the holding period ended on April 30, 2017, four years from grant of the Tracy Station's license.²⁹ Westside alleges that PJN's multiple requests for STA to remain silent during the holding period were "a deliberate, willful and flagrant misrepresentation of [the Tracy Station's] operation" in order to "run out the clock" of the holding period, with no intention of operating the Tracy Station to serve the public.³⁰ PJN responds that Westside's allegations are unsupported and motivated by a desire to force PJN to sell the Tracy Station to Westside.³¹

Westside has not shown that PJN intentionally attempted to deceive the Commission, a necessary element of misrepresentation.³² Contrary to Westside's allegation that PJN has been less than forthright about its silence during the holding period, PJN acknowledges in the Tracy Assignment that the Tracy Station operated for "some but not all of' the first four years following license grant.³³ The station's periods of silence are a matter of record, brought to our attention by PJN itself in STA requests.³⁴ Also, it would have been fruitless for PJN to attempt, as alleged, to "run out" the holding period by keeping the Tracy Station silent because the holding period remains in effect "until the facility has achieved four years of *on-air operations*." Although we find no demonstrated intent to deceive, PJN's alleged actions could amount to spectrum warehousing of relevance in the pending Tracy Renewal proceeding.³⁶

Commission records reflect that PJN operated the Tracy Station for approximately two of the five years since license grant and, thus, PJN has not completed the holding period.³⁷ Any proposed

²⁸ See Tracy Assignment, Exh. 9.

²⁹ *Id*.

³⁰ See Objection at 2, 8. Westside bases its argument largely upon circumstances surrounding PJN's rejection of Westside's purchase offer. *Id.* at 4. For example, Westside notes that PJN requested STA to keep the Tracy Station silent in 2016 during purported efforts to locate a buyer yet rebuffed Westside's purchase offer and gave different reasons for silence once Westside questioned the assignment-related claim. *Id.* at 4-5. Westside alleges that PJN engaged in a "pattern of lies" by "stashing" the [Tracy Station's] license to disguise their true intentions." *Id.* at 8-9.

³¹ See Response at 1-2, citing 47 U.S.C. § 310(d) (not considering whether assignment to a different party would be preferable).

³² Misrepresentation is a false statement of fact made with the intent to deceive the Commission. *See Fox River Broadcasting, Inc.*, Order, 93 FCC 2d 127, 129, para. 6 (1983). Intent to deceive can be shown through motive but requires more than speculation and innuendo. *See Joseph Bahr*, Memorandum Opinion and Order, 10 FCC Rcd 32, 33, para. 6 (Rev. Bd. 1994).

³³ See Tracy Assignment, Exh. 9.

³⁴ Absent extrinsic evidence to the contrary, intent to deceive will not be inferred with respect to facts that are a matter of public record on file with the Commission. *See KAXT, LLC*, Memorandum Opinion and Order, 32 FCC Rcd 9638, 9646 n.69 (2007).

³⁵ 47 CFR § 73.7005(a) (emphasis added). The Commission adopted an on-air requirement to bring about benefits that are meaningful and not merely of the ephemeral type that Westside equates with the largely silent Tracy Station. *See Comparative Consideration*, 15 FCC Rcd at 7424, para. 93 (four years of on-air operations meaningful because station will have implemented its programs, received feedback from the public and the underwriters, and adjusted its programming accordingly).

³⁶ See, e.g., Hoppe, 31 FCC Rcd at 8793, para. 11 (silence instead of licensed operation is a fundamental failure to serve station's community of license, because a silent station offers the community no public service programming).

 $^{^{37}}$ The periods of claimed operation are 4/29/2014 to 7/1/2014 (64 days); 7/2/2015 to 9/15/2016 (442 days); and 9/17/17 to present (8/7/18) (324 days at reduced power), for total claimed operations of 830 days = 2.3 years.

assignment of the Tracy Station would, therefore, need to demonstrate that: (1) the proposed assignee would qualify for the same number of points that PJN originally received; and (2) consideration received and/or promised does not exceed PJN's legitimate and prudent expenses.³⁸ The Tracy Assignment does not make such a showing and, thus, is inconsistent with the Rules.

Cross-Ownership/Finality. The Commission will not license an LPFM station to a party with an attributable interest in a non-LPFM station.³⁹ PJN's cross-ownership of LPFM and NCE stations is therefore prohibited. PJN attempted to divest the Tracy Station to Delta, but that attempt failed because PJN has neither completed the required holding period nor demonstrated that the proposed assignment complies with more stringent requirements applicable during the holding period.⁴⁰ Accordingly, the Bureau should not have licensed the Stockton Station without first cancelling the Tracy Station's license.⁴¹ This creates a procedural issue because the erroneous grant of the Stockton License Application is now beyond the 30-day period for reconsideration on the Bureau's own motion.⁴²

The Commission has held that it may reopen proceedings that have become final when there has been fraud on the agency's processes or if the result is manifestly unconscionable. This Commission policy follows a principle of common law jurisprudence, applied by the courts, that departure from the strict application of a legal requirement is equitable if the result would otherwise be manifestly unconscionable. The U.S. Supreme Court, for example, has recognized that it is against conscience to execute a judgment against a party who was prevented by fraud or accident from raising an equitable defense. Based on such principles, the Commission has re-opened a final broadcast application grant upon finding that it would be manifestly unconscionable to maintain the *status quo* where a party obtained control of a station based on unauthorized, fraudulent filings compounded by several administrative errors. In the instant case, there has been no fraud. However, the *status quo*, *i.e.*, PJN's continued holding of prohibited dual broadcast interests due to an administrative error, is unconscionable. The interests are in direct conflict with the LPFM cross-ownership Rule as well as with claims for

³⁸ See 47 CFR § 73.7005.

³⁹ See 47 CFR § 73.860(a).

⁴⁰ See 47 CFR § 73.7005(a).

⁴¹ See 47 CFR § 73.860(a). When the Bureau granted the Stockton License Application, it apparently did not realize that PJN's claim to have met the Tracy Station's holding period (despite some periods off air) was erroneous. The Bureau would have needed to examine information not contained within the four corners of the Tracy Assignment and Stockton License Application to learn of PJN's mistake.

⁴² Commission actions become final 30 days after public notice. *See* 47 U.S.C. § 405. The Commission gave public notice of the Stockton license grant on October 11, 2017. *See Broad. Actions*, Public Notice, Rep. No. 49088 (Oct. 11, 2017). Accordingly, that action would generally not be subject to reconsideration after November 10, 2017.

⁴³ See Baton Rouge Progressive Network, Memorandum Opinion and Order and Notice of Apparent Liability, 25 FCC Rcd 905, 909, para. 12 (MB 2010) (Baton Rouge), citing Birach Broad. Inc., 16 FCC Rcd 5015, 5018, para. 8 (2001), and Radio Para La Raza, Memorandum Opinion and Order, 40 FCC 2d 1102, 1104, para. 6 (1973), citing Hazel-Atlas Glass Co. v. Hartford-Empire Co., 322 U.S. 238 (1944) (subsequent history omitted) (Hazel-Atlas); see also American Trucking Assns. v. Frisco Co., 358 U.S. 133 (1958), and County of San Mateo, California, Memorandum Opinion and Order, 16 FCC Rcd 16501 (2001).

⁴⁴ See Pickford v. Talbott, 225 U.S. 651, 657-58 (1912), cited in Hazel-Atlas, 322 U.S. at 244-45.

⁴⁵ See Baton Rouge, 25 FCC Rcd at 909, para. 12; see also Hazel-Atlas, 322 U.S. at 244-45 (reversing fraudulently obtained judgment after it had become final).

diversity of ownership points that formed the basis for grant of PJN's permits.⁴⁶ Continuation of such circumstances would be especially unconscionable because PJN was on notice of this problem at the time of the Stockton License Application's grant, having earlier pledged to divest the Tracy Station prior to Stockton Station licensure.⁴⁷ Indeed, PJN: (1) recognized and sought to avoid the problem at hand by requesting expedited treatment of Tracy Assignment; and (2) acknowledged that the grant of the Stockton License Application could not provide LPFM operating authority while PJN still holds an NCE license at Tracy.⁴⁸ Accordingly, we find that it is appropriate to rescind the grant and to return the Stockton License Application to pending status.

We will give PJN 30 days⁴⁹ to take one of the following actions: (1) request cancellation of the Tracy Station license, which would also moot the license renewal matters pertaining thereto; (2) request dismissal of the pending Stockton License Application and deletion of the Stockton Station's call sign; or (3) amend the Tracy Assignment to demonstrate that, on its August 1, 2017 filing date, the proposal met an exception to the holding period requirement.⁵⁰ If PJN elects an option in which the Tracy Station survives, the Commission will take up the Tracy Renewal and consider any impact thereon of the Tracy Station's periods of silence.

If PJN takes no action within the 30-day period, we will dismiss the Tracy Assignment as inconsistent with Section 73.7005.⁵¹ We will also, under such circumstances, dismiss the Stockton License Application as patently defective pursuant to Section 73.3566(a) and find that the underlying Stockton Permit is automatically forfeited pursuant to Section 73.3598(e) of the Rules.⁵²

Conclusion/Actions

Accordingly, it is ordered that the Application filed by Peace and Justice Network of San Joaquin County to assign the license of KBCC(FM), Tracy, California to Delta 2000 (File No. BALED-20170801AJL) and the application to renew the KBCC license (File No. BRED-20130802AAO) ARE HEREBY HELD IN ABEYANCE for 30 days from the date of this letter.

⁴⁶ See 47 CFR §§ 73.860(a), 73.872(b)(5); 73.7003(b)(2).

⁴⁷ See Stockton Permit application at Exh. 2.

⁴⁸ See Tracy Assignment, Exh. 6 (requesting expedited action because "Commission Rules bar the common ownership of an LPFM and any other broadcast facility"); Stockton License Application, Section I, Exh. 4 ("Since as of this filing [the Tracy Assignment] is currently pending, the LPFM would be filed only with restricted program test authority and must await assignment and consummation of KBCC prior to receiving full authority to broadcast.").

⁴⁹ See Jennifer Cox-Hensley, Letter, 29 FCC Rcd 112, 115 (MB 2014) (where LPFM licensee was erroneously granted NCE license based on incorrect claim of exception to divestiture, applicant given 30 days to choose one authorization, and application would be dismissed and permit forfeited if it made no choice).

⁵⁰ See 47 CFR § 73.7005(a). As the contract price is only one dollar and the Tracy Assignment states that no other consideration has been promised, it is likely that the proposal meets the first prong to the two-prong Section 73.7005(a) test. There is, however, nothing in the record to indicate whether and on what basis Delta would qualify for the same number of points that led to PJN's comparative selection. *Id.* For example, PJN received points as an established local applicant but Westside alleges that Delta, which is located in Antioch, California, has no connection to Tracy. *See* Objection at 8. The Rules define "local" using a distance of 25 miles. 47 CFR § 73.7000. Antioch is approximately 28 miles from Tracy.

⁵¹ See 47 CFR § 73.7005.

⁵² See 47 CFR §§ 73.3598(e), 73.3566(a).

It is further ordered that the Informal Objection of Westside Public Radio filed August 28, 2017, IS GRANTED to the extent described above AND DENIED in all other respects.

Sincerely,

Albert Shuldiner Chief, Audio Division

Media Bureau

cc: Michael Couzens, Esq.

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