

Federal Communications Commission Washington, D.C. 20554

March 9, 2021

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

Daniel A. Kirkpatrick, Esq. Counsel to Potomac Radio Group, Inc. BakerHostetler 1050 Connecticut Ave., Suite 1100 Washington, DC 20036-5403

Potomac Radio Group, Inc. 1188 Broad Creek Place Herndon, VA 20170

> In Re: WCRW(AM), Leesburg, VA Facility ID No. 54876

Letter of Inquiry – Response Required

Dear Counsel and Licensee:

We are writing concerning a recent complaint to the Commission from a listener who alleges that Potomac Radio Group, Inc., licensee of WCRW(AM), Leesburg, VA (Station), has been violating foreign ownership limits and broadcasting programming supplied directly or indirectly by a foreign government. The complainant referenced press reports from 2015 which made similar allegations. We are also aware of a 2019 press report alleging that the Station is linked to espionage and spy recruitment efforts by a foreign government. As described in detail below, you are required to respond to this Letter of Inquiry (LOI) within ten days and to supply the requested information and documents pursuant to the instructions contained herein.

Background

Under section 310(a)-(b) of the Act, alien individuals, foreign corporations, foreign governments, and their representatives are permitted to hold no more than 20 percent ownership or voting interest in a U.S. broadcast licensee and no more than 25 percent ownership or voting interest in the U.S. parent corporation of a broadcast licensee.⁴ Additionally, section 310(d) of the Act provides that no station authorization or any rights thereunder, shall be transferred or assigned in any manner, voluntarily or

¹ The complainant expressed a view that the Station airs Chinese-friendly propaganda dangerous to national security.

² These allegations are described more fully in the following news articles: https://www.reuters.com/investigates/special-report/china-radio/ and https://www.forbes.com/sites/mikegonzalez3/2015/11/05/chinese-censorship-us-radio/

³ See https://www.bbc.com/news/world-us-canada-46557096

⁴ See 47 U.S.C. § 310 (a)-(b).

involuntarily, directly or indirectly, except upon application to and approval by the Commission.⁵ One consideration in the Commission's evaluation of such applications is compliance with foreign ownership limits.

Local Marketing Agreements (LMAs) and similar contractual arrangements⁶ are permitted under Commission rules and policies, provided that the parties comply with the Commission's standards for licensee control of a broadcast station. Under an LMA, a third party programmer purchases some or most of a station's available airtime and provides the programming broadcast by the station. Stations under an LMA are required to place a copy of the LMA agreement in the station's public inspection file.

In addition, the Foreign Agents Registration Act (FARA)⁷, which is administered by the U.S. Department of Justice (DOJ), requires agents to conspicuously label "informational materials" distributed in the United States on behalf of a foreign principal.⁸

The Station, currently licensed to Potomac Radio Group, Inc., has undergone several transfers of control and two assignments of license in the past 15 years. Since the mid-2010's, there have been allegations that a foreign government may play a role in the programming and/or operations of the Station. Neither the assignment and transfer applications nor the Station's online public file discloses any such relationship. The Station's most recent license renewal application, granted in 2019, certifies that it is compliant with the Commission's foreign ownership requirements. The Station's most recent ownership report states that the Licensee is wholly owned by three United States citizens. There is no disclosure of any LMA (as defined herein) in the Station's online public inspection file (https://publicfiles.fcc.gov/am-profile/wcrw/more-public-files/). In order to evaluate whether the Station is in compliance with the Commission's rules and policies regarding foreign interests in broadcast stations, *de facto* control of broadcast stations, disclosure of LMA agreements, and "conspicuous statements" under FARA, we request additional information described below.

⁵ *Id.* § 310 (d).

⁶ Stations may characterize programming agreements with third parties in many ways including as LMAs, time brokerage agreements (TBAs), and joint sales agreements (JSAs). As noted below, all these types of arrangements are considered LMAs for purposes of this LOI.

⁷ Foreign Agents Registration Act of 1938, as amended, 22 U.S.C. § 611 *et seq.* (FARA).

^{8 22} U.S.C. § 614(b).

⁹ Potomac Radio LLC first acquired the Station in 2005. In 2013, the Commission approved an assignment of license from Potomac Radio, LLC (Maryland) to Potomac Radio, LLC (Delaware). In 2015 and 2016 there were several transfers of control among trustees. Most recently, there was a Form 314 assignment of license application from Potomac Radio, LLC to Potomac Radio Group, Inc., granted on November 2, 2018 and consummated on January 2, 2019. *See* FCC File No. BAL-20180918ABC.

¹⁰ Since the mid-2010's, there have been allegations that the Government of China, through foreign and U.S. corporations, including China Radio International (CRI), may play a role in the programming and/or operations of the Station. CRI itself was designated a foreign mission by the U.S. Department of State in February 2020. Anna Fifield, Carol Morello and Emily Rauhala, *U.S. Designates Major Chinese Media Outlets as Government Entities* (Feb. 18, 2020), https://www.washingtonpost.com/world/asia pacific/us-designates-5-major-chinese-media-outlets-as-government-entities/2020/02/18/d82b3ece-5210-11ea-80ce-37a8d4266c09_story.html.

¹¹ See File No. 0000073023 (granted Sept. 24, 2019).

¹² See File No. 0000100662 (rec. Jan. 27, 2020).

Instructions

If the Licensee requests that any information or Documents, as defined herein, responsive to this letter be treated in a confidential manner, they shall submit, along with all responsive information and Documents, a statement in accordance with section 0.459 of the Commission's Rules. ¹³ Requests for confidential treatment must comply with the requirements of section 0.459, including the standards of specificity mandated by section 0.459(b). Accordingly, "blanket" requests for confidentiality of a large set of documents are unacceptable. Pursuant to section 0.459(c), the Bureau will not consider requests that do not comply with the requirements of section 0.459.

If the Licensee withholds any information or Documents under claim of privilege, it shall submit, together with any claim of privilege, a schedule of the items withheld that states, individually as to each such item, the numbered inquiry to which each item responds and the type, title, specific subject matter, and date of the item; the names, addresses, positions, and organizations of all authors and recipients of the item; and the specific ground(s) for claiming that the item is privileged.

Each requested Document, as defined herein, shall be submitted in its entirety, even if only a portion of that Document is responsive to an inquiry made herein, unless the Document is a recording or transcript, in which case it should be provided only for the period of the broadcast specified in the pertinent inquiry herein. This means that the Document shall not be edited, cut, or expunged, and shall include all appendices, tables, or other attachments, and all other Documents referred to in the Document or attachments. All written materials necessary to understand any Document responsive to these inquiries must also be submitted.

If a Document responsive to any inquiry made herein existed but is no longer available, or if the Licensee is unable for any reason to produce a Document responsive to any inquiry, identify each such Document by author, recipient, date, title, and specific subject matter, and explain fully why the Document is no longer available or why the Licensee is otherwise unable to produce it.

With respect only to Documents responsive to the specific inquiries made herein and any other Documents relevant to those inquiries, the Licensee is directed to retain the originals of those Documents for twelve (12) months from the date of this letter unless the Licensee is directed or informed by the Media Bureau in writing to retain such Documents for some shorter or longer period.

The specific inquiries made herein are continuing in nature. The Licensee is required to produce in the future any and all Documents and information that are responsive to the inquiries made herein but not initially produced at the time, date and place specified herein. In this regard, the Licensee must supplement its responses: (a) if the Licensee learns that, in some material respect, the Documents and information initially disclosed were incomplete or incorrect or (b) if additional responsive Documents or information are acquired by or become known to the Licensee after the initial production. The requirement to update the record will continue for twelve (12) months from the date of this letter unless the Licensee is directed or informed by the Media Bureau in writing that the Licensee's obligation to update the record will continue for some shorter or longer period.

For each Document or statement submitted in response to the inquiries below, indicate,	b	y
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¹³ 47 CFR § 0.459.

number, to which inquiry it is responsive and identify the person(s) from whose files the Document was retrieved. If any Document is not dated, state the date on which it was prepared. If any Document does not identify its author(s) or recipient(s), state, if known, the name(s) of the author(s) or recipient(s). The Licensee must identify with reasonable specificity all Documents provided in response to these inquiries.

Unless otherwise indicated, the period of time covered by these inquiries is November 2, 2018 (Commission's grant of application for Potomac Radio Group, Inc. to acquire the Station) up to the present.

Definitions

For purposes of this letter, the following definitions apply:

- "Any" shall be construed to include the word "all," and the word "all" shall be construed to include the word "any." Additionally, the word "or" shall be construed to include the word "and," and the word "and" shall be construed to include the word "or." The word "each" shall be construed to include the word "every," and the word "every" shall be construed to include the word "each."
- "Broadcast," when used as noun, shall mean any images or audible sounds or language transmitted or disseminated over a station during a radio broadcast. "Broadcast," when used as a verb, shall mean the transmission or dissemination of radio communications intended to be received by the public. The verb "broadcast" may be used interchangeably with the verb "air."
- "China Radio International" and/or "CRI" shall mean China Radio International and any successor or predecessor-in-interest, affiliate, parent company, wholly or partially owned subsidiary, other affiliated company or business including but not limited to G&E Studio, Inc., China Plus Radio, and Guoguang Century Media Consultancy, and all trustees, owners, including but not limited to, partners or principals, and all directors, officers, employees, or agents, including consultants and any other persons working for or on behalf of the foregoing at any time during the period covered by this letter.
- "Consideration" shall mean securities, cash, cash equivalents, loans, real property, lease of real property, rent, payments to third parties on behalf of or for the benefit of Licensee, or anything of value from CRI (as defined herein); a foreign government (directly or indirectly); any other Person that receives a majority of its finances from a foreign government, directly or indirectly; and any other Person not listed in the Station's applications and reports to the Commission as holding an equity interest in Licensee.

- "Document" shall mean the complete original (or in lieu thereof, exact copies of the original) and any non-identical copy (whether different from the original because of notations on the copy or otherwise), regardless of origin or location, of any taped, recorded, transcribed, written, typed, printed, filmed, punched, computer-stored, or graphic matter of every type and description, however and by whomever prepared, produced, disseminated, or made, including but not limited to any broadcast, radio or television program, advertisement, book, pamphlet, periodical, contract, correspondence, letter, facsimile, e-mail, file, invoice, memorandum, note, telegram, report, record, handwritten note, working paper, routing slip, chart, graph, photograph, paper, index, map, tabulation, manual, guide, outline, script, abstract, history, calendar, diary, agenda, minutes, marketing plan, research paper, preliminary drafts, press release, website, or versions of all of the above, and computer material (print-outs, cards, magnetic or electronic tapes, disks and such codes or instructions as will transform such computer materials into easily understandable form). "Document" shall also include the terms of any oral agreement or understanding. If a matter responsive to a request for documents is unwritten, the Licensee should so state, and provide a written narrative of the operative provisions of oral agreement, identifying its date, parties, and terms.
- "FARA" shall mean the Foreign Agents Registration Act of 1938, as amended, 22 U.S.C. § 611 et seq.
- "Licensee" shall mean Potomac Radio Group, Inc., and any successor or predecessor-in-interest including but not limited to,, affiliate, parent company, wholly or partially owned subsidiary, other affiliated company or business, and all trustees, owners, including but not limited to, partners or principals, and all directors, officers, employees, or agents, including consultants and any other persons working for or on behalf of the foregoing at any time during the period covered by this letter.
- "LMA" shall mean any local marketing agreement, time brokerage agreement, joint sales agreement, citizens agreement or any other agreement within the last ten years, whether oral or written: (1) authorizing a party (other than a Station employee) to sell advertising time or provide advertising spots for the Station; (2) selling or making available portions of the Station's broadcast time to any party; (3) providing for a party (other than an employee of the Station) to supply programming to the Station; and/or (4) authorizing a party (other than a Station employee) to be involved in the Station's programming decisions.
- "News Articles" shall mean the press reports found at:

https://www.reuters.com/investigates/special-report/china-radio/ https://www.forbes.com/sites/mikegonzalez3/2015/11/05/chinese-censorship-us-radio/ and https://www.bbc.com/news/world-us-canada-46557096

- "Person" shall mean any individual, group, company, government, corporation, association, or other entity.
- "Station" shall mean WCRW(AM), Leesburg, VA (Facility ID No. 54876), including any other call sign and community by which it may have been known. It shall also include any broadcast outlet such as an FM translator that retransmits the Station's programming, in whole or in part.

Inquiries: Documents and Information to be Provided

- 1. Submit complete copies of all LMAs (as defined herein) with any Person (as defined herein) from the time that Licensee acquired the Station to the present for the broadcast of CRI Programming over the Station (including advertising) or giving such Person the right to be involved in Station programming or programming decisions. If any agreement is oral, its substance should be reduced to writing consistent with the Commission's rules. Indicate whether each LMA was submitted to the Commission pursuant to 47 CFR § 73.3613. Identify the date(s) when the LMA(s) started and ended and the portion of the Station's programming provided pursuant to the LMA.
- 2. Submit from the time that Licensee acquired the Station to the present all agreements, other than LMAs regarding programming, between CRI (as defined herein) and Licensee. If any agreement is oral, its substance should be reduced to writing. Indicate whether each such agreement was submitted to the Commission pursuant to 47 CFR § 73.3613. Identify the date(s) when the agreement(s) with CRI started and ended.
- 3. Provide for the period seven days prior to the date of this LOI a program schedule with a description, length, and scheduled air times of each of the Station's programs. For any portion of the Station's programming related to any foreign country, United States relations with any foreign country, or offering a non-U.S. perspective or commentary on news and current events, provide a detailed narrative of that programming. Include with respect to such foreign-related programming whether Licensee, any Person who provides programming to Licensee or to a Person who has an LMA with Licensee, CRI (as defined herein), or others supplied, distributed, produced, selected, and/or financed the programming. If other than Licensee or CRI, please identify. For all programming whether foreign-related or not, quantify the weekly broadcast hours leased or paid for through any LMA. Describe whether Licensee has any editorial control over such leased or brokered programming, including, but not limited to any right to refuse or preempt such programming.
- 4. With respect to any LMA (as defined herein) explain whether any party to the LMA has an obligation, or has been directed by DOJ, to register under FARA and whether it has in fact registered. Also explain whether any entity that provided, or was involved in the production of, the programming that was aired pursuant to the LMA either has an obligation, or has been directed by DOJ, to register under FARA and whether it has in fact registered under FARA. In addition, please indicate whether any programming broadcast on the Station pursuant to any LMA contains a conspicuous statement or label disclosure even if not required by FARA or any other conspicuous statement or label disclosure even if not required by FARA. If any conspicuous statement or label disclosure exists, please provide a description of its content and how often such statements or disclosures are made during the programming.
- 5. Provide a narrative and Documents concerning the ownership and control of any Person including but not limited to G&E Studio, Inc. with whom Licensee has an LMA or other agreement reported in response to questions 1 and 2, or that provides programming directly or indirectly to a Person with whom Licensee has an LMA. Include whether such Person or any related Person is registered or is required to register under FARA, and whether that Person has an American office or presence. Provide the address and name of each identified Person with a U.S. office or presence.

- 6. State whether, as described in the News Articles,: (a) a U.S. media company, G&E Studio, Inc. (G&E) owned by three foreign businessmen, has an LMA with the Station; (b) G&E is controlled by a foreign group called Guoguang Century Media Consultancy (Guoguang); (c) Guoguang, in turn, is wholly owned by a subsidiary of CRI. If this is not accurate, please provide correct information.
- 7. Identify all Consideration (as defined herein), that Licensee has received or used in connection with the acquisition or operation of the Station from 180 days prior to Licensee's acquisition of the Station to the present. For each such source, provide the name and address of the source and its relationship to Licensee and/or the Station.
- 8. List each Person who has directly or indirectly paid for the following since Licensee's acquisition of the Station: (a) real estate taxes; (b) business taxes; (c) telephone service; (d) utilities; (e) employee salaries and other compensation; (f) broadcast equipment; (g) insurance; and (h) programming costs, including recording royalties. For each Person listed, specify the time periods and specific payments made by each Person.
- 9. For any periods when the Licensee was governed by trustees, identify the names and addresses of the beneficiaries of the trust.
- 10. Indicate, from the time that Licensee acquired the Station to the present, who has received and/or been entitled to receive any profits and has been responsible for any losses of the Station.

We direct the Licensee to support its response with an affidavit or declaration under penalty of perjury, signed and dated by an authorized officer of the Licensee with personal knowledge of the representations provided in the Licensee's response, verifying the truth and accuracy of the information therein and that all of the information and/or recordings requested by this letter which are in the Licensee's possession, custody, control or knowledge have been produced. If multiple people contribute to the response, in addition to such general affidavit or declaration of the authorized officer of the Licensee noted above, if such officer (or any other affiant or declarant) is relying on the personal knowledge of any other individual, rather than his or her own knowledge, provide separate affidavits or declarations of each such individual with personal knowledge that identify clearly to which responses the affiant or declarant with such personal knowledge is attesting. All such declarations provided must comply with section 1.16 of the Commission's rules, ¹⁴ and be substantially in the form set forth therein. To knowingly and willfully make any false statement or conceal any material fact in reply to this inquiry is punishable by fine or imprisonment.¹⁵ Failure to respond appropriately to this Media Bureau letter of inquiry may constitute a violation of the Communications Act and the Rules. 16

The response shall be organized and indexed according to the number of the specific inquiries. The Licensee shall direct its response to Federal Communications Commission, Office of the Secretary, 45 L Street, N.E., Washington, D.C. 20554, with a courtesy copy by e-mail to the following staff

¹⁴ 47 CFR § 1.16.

¹⁵ See 18 U.S.C. § 1001; see also 47 CFR § 1.17.

¹⁶ See SBC Communications, Inc., Forfeiture Order, 17 FCC Rcd 7589 (2002); Globcom, Inc., Notice of Apparent Liability for Forfeiture and Order, 18 FCC Rcd 19893, n.36 (2003); World Communications Satellite Systems, Inc., Forfeiture Order, 19 FCC Rcd 2718 (Enf. Bur. 2004); Donald W. Kaminski, Jr., Forfeiture Order, 18 FCC Rcd 26065 (Enf. Bur. 2003).

members of the Commission's Media Bureau, Audio Division: Albert Shuldiner, <u>Abert.Shuldiner@fcc.gov</u>; Tom Hutton, <u>Tom.Hutton@fcc.gov</u>; and Irene Bleiweiss, <u>Irene.Bleiweiss@fcc.gov</u>.

No decision has been reached in this matter. In order that we may be more fully informed and because this matter is time-sensitive, we direct Licensee to provide the requested information in writing within ten (10) days of the date of this letter. Licensee is further instructed that the obligation to place a copy of this letter of inquiry in Station WCRW(AM)'s public file, pursuant to Section 73.3526(e)(10) of the Commission's rules, ¹⁷ is hereby waived.

Sincerely,

Albert Shuldiner

Albert Shuldiner Chief, Audio Division Media Bureau

Cc: Via E-mail dkirkpatrick@bakerlaw.com

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¹⁷ 47 C.F.R. § 73.3526(e)(10).

COMPLETE THIS SECTION ON DELIVERY SENDER: COMPLETE THIS SECTION A. Signature ■ Complete items 1, 2, and 3. ☐ Agent ■ Print your name and address on the reverse ☐ Addressee so that we can return the card to you. B. Received by (Printed Name) C. Date of Delivery ■ Attach this card to the back of the mailpiece, or on the front if space permits. D. Is delivery address different from item 1? Daniel A. Kirkpatrick, Esq. If YES, enter delivery address below: Counsel to Potomac Radio Group, Inc. Baker Hosterler 1050 Connecticut Ave. Suite 1100 Washington, DC 20036-5403 3. Service Type ☐ Priority Mail Express® ☐ Adult Signature ☐ Adult Signature Restricted Delivery ☐ Certified Mail® ☐ Registered Mail™ ☐ Hegistered Mail Restricted Delivery ☐ Resturn Receipt for Merchandise ☐ Signature Confirmation ☐ Signature Confirmation ☐ Certified Mail Restricted Delivery ☐ Collect on Delivery n Delivery Restricted Delivery fall 2 Article Number Co 7020 2450 0000 9710 6133 (over \$500)

PS Form 3811, July 2015 PSN 7530-02-000-9053

Restricted Delivery Domestic Return Receipt

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2450	Total Postage and Four Daniel A. Kirkpatrick L. Counsel to Potomac Radio Group, Inc.
7020	Baker Hosterler
	Washington, DC 20036-5403

Received & Inspected MAR 09 2021

FCC Mail Room



SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY			
 Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature X Addressee B. Received by (Plinled Name) C. Date of Delivery			
Daniel A. Kirkpatrick, Esq. Counsel to Potomac Radio Group, Inc. Baker Hosterler 1050 Connecticut Ave. Suite 1100 Washington, DC 20036-5403	D. Is delivery address different from item 1? ☐ Yes If YES, enter delivery address below: ☐ No			
9590 9402 6129 0209 4977 42	3. Service Type ☐ Adult Signature ☐ Adult Signature Restricted Delivery ☐ Certified Mail® ☐ Certified Mail Restricted Delivery ☐ Collect on Delivery			
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PS Form 3811, July 2015 PSN 7530-02-000-9053	Domestic Return Receipt			

COMPLETE THIS SECTION ON DELIVERY **SENDER: COMPLETE THIS SECTION** A. Signature ■ Complete items 1, 2, and 3. ☐ Agent ■ Print your name and address on the reverse Addressee so that we can return the card to you. C. Date of Delivery B. Received by (Printed Name) Attach this card to the back of the mailpiece, or on the front if space permits. D. Is delivery address different from Item 1? / Tyes Potomac Radio Group, Inc. If YES, enter delivery address below: 1188 Broad Creek Place Herndon, Va. 20170 3. Service Type ☐ Priority Mail Express® ☐ Adult Signature ☐ Registered Mail™ ☐ Adult Signature Restricted Delivery

☐ Certified Mail® ☐ Registered Mail Restricted Delivery
Peturn Receipt for
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☐ Collect on Delivery Restricted Delivery ☐ Signature Confirmation™☐ Signature Confirmation 2. Article Number (Transfer from service label 7020 2450 0000 9710 6140 lail Restricted Delivery Restricted Delivery PS Form 3811, July 2015 PSN 7530-02-000-9053 #2 Domestic Return Receipt

#2