

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

In the Matter of)	
)	File No. EB-06-IH-2944
EMMIS AUSTIN RADIO BROADCASTING COMPANY, L.P.)	NAL/Acct. No. 201132080029
)	FRN No. 0003782273
)	Facility ID No. 54659
Licensee of Station KROX-FM, Buda, Texas)	

ORDER

Adopted: July 21, 2011

Released: July 22, 2011

By the Chief, Enforcement Bureau:

1. In this Order, we adopt the attached Consent Decree entered into between the Enforcement Bureau (“Bureau”) and Emmis Austin Radio Broadcasting Company, L.P. (the “Licensee”). The Consent Decree terminates an investigation by the Bureau against the Licensee for possible violations of sections 317 and 507 of the Communications Act of 1934, as amended (the “Act”),¹ and section 73.1212 of the Commission’s Rules, regarding sponsorship identification.²

2. The Bureau and the Licensee have negotiated the terms of a Consent Decree that resolve this matter. A copy of the Consent Decree is attached hereto and incorporated by reference.

3. After reviewing the terms of the Consent Decree and evaluating the facts before us, we find that the public interest would be served by adopting the Consent Decree and terminating the investigation.

4. In the absence of material new evidence relating to this matter, we conclude that our investigation raises no substantial or material questions of fact as to whether the Licensee possesses the basic qualifications, including those related to character, to hold or obtain any Commission license or authorization.

5. Accordingly, **IT IS ORDERED** that, pursuant to section 4(i) of the Communications Act of 1934, as amended,³ and sections 0.111 and 0.311 of the Commission’s Rules,⁴ the Consent Decree attached to this Order **IS ADOPTED**.

¹ See 47 U.S.C. §§ 317, 508.

² See 47 C.F.R. § 73.1212.

³ See 47 U.S.C. § 154(i).

⁴ See 47 C.F.R. §§ 0.111, 0.311.

6. **IT IS FURTHER ORDERED** that the above-captioned investigation **IS TERMINATED**.

7. **IT IS FURTHER ORDERED** that the third-party complaint against the Licensee before the Bureau related to the above-captioned-investigation as of the date of this Consent Decree **IS DISMISSED**.

8. **IT IS FURTHER ORDERED** that a copy of this Order and Consent Decree shall be sent to by first-class, certified mail, return receipt requested to Emmis Austin Radio Broadcasting Company, L.P., One Emmis Plaza, 40 Monument Circle Suite 700, Indianapolis, Indiana 46204, and to John E. Fiorini III, Wiley Rein LLP, 1776 K Street, NW, Washington, D.C. 20006.

FEDERAL COMMUNICATIONS COMMISSION

P. Michele Ellison
Chief, Enforcement Bureau

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

In the Matter of)	
)	
EMMIS AUSTIN RADIO BROADCASTING COMPANY, L.P.)	File No. EB-06-IH-2944
)	NAL/Account No. 201132080029
)	FRN No. 0003782273
Licensee of Station KROX-FM, Buda, Texas)	Facility ID No. 54659
)	

CONSENT DECREE

1. The Enforcement Bureau (“Bureau”) and Emmis Austin Radio Broadcasting Company, L.P. (the “Licensee”), by their authorized representatives, hereby enter into this Consent Decree for the purpose of terminating the Bureau’s investigation into whether the Licensee violated the Sponsorship Identification Laws, as defined below.

I. DEFINITIONS

2. For the purposes of this Consent Decree, the following definitions shall apply:
- (a) “Act” means the Communications Act of 1934, as amended, 47 U.S.C. § 151 *et seq.*
 - (b) “Adopting Order” means an Order by the Bureau adopting the terms of this Consent Decree without change, addition, deletion, or modification.
 - (c) “Bureau” means the Enforcement Bureau of the Federal Communications Commission.
 - (d) “Business Reforms” means the conduct and activities described in Attachment B to this Consent Decree.
 - (e) “Commission” and “FCC” mean the Federal Communications Commission and all of its bureaus and offices.
 - (f) “Complaint” means the third-party complaint¹ received by or in the possession of the Bureau, forming the basis for the Bureau’s April 26, 2007, and November 29, 2007, Letters of Inquiry,² regarding whether the Licensee violated the Commission’s Sponsorship Identification Laws in connection with its operation of the Station prior to the effective date of the Adopting Order.

¹ See Letter from Complainant to Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, received August 1, 2006 (“Complaint”).

² See Letter from Benigno E. Bartolome, Deputy Chief, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, to Emmis Austin Radio Broadcasting Company, L.P., dated April 26, 2007; Letter from Benigno E. Bartolome, Deputy Chief, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, to Emmis Austin Radio Broadcasting Company, L.P., dated November 29, 2007 (“Letters of Inquiry”).

- (g) “Compliance Plan” means the program described in Attachment A to this Consent Decree.
- (h) “Effective Date” means the date on which the Commission releases the Adopting Order.
- (i) “Investigation” means the Bureau’s investigation of the Complaint alleging violations of the Sponsorship Identification Laws by the Licensee.
- (j) “Licensee” means Emmis Austin Radio Broadcasting Company, L.P. and its predecessors-in-interest and successors-in-interest as licensee of the Station.
- (k) “Parties” means the Licensee and the Bureau.
- (l) “Rules” means the Commission’s regulations found in Title 47 of the Code of Federal Regulations.
- (m) “Sponsorship Identification Laws” means, individually or collectively, 47 U.S.C. § 317, 47 U.S.C. § 508, 47 C.F.R. § 73.1212, and/or any Commission policy relating to sponsorship identification or the practices commonly referred to as “payola” or “plugola.”
- (n) “Station” means Station KROX-FM, Buda, Texas (Facility ID No. 54659).

II. BACKGROUND

3. On August 1, 2006, the Commission received the Complaint which alleged that a program broadcast by the Station was involved in a payola scheme.³ Specifically, the complainant alleges that the host of the program received valuable consideration from: (a) a heavy metal music store; (b) a venue where featured bands perform live; and (c) a booking agent and a band manager.⁴ The complainant also alleges that independent artists are unable to secure airplay unless they sponsor events organized by the Station but directed or hosted by the host.⁵ On April 26, 2007, and November 29, 2007, the Bureau issued Letters of Inquiry to the Licensee concerning information in the Complaint.⁶ The Licensee responded on June 28, 2007, July 17, 2007, and January 7, 2008.⁷

4. The Bureau and the Licensee acknowledge that any proceedings that might result from the Investigation would be time-consuming and would require substantial expenditure of public and private resources. In order to conserve such resources and to ensure continued compliance by the Licensee with the Sponsorship Identification Laws, the Bureau and the Licensee are entering into this Consent Decree in consideration of the mutual commitments made herein.

³ See *supra* note 1.

⁴ See *id.*

⁵ See *id.*

⁶ See *supra* note 2.

⁷ See Letter from John E. Fiorini III, Attorney for Emmis Communications Corporation, to Marlene H. Dortch, Secretary, Federal Communications Commission, filed June 28, 2007; Letter from John E. Fiorini III, Attorney for Emmis Communications Corporation, to Marlene H. Dortch, Secretary, Federal Communications Commission, filed July 17, 2007; Letter from John E. Fiorini III, Attorney for Emmis Communications Corporation, to Marlene H. Dortch, Secretary, Federal Communications Commission, filed January 7, 2008.

III. TERMS OF AGREEMENT

5. **Adopting Order.** The Parties agree that the provisions of this Consent Decree shall be subject to final approval by the Bureau by incorporation of such provisions by reference in the Adopting Order without change, addition, modification, or deletion.

6. **Jurisdiction.** The Licensee agrees that the Bureau has jurisdiction over it and the matters contained in this Consent Decree and has the authority to enter into and adopt this Consent Decree.

7. **Effective Date; Violations.** The Parties agree that this Consent Decree shall become effective on the date on which the FCC releases the Adopting Order. Upon release, the Adopting Order and this Consent Decree shall have the same force and effect as any other Order of the Bureau. Any violation of the Adopting Order or of the terms of this Consent Decree shall constitute a separate violation of a Bureau Order, entitling the Bureau to exercise any rights and remedies attendant to the enforcement of a Commission Order.

8. **Termination of Investigation.** In express reliance on the covenants and representations in this Consent Decree and to avoid further expenditure of public resources, the Bureau agrees to terminate its Investigation and to dismiss the Complaint. In consideration for the termination of said Investigation and dismissal of the Complaint, the Licensee agrees to the terms, conditions, and procedures contained herein. The Bureau further agrees that, in the absence of new material evidence, the Bureau will not use the facts developed in this Investigation through the Effective Date of the Consent Decree, or the existence of this Consent Decree, to institute, on its own motion, any new proceeding, formal or informal, or take any action on its own motion against the Licensee concerning the matters that were the subject of the Investigation. The Bureau also agrees that it will not use the facts developed in this Investigation through the Effective Date of this Consent Decree, or the existence of this Consent Decree, to institute on its own motion any proceeding, formal or informal, or take any action on its own motion against the Licensee with respect to the Licensee's basic qualifications, including its character qualifications, to be a Commission licensee or to hold Commission authorizations.

9. **Compliance Plan and Business Reforms.** For purposes of settling the matters set forth herein, the Station agrees to implement and maintain a Compliance Plan and Business Reforms related to future compliance with the Act, the Commission's Rules, and the Commission's Orders. Summaries of the Compliance Plan and Business Reforms are set forth in Attachments A and B hereto, respectively. The Compliance Plan will include, at a minimum, the components found in Attachment A to this Consent Decree. The Station agrees to implement the Business Reforms and the Compliance Plan within sixty (60) days of the Effective Date and to keep such Business Reforms and Compliance Plan in effect for three (3) years after the Effective Date. In the event that the Station wishes to revise any material aspect of the Business Reforms or the Compliance Plan, the Station will provide the Bureau advance written notice of the proposed changes. The Station may implement such changes if the Bureau does not object to them within thirty (30) days of their submission by the Station.

10. **Compliance Reports.** The Station will file Compliance Reports with the Commission ninety (90) days after the Effective Date, twelve (12) months after the Effective Date, twenty-four (24) months after the Effective Date, and upon expiration of this Consent Decree, three (3) years after the Effective Date. Each Compliance Report shall include a certification by the Compliance Officer, as an agent of and on behalf of the Station, stating that the Compliance Officer has personal knowledge that the Station: (i) has established operating procedures intended to ensure compliance with the terms and conditions of this Consent Decree and with the Sponsorship Identification Laws, together with an accompanying statement explaining the basis for the Compliance Officer's certification; (ii) has been utilizing those procedures since the previous Compliance Report was submitted; and (iii) is not aware of

any instances of non-compliance. The certification must comply with section 1.16 of the Rules and be subscribed to as true under penalty of perjury in substantially the form set forth therein.⁸ If the Compliance Officer cannot provide the requisite certification, the Compliance Officer, as an agent of and on behalf of the Station, shall provide the Commission with a detailed explanation of: (i) any instances of non-compliance with this Consent Decree and the Sponsorship Identification Laws; and (ii) the steps that the Station has taken or will take to remedy each instance of non-compliance and ensure future compliance, and the schedule on which proposed remedial actions will be taken. All compliance reports shall be submitted to the Chief, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, Room 4-C330, 445 12th Street, S.W., Washington, D.C. 20554, with a copy submitted electronically to Anjali Singh at Anjali.Singh@fcc.gov and to Melissa Marshall at Melissa.Marshall@fcc.gov.

11. **Voluntary Contribution.** The Licensee agrees that it will make a voluntary contribution to the United States Treasury in the amount of twelve thousand dollars (\$12,000). The payment will be made within fifteen (15) days after the period for administrative and judicial review of the Adopting Order has lapsed. The payment must be made by check or similar instrument, payable to the order of the Federal Communications Commission. The payment must include the NAL/Account Number and FRN Number referenced in the caption to the Adopting Order. Payment by check or money order may be mailed to Federal Communications Commission, P.O. Box 979088, St. Louis, MO 63197-9000. Payment by overnight mail may be sent to U.S. Bank – Government Lockbox #979088, SL-MO-C2-GL, 1005 Convention Plaza, St. Louis, MO 63101. Payment by wire transfer may be made to ABA Number 021030004, receiving bank TREAS/NYC, and account number 27000001. For payment by credit card, an FCC Form 159 (Remittance Advice) must be submitted. When completing the FCC Form 159, enter the NAL/Account number in block number 23A (call sign/other ID), and enter the letters “FORF” in block number 24A (payment type code). The Licensee will also send electronic notification on the date said payment is made to Terry.Cavanaugh@fcc.gov, Jeffrey.Gee@fcc.gov, Anjali.Singh@fcc.gov, and Melissa.Marshall@fcc.gov.

12. **Waivers.** The Licensee waives any and all rights it may have to seek administrative or judicial reconsideration, review, appeal or stay, or to otherwise challenge or contest the validity of this Consent Decree and the Order adopting this Consent Decree, provided the Commission issues an Order adopting the Consent Decree without change, addition, modification, or deletion. The Licensee shall retain the right to challenge Commission interpretation of the Consent Decree or any terms contained herein. If either Party (or the United States on behalf of the Commission) brings a judicial action to enforce the terms of the Adopting Order, neither the Licensee nor the Commission shall contest the validity of the Consent Decree or the Adopting Order, and the Licensee shall waive any statutory right to a trial *de novo*. The Licensee hereby agrees to waive any claims it may otherwise have under the Equal Access to Justice Act, 5 U.S.C. § 504 and 47 C.F.R. § 1.1501 *et seq.*, relating to the matters addressed in this Consent Decree.

13. **Invalidity.** In the event that this Consent Decree in its entirety is rendered invalid by any court of competent jurisdiction, it shall become null and void and may not be used in any manner in any legal proceeding.

14. **Subsequent Rule or Order.** The Parties agree that if any provision of the Consent Decree conflicts with any subsequent rule or Order adopted by the Commission (except an Order specifically intended to revise the terms of this Consent Decree to which the Licensee does not expressly consent), that provision will be superseded by such Commission rule or Order.

⁸ See 47 C.F.R. § 1.16.

15. **Successors and Assigns.** The Licensee agrees that the provisions of this Consent Decree shall be binding on its successors, assigns, and transferees.

16. **Final Settlement.** The Parties agree and acknowledge that this Consent Decree shall constitute a final settlement between the Parties. The Parties further agree that this Consent Decree does not constitute either adjudication on the merits or a factual or legal finding or determination regarding any compliance or noncompliance with the requirements of the Act or the Commission’s Rules and Orders. The Parties agree that this Consent Decree is for settlement purposes only and that by agreeing to this Consent Decree, the Licensee does not admit or deny noncompliance, violation or liability for violating the Act, the Commission’s Rules or Orders in connection with the matters that are the subject of this Consent Decree.

17. **Modifications.** This Consent Decree cannot be modified without the advance written consent of both Parties.

18. **Paragraph Headings.** The headings of the Paragraphs in this Consent Decree are inserted for convenience only and are not intended to affect the meaning or interpretation of this Consent Decree.

19. **Authorized Representative.** Each party represents and warrants to the other that it has full power and authority to enter into this Consent Decree.

20. **Counterparts.** This Consent Decree may be signed in any number of counterparts (including by facsimile), each of which, when executed and delivered, shall be an original, and all of which counterparts together shall constitute one and the same fully executed instrument.

FEDERAL COMMUNICATIONS COMMISSION

P. Michele Ellison
Chief
Enforcement Bureau

Date

EMMIS AUSTIN RADIO BROADCASTING COMPANY, L.P.

By: Radio Austin Management, L.L.C., its general partner

By: Emmis Operating Company, its manager

J. Scott Enright
Executive Vice President and General Counsel

Date

ATTACHMENT A**Compliance Plan**

The Licensee has developed, and is implementing, a Compliance Plan at the Station for the purpose of furthering compliance with the Sponsorship Identification Laws and adherence to the Business Reforms set forth in Attachment B. At a minimum, the Compliance Plan consists of the following components:

1. Commitment to High Standards on Pay-for-Play; Annual Report

A. Commitment to High Standards on Pay-for-Play. The Station commits to enforcing high standards with respect to the Sponsorship Identification Laws to avoid violations and the appearance of impropriety in the area of music selection.

B. Annual Report. The Compliance Officer, as defined below, shall submit annual reports to the Licensee's Board of Directors and the Licensee's Communications Counsel concerning the Station's compliance with this Agreement and with the Business Reforms for a period of three years from the Effective Date. The first such report shall be submitted within sixty (60) days of the Effective Date and additional reports will be submitted at least annually thereafter. Each such report will cover the preceding 12-month period and shall be submitted within thirty (30) calendar days thereafter.

2. Training of Programming Personnel. The Station will conduct appropriate training of its employees who are on-air talent and/or materially participate in the on-air broadcast of program material or in the making of programming decisions and their supervisory employees ("Programming Personnel") in the accompanying Business Reforms and the Sponsorship Identification Laws, including the FCC's interpretation of such statutes and regulations regarding payola and related issues. Such training will be provided to all current Station Programming Personnel within sixty (60) days of the Effective Date. The training will be provided to all new Station Programming Personnel within thirty (30) days after they commence their duties. Refresher training will be provided to all employees described above at least once every twelve months.

3. Compliance Officer. The Licensee has designated a Compliance Officer, whose responsibility is to seek to ensure the Station's compliance with the Business Reforms attached to this Consent Order and with the Sponsorship Identification Laws through the following duties: (a) the implementation, effectuation, and supervision of the training program with regard to the Business Reforms and the Sponsorship Identification Laws for all Station Programming Personnel; (b) being accessible by telephone and/or e-mail to any Station employee who seeks advice on compliance with the Business Reforms and the Sponsorship Identification Laws or who wishes to report potential violations of such policies and laws; (c) the development and implementation of procedures designed to ensure the Station's continuing compliance with the Business Reforms and the Sponsorship Identification Laws; (d) monitoring the Station's compliance with the Business Reforms and the Sponsorship Identification Laws; (e) reporting on an annual basis to the Station's Board of Directors regarding compliance of the Station and employees with the Business Reforms and the Sponsorship Identification Laws; and (f) such other activities as the Compliance Officer deems necessary or appropriate to carry out his or her duties.

4. Hotline. The Licensee shall maintain a direct-dial line for Station employees through which they can reach the Compliance Officer to obtain advice on compliance with, and report violations of, the Sponsorship Identification Laws. The Licensee shall maintain a log of all such calls, e-mails, meetings or other such employee inquiries, providing for each, to the extent available: (i) the date of the

call, e-mail, meeting or other inquiry; (ii) the caller/inquiring party and his or her job title with the Station; and (iii) the disposition by the Compliance Officer and the date of such disposition.

5. Database and Telephone Support

A. Database. The Station shall maintain all documentation of expenditures required by this Agreement in the database(s) or in hard copy for a period of not less than three (3) years. The database(s) shall be available for inspection by the Bureau upon request.

B. Telephone Support. The Station Compliance Officer will be available by telephone for Station employees to obtain advice on compliance with the Business Reforms, and report violations of the Business Reforms. Compliance Officer may also obtain advice from Licensee Communications Counsel.

6. Contractual Agreements. The Station will ensure that all new contractual agreements with respect to Programming Personnel include a contractual obligation relating to compliance with the Sponsorship Identification Laws.

7. FCC Enforcement Actions. If the Station receives a Notice of Apparent Liability, Order or similar Commission document proposing a forfeiture and/or contemplating license non-renewal or revocation as a result of a violation of the Sponsorship Identification Laws occurring after the effective date of the Consent Decree, the following steps will be taken:

A. Each employee accused of violating the Sponsorship Identification Laws will be suspended and an investigation will immediately be undertaken;

B. Each such employee will be required to undergo remedial training on Business Reforms and the Sponsorship Identification Laws and satisfy the Compliance Officer and Station management that he or she understands such regulations and policies before resuming his or her duties.

C. If a Notice of Apparent Liability, Forfeiture Order, Order or similar document assessing or proposing a forfeiture, denying a renewal application and/or revoking a license issued by the FCC is finally adjudicated and the Licensee is finally found to have violated the Sponsorship Identification Laws that results in such action by the Commission, the employee(s) materially involved in the violation or violations that are the subject of such Commission or Bureau action will be subject to further disciplinary action, up to and including termination.

ATTACHMENT B**Business Reforms**

The Licensee has implemented, and is implementing on a Station-wide basis, certain business reforms for the purpose of furthering compliance with the Sponsorship Identification Laws. To the extent not already undertaken, within sixty (60) days of the Effective Date of the Consent Decree to which this statement is attached, the Licensee shall implement and adhere to the following practices (“Business Reforms”).

1. Prohibited Activity.

A. Record Label and Record Label Employees. Neither the Station, nor any Station employee (collectively, “Licensee Parties”) shall solicit, receive, or accept cash or any other item of value from a Record Label or Record Label employee in, or as part of, an exchange, agreement, or understanding to provide or increase airplay of music provided by any Record Label, except as expressly permitted under ¶ 2, below, and provided that all such activity complies with applicable Sponsorship Identification Laws. As used in these Business Reforms, the term “Record Label” means: (a) any entity that manufactures or distributes audio recordings of music; (b) any artist under contract to a Record Label (an “Artist”); and (c) any representative of the Record Label or an Artist, including independent promoters.

B. Independent Music Promoters. Licensee Parties shall not accept any item of value from an independent music promoter, unless that promoter certifies in writing to the Licensee that no compensation to the promoter from a Record Label is based upon airplay.

2. Permissible Restricted Activity. Licensee Parties may engage in the following activities with Record Labels, subject in each case to compliance with the Sponsorship Identification Laws and the following restrictions, and to adherence with the disclosure and documentation requirements set forth in ¶ 3, below.

A. Contests or Giveaways: Licensee Parties may solicit, receive and accept items of value, including but not limited to promotional items, gift cards, CDs, gift certificates, concert tickets, airfare, hotel rooms, vouchers and cash, from Record Labels to give away on the air, at the Station event or promotion, or for the benefit of charity, to persons or entities other than Station employees (or members of their immediate families or households). Contest rules and on-air announcements relating to such contests shall clearly indicate the value of the prize(s) as required by FCC rules and identify the Record Label as the provider of the prize(s) to be awarded.

B. Advertising: Licensee Parties may solicit, receive and accept payment (in cash or other items of value) from Record Labels for on-air advertising, provided that the announcement clearly identifies the Record Label as the sponsor of the advertisement.

C. Other Commercial Transactions: Licensee Parties may enter into commercial transactions with Record Labels pursuant to which the Station and a Record Label may license, sell or otherwise agree to distribute or promote the Record Labels’ Artists, songs or records.

D. Artist Appearances and Performances: Licensee Parties may arrange for Artists to appear or perform at events or interviews, including under circumstances where a Record Label has subsidized reasonable costs related to the appearance, performance or interview. The Station’s on-air announcements of an Artist’s performance that is subsidized in any part by the Record Label shall

indicate clearly that the Artist's appearance is sponsored by the Record Label. The broadcast on the Station of all or a portion of the Artist's live performance at the event is permitted, provided that any such broadcast complies with the Sponsorship Identification Laws.

E. Nominal Consideration:¹ Licensee Parties may solicit, receive and accept the following items of value from Record Labels for use by the Station:

(i) CDs and other promotional items of nominal value. The Station may solicit, receive and accept from Record Labels: (A) electronic copies of songs and up to 20 copies of the same CD to familiarize Station employees with recordings; (B) electronic copies of recordings for posting on the Station's website to familiarize visitors to such websites with the Artists' recordings; and (C) promotional items intended for the personal use of Licensee Parties, if the value of each such individual item does not exceed \$25, such as T-shirts, key chains, coffee mugs, baseball hats, posters, pens and bumper stickers.

(ii) Concert tickets. The Station may solicit, receive and accept up to 20 tickets (which may include associated backstage or "VIP"-type passes) for a single-day concert, for each day of a multi-day concert, and/or to an industry event to be used by Station employees and, in the case of a concert, an employee's spouse or "significant other," to familiarize them with the performing Artists. Tickets provided by Record Labels for Station employees who are working at the concert and/or industry event (e.g., technicians, on-air talent, promotions staff, etc.) shall be subject to the disclosure and documentation provisions of ¶ 3, below, but shall not be counted towards the 20 ticket limit.

(iii) Modest personal gifts for life event, professional achievement and holidays, or gifts commemorating achievement by Station or a Record Label. Station employees may receive and accept reasonable gifts from a Record Label commemorating life events, professional achievements and holidays. A "reasonable" gift is one whose value the employee has no reason to believe is greater than \$150. An example of a life event would include a birthday, wedding or the birth of a child. An example of a professional event would be a job promotion or the winning of a music industry award. The Station may receive and accept from a Record Label gifts that commemorate achievements of the Licensee, the Station, the Record Label, or the Record Label's Artists. An example of such a gift would be a plaque commemorating an Artist's achieving "gold record" level sales.

(iv) Meals and entertainment. Station employees may receive and accept meals and entertainment in an amount not to exceed \$150 per person, per event, provided that the event is attended by a Record Label employee and has a legitimate business purpose, and any payment is consistent with the value of the meal or entertainment. Station employees may receive and accept meals and entertainment from a Record Label in an amount that exceeds \$150 per person, provided that the event is attended by a Record Label employee, has a legitimate business purpose, and is approved in writing by the Compliance Officer, as provided in the accompanying Compliance Plan. The Station employee may also receive and accept meals and entertainment from a Record Label for the benefit of his/her spouse or "significant other" accompanying the employee at such occasion, consistent with and subject to the limitations of this provision.

(v) Travel and lodging expenses. The Station may receive and accept from a Record Label reasonable travel and lodging expenses for Station employees to attend live performances or appearances by Artists for the purpose of familiarizing such employees with a Record Label's Artists. The Station may also receive and accept from a Record Label reasonable travel and lodging expenses to industry events if the Station provides, to the satisfaction and approval of the Compliance Officer, a

¹ Dollar amounts in this section may be adjusted for inflation based on the Consumer Price Index.

legitimate business purpose underlying the Record Label's payment of such expenses. The Station shall be limited to 20 such trips annually, to be allocated among Station employees at the discretion of the Station. For purposes of these Business Reforms, "reasonable travel and lodging expenses" means commercial airfare (coach class), train or car service and a sufficient number of nights lodging to accomplish the intended business purpose. All travel and lodging expenditures must be approved in advance and in writing by the Compliance Officer. A Station employee may also receive and accept meals and entertainment during such trips, consistent with and subject to ¶ 2.E.(iv), above.

F. Nothing herein shall prohibit a natural increase in airplay of an Artist's music during the period surrounding, and coincident with: (i) a contest or giveaway that promotes that Artist; and (ii) the Artist's appearance or performance at an event, provided that, to the extent the increase in airplay results from an agreement or understanding with the Record Label or Artist, such increased airplay shall comply with the Sponsorship Identification Laws.

3. Mandatory Documentation. The Station shall record and document all activity set forth in ¶ 2, above, as follows:

A. Database record of items of value received from a Record Label. The Station shall establish and maintain one or more databases (collectively, the "Database") containing a record identifying items of value that exceed \$25 (on an individual per item basis) received by each Station employee from Record Labels (exclusive of Artist performances and commercial transactions with Record Labels), and the disposition of such items shall be recorded as follows: In the case of each item intended to be awarded in a contest or given away by the Station, the Database shall record the date and manner of disposition and recipient of each such item. Items received for use by the Station or its employees shall be so recorded. Items received by the Station or Station employees personally or in connection with business-related meals, entertainment and travel shall be recorded in the Database separately. Notwithstanding the foregoing, CDs having a per-item value in excess of \$25 need not be recorded unless received for contests or giveaways.

B. Contests or Giveaways. In addition to the documentation maintained in the Database in each instance where the Station solicits, receives or accepts an item from a Record Label to give away on the air, and the value of such item exceeds the monetary reporting threshold established by the Internal Revenue Service, the Station shall maintain a record verifying that a contest winner has been selected, including the full name and address of the recipient of the prize, and provide this information, in writing, to the Record Label upon request.

C. Advertising by Record Labels. All advertising by Record Labels shall be subject to a written agreement and recorded in one or more separate databases.