

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

In re Application of	)	
	)	
<b>ICICLE BROADCASTING, INC.</b>	)	Facility I.D. No. 49366
	)	NAL/Acct. No. MB201441410013
For Renewal of License for	)	
Station KOZI-FM	)	FRN: 0000011254
Chelan, Washington	)	File No. BRH-20130930BKQ
	)	

**MEMORANDUM OPINION AND ORDER  
 AND  
 NOTICE OF APPARENT LIABILITY FOR FORFEITURE**

**Adopted: March 4, 2014**

**Released: March 5, 2014**

By the Chief, Audio Division, Media Bureau:

**I. INTRODUCTION**

1. The Media Bureau (“Bureau”) has before it the application of Icicle Broadcasting, Inc., (“Licensee”), for renewal of its license for Station KOZI-FM, Chelan, Washington (“Station”). In this *Memorandum Opinion and Order and Notice of Apparent Liability for Forfeiture* (“NAL”),<sup>1</sup> we find that Licensee apparently willfully and repeatedly violated Section 73.3526 of the Rules by failing to retain all required documentation in the Station’s public inspection file.<sup>2</sup> Based upon our review of the record before us, we conclude that Licensee is apparently liable for a monetary forfeiture in the amount of twelve thousand dollars (\$12,000) and that the captioned license renewal application should be granted for a period of four (4) years instead of a full term of eight years.

**II. BACKGROUND**

2. Section 73.3526 of the Rules requires commercial broadcast licensees to maintain a public inspection file containing specific types of information related to station operations. The purpose of this requirement is to provide the public with timely information about the station at regular intervals throughout the license period.<sup>3</sup> Among the materials required for inclusion in the file are the station’s quarterly issues/programs lists, which must be retained until final Commission action on the station’s next license renewal application.<sup>4</sup>

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<sup>1</sup> This NAL is issued pursuant to Sections 309(k) and 503(b) of the Communications Act of 1934, as amended (“Act”), and Section 1.80 of the Commission’s Rules (“Rules”). See 47 U.S.C. §§ 309(k), 503(b); 47 C.F.R. § 1.80. The Bureau has delegated authority to issue the NAL under Section 0.283 of the Rules. See 47 C.F.R. § 0.283.

<sup>2</sup> See 47 C.F.R. § 73.3526.

<sup>3</sup> Cf. *Letter to Kathleen N. Benfield*, 13 FCC Rcd 4102 (MMB 1997) (citing *License Renewal Applications of Certain Commercial Radio Stations*, 8 FCC Rcd 6400 (MMB 1993)).

<sup>4</sup> See 47 C.F.R. 73.3526(e)(12).

3. Section III, Item 3 of the license renewal application form, FCC Form 303-S, requests that the licensee certify that the documentation required by Section 73.3526 has been placed in the station's public inspection file at the appropriate times. Licensee answered "No" and attached an Exhibit explaining that:

[L]icensee [has] reviewed the public inspection file and determined [as missing] . . . quarterly issues/programs reports for the 2006-2009 time period, the first two quarters of 2010, the third and four quarters of 2011 and 2012.

The 26 missing reports are in the process of being re-created based on available station records and documentation and will be placed in the station's public inspection file shortly.

The licensee takes seriously its obligations as a broadcast station licensee and sincerely regrets the laps with respect to these issues/programs lists. KOZI-FM had some significant changes in management beginning in 2006. The General Managers during this period of time are no longer with the station. The licensee has been unable to locate the missing quarterly reports that were not in the public file during this period of turnover. An extensive schedule of Issue-responsive programming was broadcast during the above time periods -- KOZI-FM, a true community radio station, regularly broadcasts news and public affairs programs and public service announcements that serve community needs and interests.

The licensee has adopted procedures to address this gap in record-keeping (e.g., electronic calendar reminders). In addition to internal communications, it has asked its FCC counsel to send it reminders when quarterly reports are due.<sup>5</sup>

On February 19, 2014, Licensee notified Commission staff via electronic correspondence that despite an "exhaustive search" it was ultimately unable to recreate the missing reports because the Station "lacked the ability to retrieve reliable records concerning the dates, times and duration of issue-responsive programs."<sup>6</sup> Additionally, it reaffirmed that it had "adopted a variety of procedures to make sure that there will be no gap in [future] recording-keeping . . ."<sup>7</sup>

### III. DISCUSSION

4. *Proposed Forfeiture.* As Licensee has acknowledged, for nearly seven years of the license term, the Station's public inspection file did not contain the issues/programs lists required to be retained in the file by Section 73.3526 of the Rules. In this regard, where lapses occur in maintaining the public file, neither the negligent acts or omissions of station employees or agents, nor the subsequent remedial actions undertaken by the licensee, excuse or nullify a licensee's rule violation.<sup>8</sup>

5. Under Section 503(b)(1)(B) of the Act, a person who is found to have willfully or repeatedly failed to comply with any provision of the Act or any rule, regulation, or order issued by the

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<sup>5</sup> Application, Exhibit 12.

<sup>6</sup> E-mail from Elliott Salmon, Station General Manager (dated Feb. 17, 2014), to Erwin Krasnow (Licensee's counsel) forwarded to Commission staff on February 19, 2014.

<sup>7</sup> *Id.*

<sup>8</sup> See *Padre Serra Communications, Inc.*, Letter, 14 FCC Rcd 9709 (MMB 1999) (citing *Gaffney Broadcasting, Inc.*, Memorandum Opinion and Order, 23 FCC 2d 912, 913 (1970) and *Eleven Ten Broadcasting Corp.*, Notice of Apparent Liability, 33 FCC 706 (1962)); *Surrey Front Range Limited Partnership*, Notice of Apparent Liability, 7 FCC Rcd 6361 (FOB 1992).

Commission shall be liable to the United States for a forfeiture penalty.<sup>9</sup> Section 312(f)(1) of the Act defines willful as “the conscious and deliberate commission or omission of [any] act, irrespective of any intent to violate” the law.<sup>10</sup> The legislative history to Section 312(f)(1) of the Act clarifies that this definition of willful applies to both Sections 312 and 503(b) of the Act,<sup>11</sup> and the Commission has so interpreted the term in the Section 503(b) context.<sup>12</sup> Section 312(f)(2) of the Act provides that “[t]he term ‘repeated,’ when used with reference to the commission or omission of any act, means the commission or omission of such act more than once or, if such commission or omission is continuous, for more than one day.”<sup>13</sup>

6. The Commission’s *Forfeiture Policy Statement* and Section 1.80(b)(4) of the Rules establish a base forfeiture amount of \$10,000 for violation of Section 73.3526.<sup>14</sup> In determining the appropriate forfeiture amount, we may adjust the amount upward or downward by considering the factors enumerated in Section 503(b)(2)(D) of the Act, including “the nature, circumstances, extent and gravity of the violation, and, with respect to the violator, the degree of culpability, any history of prior offenses, ability to pay, and such other matters as justice may require.”<sup>15</sup>

7. In this case, although Licensee admitted to violating Section 73.3526, it did so only in the context of the question contained in its license renewal application that compelled such disclosure. Moreover, the violations were extensive, occurring over a seven-year period and involving 26 issues/programs lists. Accordingly, we find that an upward adjustment is appropriate here.<sup>16</sup> Considering the record as a whole, we believe that a \$12,000 forfeiture is appropriate for the Section 73.3526 violations in this case.

8. *License Renewal Application.* In evaluating an application for license renewal, the Commission's decision is governed by Section 309(k) of the Act.<sup>17</sup> That section provides that if, upon consideration of the application and pleadings, we find that (1) the station has served the public interest, convenience, and necessity; (2) there have been no serious violations of the Act or the Rules; and (3) there have been no other violations which, taken together, constitute a pattern of abuse, we are to grant the renewal application.<sup>18</sup> If, however, the licensee fails to meet that standard, the Commission may deny the application — after notice and opportunity for a hearing under Section 309(e) of the Act — or grant the application “on terms and conditions that are appropriate, including a renewal for a term less than the maximum otherwise permitted.”<sup>19</sup>

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<sup>9</sup> 47 U.S.C. § 503(b)(1)(B). *See also* 47 C.F.R. 1.80(a)(1).

<sup>10</sup> 47 U.S.C. § 312(f)(1).

<sup>11</sup> *See* H.R. Rep. No. 97-765, 97<sup>th</sup> Cong. 2d Sess. 51 (1982).

<sup>12</sup> *See Southern California Broadcasting Co.*, Memorandum Opinion and Order, 6 FCC Rcd 4387, 4388 (1991).

<sup>13</sup> 47 U.S.C. § 312(f)(2).

<sup>14</sup> *See Forfeiture Policy Statement and Amendment of Section 1.80(b) of the Rules to Incorporate the Forfeiture Guidelines*, Report and Order, 12 FCC Rcd 17087, 17113-15 (1997) (“*Forfeiture Policy Statement*”), *recon. denied*, 15 FCC Rcd 303 (1999); 47 C.F.R. § 1.80(b)(4), note to paragraph (b)(4), Section I.

<sup>15</sup> 47 U.S.C. § 503(b)(2)(D); *see also Forfeiture Policy Statement*, 12 FCC Rcd at 17100; 47 C.F.R. § 1.80(b)(4).

<sup>16</sup> *See* 47 C.F.R. § 1.80, Note, Section II, Upward Adjustment Criteria (repeated or continuous violation); *WFTV, Inc.*, Notice of Apparent Liability for Forfeiture, 25 FCC Rcd 6140, 6143 (2010) (upward adjustment warranted due to substantial number of violations).

<sup>17</sup> 47 U.S.C. § 309(k).

<sup>18</sup> 47 U.S.C. § 309(k)(1).

<sup>19</sup> 47 U.S.C. §§ 309(k)(2), 309(k)(3).

9. It is clear to us that Licensee's conduct has fallen far short of the standard of compliance with the Act and the Rules that would warrant a routine license renewal. Licensee apparently failed to timely prepare and file 26 issues/programs list for nearly seven years of the eight-year license period. The issues/programs lists are a significant and representative indication that a licensee is providing substantial service to meet the needs and interests of its community.<sup>20</sup> The Commission's public information file rule also safeguards the public's ability to assess the station's service and to meaningfully participate in the station's renewal process, and ensure the station's accessibility to and nexus with its community, to serve and respond to community programming needs.<sup>21</sup> As such, the public information requirements are integral components of a licensee's obligation to serve the public interest and meet its community service obligations.

10. We believe that Licensee's violation of Section 73.3526 at the Station was a "serious" violation,<sup>22</sup> as it denied both the public and the Commission any opportunity to review and comment on the Station's programming during the much of the past license term. The record here further indicates that Licensee's willful and repeated violations of Section 73.3526 at the Station, when considered together, constitutes a pattern of abuse over a period of years by Licensee at the Station.<sup>23</sup> However, although we are concerned with Licensee's cavalier attitude toward creating and retaining the quarterly issues/programs lists, we find that Licensee's violations of the Rules do not rise to such a level that designation for evidentiary hearing on the issue of whether to deny renewal for the Station is warranted. Importantly, the record establishes that Licensee has established procedures to ensure that issues/programs lists are timely prepared and filed each quarter going forward.<sup>24</sup>

11. Nevertheless, we believe that additional measures are necessary in order to ensure that the Station is operated in compliance with the Act and the Rules in the future and that Licensee provides accurate responses to items in application forms. Accordingly, pursuant to Section 309(k)(2) of the Act, we will grant the renewal application by separate action upon the conclusion of this forfeiture proceeding, if there are no issues other than the apparent violations that would preclude grant of the application. The new license term will be limited to a period of four years.<sup>25</sup> This limited renewal period will afford the Commission an opportunity to review the Station's compliance with the Act and the Rules and to take whatever corrective actions, if any, that may be warranted at that time.

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<sup>20</sup> See *Formulation of Policies and Rules to Broadcast Renewal Applicants*, Third Further Notice of Inquiry and Notice of Proposed Rule Making, 4 FCC Rcd 6363, 6365 (1989).

<sup>21</sup> See *Forfeiture Policy Statement*, 12 FCC Rcd at 17104-05 ¶ 39.

<sup>22</sup> See 47 U.S.C. § 309(k)(1)(b).

<sup>23</sup> See 47 U.S.C. § 309(k)(1)(c).

<sup>24</sup> Application, Exhibit 12. Based on these recent efforts, we do not find that Licensee's operation of the Station "was conducted in an exceedingly careless, inept and negligent manner and that Licensee is either incapable of correcting or unwilling to correct the operating deficiencies." *Heart of the Black Hills Stations*, Decision, 32 FCC 2d 196, 198 (1971). Nor do we find on the record here that "the number, nature and extent" of the violations indicate that "the licensee cannot be relied upon to operate [the station] in the future in accordance with the requirements of its licenses and the Commission's Rules." *Id.* at 200. See also *Center for Study and Application of Black Economic Development*, Hearing Designation Order, 6 FCC Rcd 4622 (1991); *Calvary Educational Broadcasting Network, Inc.*, Hearing Designation Order, 7 FCC Rcd 4037 (1992).

<sup>25</sup> See, e.g., *Gallup Public Radio*, Memorandum Opinion and Order and Notice of Apparent Liability, 28 FCC Rcd 13847 (MB 2013) (NAL proposed a four-year renewal term and a \$12,000 forfeiture where licensee failed to prepare 21 issues/programs lists during the license term).

#### IV. ORDERING CLAUSES

12. Accordingly, IT IS ORDERED, pursuant to Section 503(b) of the Communications Act of 1934, as amended, and Section 1.80 of the Commission's Rules, that Icicle Broadcasting, Inc., is hereby NOTIFIED of its APPARENT LIABILITY FOR FORFEITURE in the amount of twelve thousand dollars (\$12,000) for its apparent willful and repeated violations of Section 73.3526 of the Commission's Rules.

13. IT IS FURTHER ORDERED, pursuant to Section 1.80 of the Commission's Rules, that, within thirty (30) days of the release date of this *NAL*, Icicle Broadcasting, Inc., SHALL PAY the full amount of the proposed forfeiture or SHALL FILE a written statement seeking reduction or cancellation of the proposed forfeiture.

14. Payment of the proposed forfeiture must be made by check or similar instrument, payable to the order of the Federal Communications Commission. The payment must include the *NAL*/Acct. No. and FRN No. referenced in the caption above. Payment by check or money order may be mailed to Federal Communications Commission, at 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, BNF: FCC/ACV--27000001 and account number as expressed on the remittance instrument. If 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). Licensee will also send electronic notification on the date said payment is made to Penelope.Dade@fcc.gov and Kim.Varner@fcc.gov.

15. The response, if any, must be mailed to Office of the Secretary, Federal Communications Commission, 445 12<sup>th</sup> Street, S.W., Washington DC 20554, ATTN: Peter H. Doyle, Chief, Audio Division, Media Bureau, and MUST INCLUDE the *NAL*/Acct. No. referenced above.

16. The Commission will not consider reducing or canceling a forfeiture in response to a claim of inability to pay unless the respondent submits: (1) federal tax returns for the most recent three-year period; (2) financial statements prepared according to generally accepted accounting practices ("GAAP"); or (3) some other reliable and objective documentation that accurately reflects the respondent's current financial status. Any claim of inability to pay must specifically identify the basis for the claim by reference to the financial documentation submitted.

17. Requests for full payment of the forfeiture proposed in this *NAL* under the installment plan should be sent to: Associate Managing Director-Financial Operations, 445 12th Street, S.W., Room 1-A625, Washington, DC 20554.<sup>26</sup>

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<sup>26</sup> See 47 C.F.R. § 1.1914.

18. IT IS FURTHER ORDERED that copies of this Order shall be sent, by First Class and Certified Mail, Return Receipt Requested, to Icicle Broadcasting, Inc., P.O. Box 2675, Wenatchee, WA 98807, and to its counsel, Erwin G. Krasnow, Esq., Garvey Schubert Barer, 1000 Potomac Street N.W., Washington, DC 20007-3501.

FEDERAL COMMUNICATIONS COMMISSION

Peter H. Doyle  
Chief, Audio Division  
Media Bureau