

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

In re Applications of
South Texas Broadcasting, Inc.
(Subsidiary of Salem Media Group, Inc.)
(Assignor)
and
Caron Broadcasting, Inc.
(Subsidiary of Salem Media Group, Inc.)
(Assignee)
For Pro Forma Assignment of Broadcast
Station Licenses
NAL/Acct. No. MB-201841410013
FRN: 0001649474
File Nos. BALH-20171211ADP, et. al.

ORDER

Adopted: June 26, 2018

Released: June 27, 2018

By the Chief, Media Bureau:

1. In this Order, we adopt the attached Consent Decree entered into by the Media Bureau (Bureau), Caron Broadcasting, Inc. (Caron or Licensee), and Caron’s ultimate parent corporation, Salem Media Group, Inc. (Salem). The Consent Decree resolves issues arising from the captioned applications for Commission consent to the pro forma assignment of licenses (Applications) from South Texas Broadcasting, Inc. (South Texas) to Caron, which transaction the Licensee consummated on December 31, 2017, prior to the Bureau’s grant of the Applications on February 28, 2018.

2. The Consent Decree resolves the Bureau’s investigation of Licensee’s compliance with Section 310 of the Communications Act of 1934, as amended (the Act) and Section 73.3540 of the Commission’s Rules (Rules). In particular, pursuant to the terms of the Consent Decree, Licensee stipulates that it violated Section 310(d) of the Act and Section 73.3540 of the Rules. The Consent Decree also requires, among other things, that Licensee make a ten thousand dollar (\$10,000) civil penalty payment to the United States Treasury and undertake a three-year compliance plan to prevent future similar violations. A copy of the Consent Decree is attached hereto and incorporated by reference.

3. After reviewing the terms of the Consent Decree, we find that the public interest will be served by its approval and by terminating all pending proceedings relating to the Bureau’s investigation of potential violations of the Rules and the Act in connection with the Applications.

1 See Consummation Notice dated February 28, 2018.

2 47 U.S.C. § 310.

3 47 CFR § 73.3540.

4. Based on the record before us, we conclude that nothing in that record creates a substantial and material question of fact as to whether Licensee possesses the basic qualifications to be a Commission licensee.

5. ACCORDINGLY, IT IS ORDERED that, pursuant to Section 4(i) of the Act,⁴ and by the authority delegated by Sections 0.61 and 0.283 of the Rules,⁵ the Consent Decree attached hereto IS ADOPTED without change, addition, or modification.

6. IT IS FURTHER ORDERED that the investigation by the Bureau of the matters noted above IS TERMINATED.

7. IT IS FURTHER ORDERED that copies of this Order shall be sent, by First Class and Certified Mail, Return Receipt Requested, to Caron Broadcasting, Inc., 4880 Santa Rosa Road, Camarillo, CA 93012, and to its counsel, Kathleen Kirby, Esq., Wiley Rein LLP, 1776 K Street, N.W., Washington, DC 20006, and Frank R. Jazzo, Esq., Fletcher, Heald & Hildreth, P.L.C., 1300 N. 17th Street, 11th Floor, Arlington, VA 22209-3801.

FEDERAL COMMUNICATIONS COMMISSION

Michelle M. Carey
Chief, Media Bureau

⁴ 47 U.S.C. § 4(i).

⁵ 47 CFR §§ 0.61, 0.283.

CONSENT DECREE**I. Introduction**

1. This Consent Decree is entered into by and between the Media Bureau of the Federal Communications Commission, Caron Broadcasting, Inc., and its ultimate parent corporation Salem Media Group, Inc., and its subsidiaries, divisions and affiliates, for the purpose of terminating the Media Bureau's investigation concerning compliance with Section 73.3540 of the FCC's rules, 47 CFR § 73.3540 and Section 310(d) of the Communications Act of 1934, as amended, 47 U.S.C. § 310(d).

II. Definitions

2. For 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 the order of the Bureau adopting this Consent Decree;
- (c) "Applications" means the FCC Form 316 applications for consent to *pro forma* assignment of licenses associated with the lead File No. BALH-20171211ADP, *et. al.*;
- (d) "Bureau" means the Media Bureau of the Federal Communications Commission;
- (e) "Caron" means Caron Broadcasting, Inc.;
- (f) "Civil Penalty" means the payment Licensee has agreed to pay to the United States Treasury;
- (g) "Commission" or "FCC" means the Federal Communications Commission and all of its bureaus and offices;
- (h) "Compliance Plan" means the compliance plan provided in Appendix A, hereto;
- (i) "Effective Date" means the date on which the Bureau releases the Adopting Order;
- (j) "Investigation" means the Bureau's investigation of information contained in the Applications, as detailed herein;
- (k) "Implementation Date" means the date on which the Compliance Plan commences and will occur within 60 days of the Effective Date of the Consent Decree;
- (l) "Licenses" refers to the 18 license authorizations set forth in Appendix B, hereto;
- (m) "Licensee" means Caron, and its ultimate parent corporation, Salem, and its subsidiaries, divisions and affiliates, as detailed in this Order;
- (n) "Parties" means Caron, Salem, and the Bureau;
- (o) "Rules" means the FCC's rules, found in Title 47 of the Code of Federal Regulations;
- (p) "Salem" means Salem Media Group, Inc. and its subsidiaries, divisions and affiliates, as detailed in this Adopting Order;
- (q) "South Texas" means South Texas Broadcasting, Inc.;

- (r) “Violations” means the unauthorized *pro forma* assignment of the Licenses in violation of Section 73.3540 of the Rules and Section 310(d) of the Act.

III. Background

3. Section 310(d) of the Act, provides in pertinent part:

No construction permit or station license, or any rights thereunder, shall be transferred, assigned, or disposed of in any manner, voluntarily or involuntarily, directly or indirectly, or by transfer of control of any corporation holding such permit or license, to any person except upon application to the Commission and upon finding by the Commission that the public interest, convenience, and necessity will be served thereby.⁶

4. On December 11, 2017, South Texas filed the Applications for consent to *pro forma* assignment of the Licenses to Caron. The *pro forma* assignments were part of a larger internal corporate restructuring of certain subsidiaries of Salem that held the Licenses. In particular, Salem proposed to merge South Texas, which would cease to exist after said merger, and other FCC licensees (other Salem licensees)⁷ into Caron, and then merge another subsidiary, Salem Communications Holding Corporation, into Caron.⁸ On December 22, 2017, the Bureau granted the applications for the other Salem licensees, but did not grant the Applications held by South Texas.⁹ On December 31, 2017, Salem consummated the *pro forma* assignments for the other Salem licensees as well as the South Texas licenses. On February 28, 2018, the Bureau granted the Applications with a condition regarding a pending Bureau investigation regarding Licensee’s compliance with the Commission’s political broadcasting rules at Station WFSH-FM, Athens, Georgia. On February 28, 2018, the Bureau was informed that South Texas and Caron had consummated the *pro forma* assignments on December 31, 2017.¹⁰

5. The Parties acknowledge that any proceedings that might result from the Violations would be time-consuming and require a substantial expenditure of public and private resources. In order to conserve such resources, resolve the matter, and promote compliance with the Rules, the Parties are entering into this Consent Decree, in consideration of the mutual commitments made herein.

IV. Terms of Agreement

6. **Adopting Order**. The provisions of this Consent Decree shall be incorporated by the Bureau in an Adopting Order.

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

8. **Effective Date; Violations**. The Parties agree that this Consent Decree shall become effective on the Effective Date as defined herein. Upon the Effective Date, the Adopting Order and this Consent Decree shall have the same force and effect as any other order of the Commission. Licensee agrees that it is required to comply with each individual condition of this Consent Decree. Each specific condition is a separate condition of the Consent Decree as approved. Any violation of the Adopting

⁶ 47 U.S.C. § 310(d).

⁷ The other Salem licensees were the subject of separate FCC Form 316 Applications. See File Nos. BALH-20171211AEI, *et. al.*; BAL-20171211ADK, *et. al.*; BALH-20171211AEK, *et. al.*; and BAL-20171211AFG, *et. al.*

⁸ See Exh. 2, Applications.

⁹ See *Broadcast Actions*, Public Notice, Report No. 49141, pp. 7-30 (Dec.28, 2017).

¹⁰ See Consummation Notice dated February 28, 2018.

Order or the terms of this Consent Decree shall constitute a separate violation of a Commission order, entitling the Commission to exercise any rights and remedies attendant to enforcement of a Commission order.

9. **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 the Investigation. In consideration for the termination of the Investigation, Licensee agrees to the terms, conditions, and procedures contained herein. The Bureau further agrees that, in the absence of new material evidence, it will not use the Violations or the existence of this Consent Decree in any action against Licensee, provided that it satisfies all of its obligations under this Consent Decree. In the event that Licensee fails to satisfy any of its obligations under this Consent Decree, the Bureau may take any enforcement action available pursuant to the Act and the Rules with respect to each Violation, and/or the violation of this Consent Decree.

10. **Admission of Liability.** Licensee stipulates, in express reliance on the provisions of Paragraph 9 hereof, that its actions described in Paragraphs 4 and 5 violated Section 310(d) of the Act and Section 73.3540 of the Rules.

11. **Civil Penalty.** Licensee agrees to make the Civil Penalty payment to the United States Treasury in the amount of ten thousand dollars (\$10,000), within thirty (30) calendar days of the Effective Date. Licensee acknowledges and agrees that upon execution of this Consent Decree, the Civil Penalty shall become a “Claim” or “Debt” as defined in Section 3701(b)(1) of the Debt Collection Improvement Act of 1996.¹¹

12. **Payment.** Licensee will also send electronic notification of payment to Kim Varner at Kim.Varner@fcc.gov and Michael Wagner at Michael.Wagner@fcc.gov on the date said payment is made. Such payment will be made, without further protest or recourse to a *trial de novo*, by a check or similar instrument, wire transfer or credit card and must include the Account Number and FRN referenced in the caption to the Order. Regardless of the form of payment, a completed FCC Form 159 (Remittance Advice) must be submitted. When completing the FCC Form 159, enter the Account Number in block number 23A (call sign/other ID) and enter the letters “FORF” in block number 24A (payment type code). Below are additional instructions that should be followed based on the form of payment selected:

- Payment by check or money order must be made payable to the order of the Federal Communications Commission. Such payments (along with the completed Form 159) must be mailed to the Federal Communications Commission, P.O. Box 979088, St. Louis, MO 63197-9000, or sent via overnight mail to U.S. Bank – Government Lock box #979088, SL-MO-C2-GL, 1005 Convention Plaza, St. Louis, MO 63101.
- Payment by wire transfer must be made to ABA Number 021030004, receiving bank TREAS/NYC, and Account Number 27000001. To complete the wire transfer and ensure appropriate crediting of the wired funds, a completed Form 159 must be faxed to U.S. Bank at (314) 418-4232 on the same business day the wire transfer is initiated.
- Payment by credit card must be made by providing the required credit card information on FCC Form 159 and signing and dating the Form 159 to authorize the credit card payment. The completed Form 159 must then be mailed to Federal Communications Commission, P.O. Box 979088, St. Louis, MO 63197-9000, or sent via overnight mail to U.S. Bank – Government Lockbox #979088, SL-MO-C2-GL, 1005 Convention Plaza, St. Louis, MO 63101.

13. **Qualifications.** The Bureau finds that its Investigation raises no substantial and material

¹¹ Debt Collection Improvement Act of 1996, Pub. L. No. 104-134, 110 Stat. 1321, 1358 (Apr. 26, 1996).

questions of fact as to whether Licensee possesses the basic qualifications, including those relating to character, to hold a Commission license or authorization.

14. **Waivers.** Licensee agrees to waive any and all rights it may have to seek administrative or judicial reconsideration, review, appeal, or stay, or to otherwise challenge the validity of this Consent Decree and the Adopting Order, provided the Consent Decree is adopted without change, addition or modification. If any Party (or the United States on behalf of the Commission), brings a judicial action to enforce the terms of the Consent Decree or Adopting Order, no Party will contest the validity of the Consent Decree or Adopting Order, and Licensee will waive any statutory right to a *trial de novo*. Licensee further agrees to waive any claims it may otherwise have under the Equal Access to Justice Act, 5 U.S.C. Section 504 and Section 1.1501, *et. seq.* of the Rules relating to the Consent Decree or Adopting Order.

15. **Severability.** The Parties agree that if a court of competent jurisdiction renders any of the provisions of this Consent Decree unenforceable, such unenforceability shall not render unenforceable the Consent Decree, but rather the entire Consent Decree shall be construed as if not containing the particular unenforceable provision or provisions, and the rights and obligations of the Parties shall be construed and enforced accordingly.

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

17. **Subsequent Rule or Order.** The Parties agree that if any provision of this 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 Licensee does not expressly consent), such provision will be superseded by such Rule or Order.

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

19. **Final Settlement.** The Parties agree and acknowledge that this Consent Decree shall constitute a final settlement between the Parties with respect to the Investigation.

20. **Modifications.** This Consent Decree cannot be modified or amended without the advance written consent of all Parties.

21. **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.

22. **Authorized Representative.** Each Party represents and warrants to the other Party that it has full power and authority to enter into this Consent Decree. Each person signing this Consent Decree on behalf of a Party hereby represents that he or she is fully authorized by the Party to execute this Consent Decree and to bind the Party to its terms and conditions.

23. **Counterparts.** This Consent Decree may be signed in counterparts and/or by telecopy and, when so executed, the counterparts, taken together, will constitute a legally binding and enforceable instrument whether executed by telecopy or by original signatures.

**MEDIA BUREAU
FEDERAL COMMUNICATIONS COMMISSION**

By: _____
Michelle M. Carey, Chief

Date: _____

SALEM MEDIA GROUP, INC.

By: _____
Christopher J. Henderson, Senior Vice President,
General Counsel

Date: _____

APPENDIX A: COMPLIANCE PLAN

For a period of three (3) years commencing on the Compliance Plan Implementation Date, Caron, and its ultimate parent corporation Salem, and its subsidiaries, divisions and affiliates and/or any other successor-in-interest, will institute the following procedures to ensure compliance with the Rules. Unless otherwise provided, all terms defined in the Consent Decree apply to this Compliance Plan. In addition, except as otherwise provided, all requirements are to occur by the Implementation Date, which is within 60 days of the Effective Date of the Adopting Order.

- I. **FCC Compliance Officer.** Licensee shall designate an FCC Compliance Officer who will administer the Compliance Plan, supervise Licensee's compliance with the Act and the Rules, and serve as the point of contact on behalf of Licensee for all FCC-related compliance matters.
- II. **Compliance Manual.** The FCC Compliance Officer shall develop and distribute a Compliance Manual to employees and others who perform duties for Licensee that trigger or may trigger compliance-related responsibilities. The Compliance Manual shall include: (1) an overview of the Commission's requirements with respect to applications for assignment or transfer of control of FCC licenses, including the need for prior approval for license assignments and transfers of control, and the requirements set forth in the Rules at issue in the Investigation and; (2) a description of the regulatory requirements applicable to the accurate reporting of information in assignment and transfer of control applications. Licensee shall update the Compliance Manual from time to time to reflect changes to relevant sections of the Act, Rules, and Commission orders, and as otherwise needed.
- III. **Compliance Training Program.** Within 90 days of the Effective Date, Licensee shall begin administering a Compliance Training Program for employees and others who perform duties for Licensee related to assignment and transfer of control applications. This Compliance Training Program shall be completed for all such employees within one hundred and twenty (120) days of the Effective Date. This Compliance Training Program shall also be presented to new employees who are engaged in such activities, within the first sixty (60) calendar days of employment. This Compliance Training Program shall track the Compliance Manual, focusing on proper implementation of the Compliance Manual.
- IV. **Compliance Reports.** Licensee shall submit a Compliance Report to the Commission 90 days after the Effective Date and annually thereafter on the anniversary of the Effective Date until the Termination Date. Each Compliance Report will include a certification by the FCC Compliance Officer, as an agent of and on behalf of Licensee, stating that he/she has personal knowledge that: (1) Licensee has established operating procedures intended to ensure compliance with the terms and conditions of this Consent Decree and with Section 310(d) of the Act and Section 73.3540 of the Rules, together with an accompanying statement explaining the basis for the certification; (2) Licensee has been utilizing those procedures since the previous Compliance Report was submitted; and (3) Licensee is not aware of any instances of non-compliance with the Consent Decree or those specified sections of the Act and Rules. The certification must comply with Section 1.16 of the Commission's Rules and be subscribed to as true under penalty of perjury in substantially the form set forth therein. If the FCC Compliance Officer cannot provide the requisite certification, he/she shall provide the Commission with a detailed explanation of: (i) any instances of non-compliance with this Consent Decree and the Act or Rules, and (ii) the steps that Licensee 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. A copy will be served on Michael F. Wagner, Assistant Chief, Audio Division, Media Bureau, Federal Communications Commission and e-mailed to him at Michael.Wagner@fcc.gov.

APPENDIX B: STATIONS SUBJECT TO THE CONSENT DECREE

STATIONS THAT WERE *PRO FORMA* ASSIGNED FROM SOUTH TEXAS BROADCASTING, INC. (ASSIGNOR) TO CARON BROADCASTING, INC. (ASSIGNEE)

Call Sign	Service	City	State	Facility Id.	Prefix	File Number
KDIS-FM	FM	LITTLE ROCK	AR	47309	BALH	20171211ADP
KKSP	FM	BRYANT	AR	39751	BALH	20171211ADQ
KLUP	AM	TERRELL HILLS	TX	34975	BAL	20171211ADR
KNTH	AM	HOUSTON	TX	61174	BAL	20171211ADS
KRDY	AM	SAN ANTONIO	TX	26310	BAL	20171211ADT
KTEK	AM	ALVIN	TX	10827	BAL	20171211ADU
WAFS	AM	ATLANTA	GA	72111	BAL	20171211ADV
WDWD	AM	ATLANTA	GA	8623	BAL	20171211ADW
WFSH-FM	FM	ATHENS	GA	56390	BALH	20171211ADX
WLCC	AM	BRANDON	FL	71212	BAL	20171211ADY
WLTA	AM	ALPHARETTA	GA	42660	BAL	20171211ADZ
WNIV	AM	ATLANTA	GA	23607	BAL	20171211AEA
WTWD	AM	PLANT CITY	FL	26145	BAL	20171211AEB
WWMI	AM	ST. PETERSBURG	FL	11954	BAL	20171211AEC
K277DE	FX	HOUSTON	TX	138173	BALFT	20171211AED
K241CM	FX	HOUSTON	TX	140620	BALFT	20171211AEE
W28CI	FX	TAMPA	FL	145074	BALFT	20171211AEF
W271CY	FX	LAKELAND	FL	142973	BALFT	20171211AEG