

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

In the Matter of )
)
Leading Media Group Corp. and Grupo ) KBUC(FM), Raymondville, TX
Multimedios Estrellas de Oro S.A. de C.V. ) Facility ID No. 18654
) File No. BALH-20190416ABY
Applications for Consent to Assignment of )
Licenses ) KURV(AM), Edinburg, TX
) Facility ID No. 70463
and ) File No. BAL-20190416ABZ
)
Petition for Declaratory Ruling Under Section ) KBDR(FM), Mirando City, TX
310(b)(4) of the Communications Act of 1934, as ) Facility ID No. 906
Amended ) File No. BALH-20190416ABV
)
) KNEX(FM), Laredo, TX
) Facility ID. No. 42148
) File No. BALH-20190416ABX
)
) KBDR-FM1, Laredo, TX
) Facility ID No. 907
) File No. BALFTB-20190416ABW
)
) MB Docket No. 19-167

DECLARATORY RULING AND MEMORANDUM OPINION AND ORDER

Adopted: October 11, 2019

Released: October 11, 2019

By the Chief, Audio Division, Media Bureau:

I. INTRODUCTION

1. In this Declaratory Ruling and Memorandum Opinion and Order, the Media Bureau (Bureau) addresses a petition for declaratory ruling (Petition) filed by Leading Media Group Corp. (LMG) and its parent entity, Grupo Multimedios Estrellas de Oro S.A. de C.V. (Multimedios) (collectively, the Petitioners), on April 16, 2019. The Petition was filed in connection with the above-captioned applications (Applications), seeking Commission consent to (1) the assignment of the licenses of radio stations KBUC(FM), Raymondville, Texas, and KURV(AM), Edinburg, Texas, from MBM Texas Valley LLC to LMG; and (2) the assignment of the licenses of stations KBDR(FM), Mirando City, Texas, KNEX(FM), Laredo, Texas, and KBDR-FM1, Laredo, Texas, from MBM Laredo LLC to LMG.

1 Hereinafter referred to as Declaratory Ruling.

2 See FCC File Nos. BALH-20190416ABY, BAL-20190416ABZ.

3 See BALH-20190416ABV, BALFTB-20190416ABW, and BALH-20190416ABX.

The Petition asks the Commission to exercise its discretion to permit Multimedios, the parent company of LMG, to exceed the 25 percent foreign ownership benchmark set out in section 310(b)(4) of the Communications Act of 1934, as amended, (the Act),<sup>4</sup> pursuant to section 310(b)(4), sections 1.5000 *et seq.* of the Commission's rules,<sup>5</sup> and the Commission's *Foreign Ownership Order*.<sup>6</sup> In addition to the Petition, we address the Applications seeking Commission consent to the assignment of the licenses of the five radio stations in South Texas (the Stations). The Petition and the Applications are unopposed. As discussed below, we find that it will serve the public interest to grant the Petition, subject to the conditions specified below, and the Applications.

## II. BACKGROUND

2. *Foreign Ownership of Multimedios.* The Petition seeks authority for Multimedios, a Mexican company owned primarily by two Mexican shareholders, to hold a 100 percent voting and equity interest in LMG, the proposed new licensee of the Stations. LMG is a Delaware corporation, which is 100 percent owned by Multimedios, a privately-held Mexican corporation, which, in turn, is principally owned by two shareholders, who are citizens of Mexico: Francisco Antonio Gonzalez Sanchez (82.73 percent voting and equity interest) and Nora Patricia Albuerne de Gonzalez (16.77 percent voting and equity interest).<sup>7</sup>

3. LMG and Multimedios assert that grant of the Petition is in the public interest because Multimedios' ownership "will permit LMG to serve the public interest in South Texas by bringing to the Stations its extensive broadcast experience and expertise and an influx of resources for technological upgrades and improved programming."<sup>8</sup> Specifically, the Petitioners explain that the Stations are located in resource-scarce and minority-populated Texas communities, and service "is limited by the financial conditions affecting the current licensee."<sup>9</sup> The Petitioners anticipate that they will be able to "improve program quality, adopt new technologies, improve the talent employed by the Stations, and promote economic and media cooperation in the local radio markets where the Stations operate."<sup>10</sup> The Petitioners emphasize that Multimedios, a third-generation-family-owned company, owned by the Gonzalez family, "has been crucial to the evolution and growth of Mexican media."<sup>11</sup> According to the Petitioners, Multimedios, the third-largest producer of original Spanish-language programming in Mexico, is "known for its active role in the promotion of culture, sports, and participation in charity activities throughout the nation."<sup>12</sup> Further, the Petitioners maintain that Mexican ownership poses no national security or law enforcement issues or concerns "given that the United States and the United Mexican States have

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<sup>4</sup> 47 U.S.C. § 310(b)(4) (Section 310(b)(4)).

<sup>5</sup> 47 CFR §§ 1.5000 *et seq.*

<sup>6</sup> *Review of Foreign Ownership Policies for Broadcast, Common Carrier, and Aeronautical Radio Licensees Under Section 310(b)(4) of the Communications Act of 1934, as Amended*, Report and Order, 31 FCC Rcd 11272 (2016) (2016 *Foreign Ownership Order*), *pet. for recon. dismissed*, 32 FCC Rcd 4780 (2017); *see also Commission Policies and Procedures under Section 310(b)(4) of the Communications Act, Foreign Investment in Broadcast Licensees*, Declaratory Ruling, 28 FCC Rcd 16244 (2013) (2013 *Broadcast Clarification Ruling*).

<sup>7</sup> The Petitioners state that "all other shareholders have a less than 1% interest in Multimedios." Petition at 2.

<sup>8</sup> Petition at 5-6.

<sup>9</sup> *Id.* at 6.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.* at 3. According to the Petitioners, members of the Gonzalez family have been recognized as "leaders and valuable members of Mexican society for their role in the achievements of the Mexican media industry." *Id.*

<sup>12</sup> *Id.* at 3. The Petitioners state that Multimedios has both national and international experience as a television, radio, and print news provider.

amicable diplomatic, economic, and trade relations.”<sup>13</sup> Finally, the Petitioners assert that grant of the Petition would further the Commission’s goals of allowing beneficial foreign investment in U.S. broadcast radio markets while also promoting greater investment opportunities and cultural exchange across the U.S.-Mexico border.<sup>14</sup>

4. *Section 310(b)(4) Foreign Ownership Review.* We review the foreign ownership of Multimedios, the parent company of LMG, under section 310(b)(4) of the Act, which states that “[n]o broadcast ... license shall be granted to or held by ... any corporation directly or indirectly controlled by any other corporation of which more than one-fourth of the capital stock is owned of record or voted by aliens, their representatives, or by a foreign government or representative thereof, or by any corporation organized under the laws of a foreign country, if the Commission finds that the public interest will be served by the refusal or revocation of such license.”<sup>15</sup>

5. In the *2013 Broadcast Clarification Ruling*, the Commission clarified the policies and procedures for evaluating potential foreign investment in broadcast licensees under section 310(b)(4) of the Act.<sup>16</sup> Subsequently, in the *2016 Foreign Ownership Order*, the Commission modified the broadcast licensee foreign ownership review process by extending the streamlined rules and procedures developed for review of foreign ownership of common carrier and certain aeronautical licensees under section 310(b)(4) to the broadcast context, with certain limited exceptions.<sup>17</sup> Further, in evaluating petitions relating to foreign ownership, the Commission accords deference to the expertise of the Executive Branch agencies on issues related to national security, law enforcement, foreign policy, or trade policy concerns.<sup>18</sup>

6. The Commission has explained that in the context of the section 310(b)(4) review for broadcast licensees, the 25 percent benchmark “is only a trigger for the exercise of our discretion, which we then exercise based upon a more searching analysis of the circumstances of each case.”<sup>19</sup> Moreover, the *2016 Foreign Ownership Order* expressly provides for processing of petitions involving 100 percent foreign ownership of a broadcast licensee’s parent,<sup>20</sup> such as here. To exercise in a meaningful way the discretion conferred by statute, the Commission must receive detailed information from the applicant sufficient for the Commission to make the public interest finding the statute requires.<sup>21</sup>

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<sup>13</sup> *Id.* at 6.

<sup>14</sup> *Id.*

<sup>15</sup> 47 U.S.C. § 310(b)(4).

<sup>16</sup> See *2013 Broadcast Clarification Ruling*, *supra* note 6.

<sup>17</sup> *2016 Foreign Ownership Order*, *supra* note 6.

<sup>18</sup> See *2013 Broadcast Clarification Order*, 28 FCC Rcd at 16251, para. 14; *2016 Foreign Ownership Order*, 31 FCC Rcd at 11277, para. 6.

<sup>19</sup> *2013 Broadcast Clarification Order*, 28 FCC Rcd at 16249-50, para. 11. The Commission recognized that “changes have occurred in the media landscape and marketplace since the foreign ownership restriction was enacted and that limited access to capital is a concern in the broadcast industry, especially for small business entities and new entrants, including minorities and women.” *Id.* at 10.

<sup>20</sup> *2016 Foreign Ownership Order*, 31 FCC Rcd at 11282, para. 15.

<sup>21</sup> *2013 Broadcast Clarification Order*, 28 FCC Rcd at 16250, para. 11. Following the issuance of the *2013 Broadcast Clarification Ruling*, the Commission granted a petition for declaratory ruling filed by Pandora Radio LLC, a publicly traded company, to exceed the 25 percent foreign ownership benchmark set out in Section 310(b)(4). *Pandora Radio LLC Petition for Declaratory Ruling Under Section 310(b)(4) of the Communications Act of 1934, as Amended*, Declaratory Ruling, 30 FCC Rcd 5094, 5095-96, para. 4 (2015) (*Pandora Declaratory Ruling*), *recon denied*, 30 FCC Rcd 10570 (2015). Subsequently, the Bureau granted two petitions for declaratory ruling allowing aggregate foreign investment of 49 percent in the controlling U.S. parent companies of two

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### III. DISCUSSION

7. *Foreign Ownership Declaratory Ruling.* We find that grant of this unopposed Petition is in the public interest. Specifically, we find that grant of the Petition is likely to: (1) increase the likelihood of continued service to the Stations' communities by authorizing the assignment of the Stations' licenses to a company owned by individuals who are ready, willing, and able to operate the Stations based on their extensive broadcasting experience; (2) facilitate foreign investment in the U.S. broadcast radio market; and (3) potentially encourage reciprocal investment opportunities for U.S. companies in foreign markets.

8. As stated above, the Petitioners propose 100 percent foreign ownership of Multimedios, which would be the sole owner of LMG, the proposed new licensee of the five South Texas Stations. Following the procedures outlined in the *2013 Broadcast Clarification Ruling* and *2016 Foreign Ownership Order*, we have consulted with the relevant Executive Branch agencies with expertise on issues related to national security, law enforcement, foreign policy, and trade policy.<sup>22</sup> The Executive Branch agencies have filed a letter with the Commission stating that they have no objection to grant of the request and have not requested that we impose any conditions on grant.<sup>23</sup>

9. Accordingly, upon review of the facts and circumstances set out in the Petition, and pursuant to the procedures adopted in the *2016 Foreign Ownership Order*, we find that the public interest would not be served by prohibiting foreign ownership of Multimedios, the controlling U.S. parent of LMG, the proposed new licensee of the five South Texas Stations, in excess of the 25 percent benchmark in section 310(b)(4) of the Act. Specifically, this *Declaratory Ruling* grants, pursuant to section 1.5001(i) of the rules, the Petitioners' request for specific approval for 100 percent of the equity and voting interests in Multimedios to be held by two Mexican citizens: Francisco Antonio Gonzalez Sanchez (82.73 percent) and Nora Patricia Albuerne de Gonzalez (16.77 percent).<sup>24</sup>

10. This ruling is subject to the terms and conditions set forth in section 1.5004 of the Commission's rules, including the requirement to obtain Commission approval before foreign ownership of Multimedios exceeds the terms and conditions of this ruling. If, at any time, Multimedios or LMG knows, or has reason to know, that they are no longer in compliance with this *Declaratory Ruling*, section 310(b) of the Act, or the Commission's foreign ownership rules, they shall file a statement with the Commission explaining the circumstances within 30 days of the date that they knew, or had reason to

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broadcast licensees, and a petition for declaratory ruling permitting 100 percent foreign ownership of the controlling U.S. parent company of a broadcast licensee. See *Univision Holdings, Inc.*, Declaratory Ruling, 32 FCC Rcd 6 (2017) (permitting aggregate foreign ownership of 49 percent voting and equity interests); *Hemisphere Media Group, Inc.*, Declaratory Ruling, 32 FCC Rcd 718 (2017) (permitting up to 49.99 percent aggregate foreign ownership); *Frontier Media*, Memorandum Opinion and Order and Declaratory Ruling, 32 FCC Rcd 1427 (2017) (permitting 100 percent foreign ownership of the licensee's parent company). See also *Corvex Master Fund LP*, Declaratory Ruling, 32 FCC Rcd 1352 (2017) (permitting Corvex to increase its non-controlling voting and equity interest in Pandora up to 14.99 percent); *Grupo Multimedia LLC*, Declaratory Ruling and Memorandum Opinion and Order, 33 FCC Rcd 4465 (2018) (permitting 100 percent foreign ownership in the licensee's parent company); *Border Media Licenses*, Declaratory Ruling and Memorandum Opinion and Order, 33 FCC Rcd 8324 (2018) (same); *Zoo Communications LLC*, Declaratory Ruling and Memorandum Opinion and Order, 2019 WL 937029 (2019) (same).

<sup>22</sup> See, e.g., *Pandora Declaratory Ruling*, 30 FCC Rcd at 5096, para. 5.

<sup>23</sup> See Letter from Alice Suh Jou, Attorney, Foreign Investment Review Section, National Security Division, U.S. Department of Justice, to Marlene H. Dortch, Secretary, FCC (August 27, 2019) (on file in MB Docket No. 19-167).

<sup>24</sup> See 47 CFR § 1.5001(i).

know, that they were no longer in compliance.<sup>25</sup> LMG and its controlling parent, Multimédios, will be subject to enforcement action by the Commission for such non-compliance, including an order requiring divestiture of the foreign investment.

11. *Assignment of License Applications.* Following our routine processing procedures, we have reviewed the subject Applications for compliance with the various statutory and regulatory requirements relating to assignment of license applications. Other than the foreign ownership issue addressed above, the record does not raise any issues that might preclude grant. Notably, the Applications are unopposed. We conclude that MBM Texas Valley LLC and MBM Laredo LLC are each qualified to assign the Stations' licenses, LMG is qualified to hold the Stations' licenses, and grant of the Applications is consistent with the public interest, convenience, and necessity under section 310(d) of the Act.<sup>26</sup>

#### IV. ORDERING CLAUSES

12. Accordingly, IT IS ORDERED that, pursuant to section 310(b)(4) of the Communications Act of 1934, as amended, 47 U.S.C. § 310(b)(4), and pursuant to authority delegated to the Media Bureau in section 0.283 of the Commission's rules, 47 CFR § 0.283, the Petition for Declaratory Ruling filed by Leading Media Group Corp. and Grupo Multimédios Estrellas de Oro S.A. de C.V. IS GRANTED to the extent specified in this *Declaratory Ruling* and subject to the conditions specified herein.

13. IT IS FURTHER ORDERED that, pursuant to section 310(d) of the Communications Act of 1934, as amended, 47 U.S.C. § 310(d), and pursuant to authority delegated to the Media Bureau in section 0.283 of the Commission's rules, 47 CFR § 0.283, the applications for the assignment of licenses of KBUC(FM), Raymondville, Texas, and KURV(AM), Edinburg, Texas, from MBM Texas Valley LLC to Leading Media Group Corp. (File Nos. BALH-20190416ABY, BAL-20190416ABZ) ARE GRANTED.

14. IT IS FURTHER ORDERED that, pursuant to section 310(d) of the Communications Act of 1934, as amended, 47 U.S.C. § 310(d), and pursuant to authority delegated to the Media Bureau in section 0.283 of the Commission's rules, 47 CFR § 0.283, the applications for the assignment of licenses of KBDR(FM), Mirando City, Texas, KBDR-FM1, Laredo, Texas, and KNEX(FM), Laredo, Texas from MBM Laredo LLC to Leading Media Group Corp. (File Nos. BALH-20190416ABV, BALFTB-20190416ABW, and BALH-20190416ABX) ARE GRANTED.

15. IT IS FURTHER ORDERED that this *Declaratory Ruling and Memorandum Opinion and Order* SHALL BE EFFECTIVE upon release.

FEDERAL COMMUNICATIONS COMMISSION

Albert Shuldiner  
Chief, Audio Division  
Media Bureau

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<sup>25</sup> See, e.g., *Pandora Declaratory Ruling*, 30 FCC Rcd at 5103, para. 23. Subsequent actions taken by or on behalf of LMG and Multimédios to remedy non-compliance shall not relieve them of the obligation to notify the Commission of the circumstances (including duration) of non-compliance.

<sup>26</sup> 47 U.S.C. § 310(d).