

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

In the Matter of)	
)	
ENTERTAINMENT MEDIA TRUST,	)	MB Docket No. 19-156
DENNIS J. WATKINS, TRUSTEE)	
)	
Applications to Renew License:)	
)	
KFTK(AM) (formerly WQQX(AM)), East St.	)	Facility ID No. 72815
Louis, Illinois	)	File No: BR-20120709ACP
)	
WQQW(AM), Highland, Illinois	)	Facility ID No. 90598
	)	File No. BR-20120709AC0
)	
KZQZ(AM), St. Louis, Missouri	)	Facility ID No. 72391
	)	File No. BR-20120921AAW
)	
KQQZ(AM), DeSoto, Missouri	)	Facility ID No. 5281
	)	File No. BR-20120921ABA
)	
Application for Consent to Assignment of)	
Licenses:)	
	)	Facility ID No. 72815
KFTK(AM) (formerly WQQX(AM)), East St.	)	File No: BAL-20160919ADH
Louis, Illinois)	
	)	Facility ID No. 90598
WQQW(AM), Highland, Illinois	)	File No. BAL-20160919ADI
)	
	)	Facility ID No. 72391
KZQZ(AM), St. Louis, Missouri	)	File No. BAL-20160919ADJ
)	
	)	Facility ID No. 5281
KQQZ(AM), DeSoto, Missouri	)	File No. BAL-0160919ADK
)	
)	
Application for Permit to Construct New Station:	)	Facility ID No. 200438
	)	File Nos. BNPFT-20170726AEF
W275CS, Highland, Illinois	)	BNPFT-20180314AAO

HEARING DESIGNATION ORDER AND NOTICE OF OPPORTUNITY FOR HEARING

Adopted: June 5, 2019

Released: June 5, 2019

By the Media Bureau:

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I. INTRODUCTION

1. In this Hearing Designation Order and Notice of Opportunity for Hearing, we commence a hearing proceeding before the Administrative Law Judge to determine whether Entertainment Media Trust, Dennis J. Watkins, Trustee (EMT or the Trust) has committed violations of the Communications Act of 1934, as amended (Act) and/or the rules and regulations (Rules) of the Federal Communications Commission (Commission) and, as a consequence, whether EMT's captioned applications for license renewal should be denied, those station licenses accordingly cancelled, and applications to construct a new FM translator station to retransmit one of the stations should be dismissed.

2. Between 2006 and 2010, EMT purchased four AM radio stations: KFTK(AM) (formerly WQQX(AM)), WQQW(AM), KZQZ(AM), and KQQZ(AM) (collectively, Stations) in the St. Louis market. EMT filed renewal applications for each of these Stations in 2012.¹ On November 1, 2012, Mark A. Kern (Kern), a local resident and listener of the Stations, filed a petition to deny EMT's Renewal Applications, in which he asserted that EMT "is a straw party for Robert Romanik, a convicted felon, who exercises *de facto* control of the Stations."² A Commission investigation confirmed that Robert S. Romanik (Romanik), who has been convicted of felony offenses (obstruction of justice and bank fraud), established EMT and provided all of EMT's funds for the acquisition of the Stations, but was not listed as

¹ See File No. BR-20120709ACP (Oct. 4, 2012); File No. BR-20120709ACO (Jul. 9, 2012); File No. BR-20120921AAW (Sept. 21, 2012); and File No. BR-20120921ABA (Sept. 21, 2012) (collectively, Renewal Applications). As discussed below, the Stations are also the subject of the captioned application for consent to assignment of licenses. Pursuant to section 307(c)(3) of the Act, the Stations' licenses have continued in effect during the pendency of the Renewal Applications. 47 U.S.C. § 307(c)(3). Accordingly, this proceeding must examine the facts involving each Station from the time EMT became the licensee to the present.

² Petition to Deny by Mark A. Kern (Nov. 1, 2012) (2012 Petition to Deny) at i.

a party in any of EMT's Commission applications. As discussed more fully below, the investigation found additional evidence supporting Kern's claim that Romanik exercises *de facto* control over the Stations, including evidence that Romanik has identified himself as a radio station owner on various forms disclosing his political contributions, purported to assign EMT's beneficial interest in the Stations to his longtime girlfriend, Katrina M. Sanders (Sanders), and participated in negotiations involving a Local Programming and Marketing Agreement (Emmis LMA) with Emmis Radio, LLC (Emmis) for KFTK in 2016. In addition, the investigation showed that the document that EMT now identifies as its trust instrument was executed on December 19, 2012 (after Kern's 2012 Petition to Deny and well after EMT acquired the Stations) and does not contain provisions insulating Romanik from attribution of EMT's interests in the Stations under the Commission's ownership attribution policies.

3. As shown below, the Commission's investigation was impeded by EMT's failure or inability to provide responsive information.³ The Commission's hearing process provides a more complete set of discovery tools to develop a fuller factual record.⁴

4. Based on the totality of the evidence before the Commission, we find there are substantial and material questions of fact as to whether: (a) there has been an undisclosed *de facto* transfer of control of the Stations to Romanik and thus whether he is a real party-in-interest to the pending applications; (b) EMT engaged in misrepresentation and/or lack of candor in its applications and other communications with the Commission; and (c) the Trust shields Romanik or the Trust's beneficiaries from holding attributable interests in the Stations under the Commission's ownership attribution policies.⁵

5. We issue this Hearing Designation Order and Notice of Opportunity for Hearing pursuant to sections 309(d), 309(e) and 309(k) of the Act⁶ and the delegated authority of the Media Bureau.⁷

II. BACKGROUND

A. Entertainment Media Trust

6. EMT asserts that it was established in 2006⁸ by Romanik, a convicted felon,⁹ after his adult son, Stephen Romanik II (Stephen Romanik), expressed a desire to enter the radio broadcasting

³ See *infra* at paras. 8, 19, and 34-54.

⁴ See 47 CFR §§ 1.250, 1.311-1.340.

⁵ An undisclosed transfer of control of any of the Stations' licenses would violate 47 U.S.C. § 310(d). See, e.g., *Ronald Brasher*, Decision, 19 FCC Rcd 18462, 18491-92, para. 76 (2004). Misrepresentation or lack of candor in a proceeding at the Commission would violate 47 CFR § 1.17 and the Commission's character qualifications policy. See 47 CFR § 1.17; see also *Policy Regarding Character Qualifications in Broadcast Licensing*, Report, Order, and Policy Statement, 102 FCC 2d 1179 (1986) (*1986 Character Policy Statement*), *recon. dismissed/denied*, Memorandum Opinion and Order, 1 FCC Rcd 421 (1986); *Policy Regarding Character Qualifications in Broadcast Licensing*, Policy Statement and Order, 5 FCC Rcd 3252 (1990) (*1990 Character Policy Statement*), *modified*, Memorandum Opinion and Order, 6 FCC Rcd 3448 (1991), *further modified*, Memorandum Opinion and Order, 7 FCC Rcd 6564 (1992).

⁶ See 47 U.S.C. §§ 309(d), 309(e) and 309(k).

⁷ See 47 CFR §§ 0.61 and 0.283.

⁸ See, e.g., Opposition to Petition to Deny (Dec. 21, 2012) (2012 EMT Opposition) at 3, para. 5.

⁹ Romanik pleaded guilty in 1997 to five counts of obstruction of justice and pleaded guilty to bank fraud in 1999, for which he served 16 months in a federal penitentiary. See 2012 Petition to Deny at 5-6 and Exhs. 6-7. One of the Commission's primary responsibilities is to ensure that licensees will adhere to the Commission's rules and policies and be truthful in their dealings with the Commission. See *1990 Character Policy Statement*, 5 FCC Rcd at 3252, paras. 3 and 4; *1986 Character Policy Statement*, 102 FCC 2d at 1190-91, para. 23, and 1197, para. 37 (felony convictions present serious questions concerning an applicant's propensity to obey the law, including FCC compliance and the obligation to deal truthfully with the agency). Had Romanik identified himself as a party to EMT's applications and disclosed his felony convictions in those applications, the Commission would have

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business.¹⁰ Romanik then approached Dennis J. Watkins (Watkins), a friend and local attorney, to establish the Trust to acquire assets, including the Station licenses, for which Stephen Romanik would be the sole beneficiary.¹¹ Watkins serves as the only trustee of EMT.¹²

7. Romanik provided EMT with the initial \$500,000 that it used to acquire Station WQQW and to pay initial station operating expenses.¹³ In addition, Romanik provided EMT with \$1,200,000 to acquire Station KZQZ;¹⁴ \$450,000 to acquire Station KFTK (formerly WQQX)¹⁵; and \$600,000 to acquire Station KQQZ.¹⁶

8. In its response to an LOI sent to EMT in 2018 (EMT LOI), EMT did not provide the Commission with any documents reflecting the formation of the Trust in 2006, nor did it reference the one-paragraph trust agreement that EMT provided to the Commission as part of its applications to purchase KFTK and KQQZ¹⁷ and again as part of its 2012 EMT Opposition.¹⁸ Rather, EMT stated: “All correspondence concerning the formation of the 2006 trust was verbal and therefore there are no documents to provide.”¹⁹ The Trust Agreement that EMT provided to the Commission indicates that the formation of EMT was not reduced to writing until December 19, 2012.²⁰

B. Insane Broadcasting Company

9. EMT asserts that Watkins and Stephen Romanik agreed that Stephen Romanik would create a separate company to operate and manage the Stations.²¹ As a result, Stephen Romanik formed Insane Broadcasting Company (Insane) as an Illinois corporation on June 27, 2006.²² In its 2012 annual filing in Illinois, Insane identified Stephen Romanik as both President and Secretary.²³ Insane was wholly-owned by Stephen Romanik.²⁴

10. According to EMT, Insane was “engaged in the daily operation of the Stations and production of much of the Stations’ programming.”²⁵ As President of Insane, Stephen Romanik oversaw “all operations of the Stations.”²⁶ In addition, “[i]f there were an occasion for a personnel decision such as hiring or firing, Stephen Romanik II would be the person to make that ultimate decision and to carry it

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undertaken a careful examination of the nature of Romanik’s crimes (*e.g.*, the willfulness, frequency, and seriousness of the misconduct) and whether he has been sufficiently rehabilitated to become a Commission licensee. *See, e.g., Patrick Sullivan*, Hearing Designation Order, 29 FCC Rcd 5421, 5424-25 (MB 2014) (while the passage of time is relevant to the issue of whether an applicant with a felony conviction has been rehabilitated, the ten-year period following a conviction that the Commission generally considers relevant is not a statute of limitations for a review of character qualifications and therefore a hearing is needed to determine whether a convicted felon is qualified to be a licensee).

¹⁰ *See, e.g.*, 2012 EMT Opposition at 5, para. 11.

¹¹ Entertainment Media Trust, Dennis J. Watkins, Trustee (Licensee), Responses to May 17, 2018 FCC Letter of Inquiry (LOI), Letter from Davina Sashkin, Fletcher, Health & Hildreth, to Marlene H. Dortch, Secretary, Federal Communications Commission (July 2, 2018) (EMT LOI Response), at 14, Answer 15.

¹² *See, e.g.*, 2012 EMT Opposition at 3, para. 5. *See also id.* at Exhibits A and B.

¹³ *See* EMT LOI Response at 7, Answer 7. The FCC application for consent to assign the license to EMT, filed on February 2, 2006, identified Watkins (with the title of Trustee) as the sole party to the assignee’s portion of the application, with a 100% voting interest, and described the applicant as an Illinois trust, but provided no supporting documentation. That uncontested application was granted on March 22, 2006 without a written decision, and the purchase was consummated on May 11, 2006. *See* FCC File No. BAL-20060202ABY. Under the Commission policy announced when it adopted electronic filing of broadcast applications with a streamlined certification format, this type of unpublished decision has no precedential value. *See 1998 Biennial Regulatory Review*, Report and Order, 13 FCC Rcd 23056, 23076, para. 42 (1998) (subsequent history omitted) (“[A] grant of an assignment application would not conclusively establish either the acceptability of a particular contract term or the correctness of an applicant’s rule interpretation in future application proceedings. Reliance on a particular Commission action would be appropriate only where a decision disposing of the prior application plainly considered and found acceptable the pertinent contract term or rule interpretation.”).

out.”²⁷ Insane employees also handled the “payroll, accounting, and administrative support” for the Stations.²⁸ EMT further asserts that Stephen Romanik and Watkins “work[ed] together to ensure FCC compliance and the maintenance of programming and operational standards, as well as to manage the finances of the Stations.”²⁹ EMT and Insane did not enter into a “formal agreement” at that time.³⁰ “Any and all understandings between [EMT] and Insane were oral only.”³¹

11. In 2018, after the Media Bureau sent the EMT LOI seeking information concerning who controlled the Stations,³² EMT and Insane entered into a Local Programming and Marketing Agreement (EMT-Insane LMA) providing that EMT retains “ultimate control over the operation of the Programmed Stations and over all persons working at the Programmed Stations”³³ and “over the policies, programming and operations of the Programmed Stations.”³⁴ The EMT-Insane LMA also specifies that Insane provides the programming for WQQW, KZQZ, and KQQZ and “certain administrative and financial staff and resources to Licensee in the operation” of the Stations.³⁵ It further delegates to Insane the responsibility of selling advertising and employing all personnel utilized in the production of the programs supplied to EMT.³⁶

C. Kern 2012 Petition to Deny

12. In 2012, EMT filed the Renewal Applications and Kern filed the 2012 Petition to Deny. Specifically, Kern alleged that Romanik appears “to exercise control over the hiring of personnel and management” of the Stations.³⁷ Kern alleged that when his counsel inquired in July 2012 about a sales position at EMT’s studio, he was told to contact Romanik.³⁸ In addition, upon examining the public inspection files for WQQX, KZQZ and KQQZ, Kern’s counsel saw a number of communications from EMT’s FCC counsel, Anthony Lepore, addressed to Romanik concerning “day to day operational matters affecting Licensee’s stations, including, for example, amending . . . an application to modify the facilities of KQQZ, the nondiscrimination requirements for advertising contracts and certification of compliance with those requirements on upcoming license renewal applications and pre-filing announcements for the WQQX and WQQW license renewals.”³⁹ Kern also alleged that EMT has engaged in a pattern of abuse

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¹⁴ See EMT LOI Response at 7, Answer 7. The FCC application for this station purchase again listed Watkins, the sole party to the assignee’s portion of the application, as the Trustee of EMT, a trust organized under Illinois law, with Watkins having a 100% voting interest in EMT, but again with no supporting documentation. That uncontested application was filed on December 21, 2007 and granted without a written decision on February 15, 2008, and the purchase was consummated on March 5, 2008. See FCC File No. BAL-20071221AAT.

¹⁵ See EMT LOI Response at 7, Answer 7. The FCC application for this station purchase, filed on November 3, 2009, again listed Watkins as the Trustee of EMT, a trust organized under Illinois law, with Watkins having a 100% voting interest in EMT. After a request from FCC staff for further information, the application was amended on December 30, 2009, to identify Stephen Romanik as a second party to the assignee’s portion of the application, listing him as Beneficiary of the Trust, with 0% voting power. In addition, EMT provided a one-paragraph document signed by Stephen Romanik (as Beneficiary) and Watkins (as Executor and Trustee), memorializing the establishment of the Trust as follows: “Entertainment Media Trust has been established in the State of Illinois for the purpose of setting up a sole Trust for Stephen Romanik II. Entertainment Media Trust has as its Executor and Trustee, Dennis James Watkins. Entertainment Media Trust has Stephen Romanik II as sole and one hundred percent beneficiary of said Trust and any and all assets and properties acquired by Entertainment Media Trust.” This document was undated, but it was witnessed by Sanders with a notation that she was a notary public whose commission “Expires Jan. 7, 2008.” The FCC application was granted without a written decision on January 6, 2010, and the station purchase was consummated on January 15, 2010. See FCC File No. BAL-20091103ABM.

¹⁶ See EMT LOI Response at 7, Answer 7. The FCC application for this station purchase, filed on September 25, 2009, again listed Watkins as the Trustee of EMT, a trust organized under Illinois law, with Watkins having a 100% voting interest in EMT. After a request from FCC staff for a copy of the trust agreement, the application was amended to provide the document described in the preceding footnote as EMT’s trust instrument and to identify Stephen Romanik as a second party to the assignee’s portion of the application, listing him as Beneficiary of the Trust, with 0% voting power. The FCC application was granted without a written decision on November 16, 2009 and the station purchase was consummated on November 30, 2009. See FCC File No. BAL-20090925ABD.

and disregard for compliance with Commission rules by failing to maintain and make available local public inspection files; failing to timely file a biennial ownership report; and operating transmission towers without secured fencing – violations for which EMT has already been cited or fined by the Commission.⁴⁰

13. In response, EMT acknowledged that “there have been occasions on which [Romanik], at Stephen’s behest, has reached out or has been the point of contact on a matter,”⁴¹ but asserted that such instances were “occasional” and “hardly *prima facie* evidence of the exertion of ultimate control.”⁴² The 2012 EMT Opposition contained four exhibits – none of which demonstrate EMT’s affirmative control of the Stations.⁴³

D. Death of Stephen Romanik

14. Stephen Romanik died on September 17, 2015.⁴⁴ Prior to his death, Stephen Romanik exercised the power of appointment contained in EMT’s Trust Agreement in favor of Romanik.⁴⁵ Pursuant to the terms of this appointment, the Trust assets, including the Stations’ licenses, were distributed to Romanik.⁴⁶ EMT asserts that Romanik declined this appointment and later decided to assign his rights in the Trust to Sanders.⁴⁷

E. Emmis LMA

15. On July 13, 2016, before Romanik formally assigned his beneficial interest in EMT to Sanders, EMT and Emmis entered into the Emmis LMA.⁴⁸ Pursuant to the Emmis LMA, Emmis was responsible for providing the programming for KFTK (formerly WQQX). Entercom Communications Corporation (Entercom) later assumed Emmis’ rights and obligations under the Emmis LMA after Entercom acquired Stations KFTK-FM and KNOU(FM) from Emmis.⁴⁹

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¹⁷ See *supra* notes 13-14.

¹⁸ See 2012 EMT Opposition at Exhibit A.

¹⁹ EMT LOI Response at 14, Answer 15.

²⁰ See 2012 EMT Opposition at Exhibit B.

²¹ See *id.* at 5, para. 11.

²² See *id.* at Exhibit D. EMT did not provide the Commission with any documents reflecting the corporate formation of Insane.

²³ See *id.*

²⁴ See 2012 EMT Opposition at 5, para. 12.

²⁵ *Id.*

²⁶ *Id.* at 6, para. 12.

²⁷ *Id.* at 7, para. 16.

²⁸ *Id.* at 6, para. 12.

²⁹ See *id.*

³⁰ *Id.* at 6, para. 13.

³¹ EMT LOI Response at 5, Answer 3.

³² See Letter of Inquiry from Albert Shuldiner, Chief, Audio Division, Media Bureau to Davina Sashkin, Fletcher, Health & Hildreth (May 17, 2018) (EMT LOI).

³³ EMT LOI Response at Exhibit A, Agreement, para. 5(a).

F. Entertainment Media Trust #2

16. Romanik did not formally assign the beneficial interest in EMT to Sanders until September 4, 2016.⁵⁰ After Stephen Romanik's death, EMT described Sanders as "the sole officer and 100% stockholder of Insane . . . [and] the sole individual with managerial oversight for Insane and, since the retirements of the managerial employees in [2017], the Stations."⁵¹

17. On the same date that Romanik assigned the beneficial interest in EMT to Sanders, Watkins and Sanders entered into an agreement to form a second trust to be known as Entertainment Media Trust #2 (EMT #2), whereby Sanders would become the beneficiary of EMT #2.⁵² A day earlier, Watkins had executed an assignment of EMT's assets, including the licenses for the Stations, to EMT #2, subject to Commission approval.⁵³ On September 19, 2016, EMT filed the captioned application with the Commission to seek consent to assign the licenses of the Stations to EMT #2.⁵⁴

G. Kern 2016 Petition to Deny

18. Kern filed a Petition to Deny the Assignment Application, alleging that the proposed assignment "is merely a continuation of the subterfuge to enable Robert S. Romanik to exercise de facto control over the [EMT] stations."⁵⁵ As additional evidence of Romanik's alleged control over the Stations, Kern suggested that Romanik had been involved in the negotiation and implementation of the Emmis LMA.⁵⁶

19. In its response, EMT denied that any of Romanik's activities associated with the Stations amounted to *de facto* control.⁵⁷ However, EMT did not explain who exercised control over the Stations in the year between Stephen Romanik's death and Romanik's purported assignment of his beneficial interest in EMT to Sanders. EMT also did not address whether Romanik was involved in the negotiation and implementation of the Emmis LMA. Instead, EMT stated only that Watkins executed the Emmis LMA.⁵⁸

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³⁴ *Id.*

³⁵ *Id.* at Exhibit A, Recitals, paras. C and D.

³⁶ *See id.* at Exhibit A, Agreement, paras. 3 and 8.

³⁷ 2012 Petition to Deny at 7, para. 12.

³⁸ *See id.* at 7-8, para. 12.

³⁹ *Id.* at 8, para. 13.

⁴⁰ *See id.* at 8-10, paras. 15-19; *Entertainment Media Trust*, Forfeiture Order, File No. EB-10-C6-0080, 29 FCC Rcd 3082 (EB 2014) (public file violations at WQQX [now KFTK] and WQQW); *Entertainment Media Trust*, Forfeiture Order, File No. EB-10-KC-0020, 28 FCC Rcd 2181 (EB 2013) (operational and public file violations at KZQZ and public file violations at KQQZ). Kern suggested that Romanik exercises control over EMT's programming because Romanik's weekday radio program contains language that is so "vulgar, racist and demeaning . . . against local government officials and others whom meet with his displeasure" (*id.* at 6, para. 10) that "a reasonable person could conclude that it would be contrary to the public interest and irresponsible for a station licensee to permit a daily diatribe of this outrageous nature to be broadcast." *Id.* at 7, para. 11. As Kern appears to recognize, while Romanik's program contains content that would be considered extremely offensive by most Americans, it nonetheless falls within the exercise of his right of free speech. *See id.* As a result, issues concerning and/or relying on the content of Romanik's weekday radio program are not being designated for hearing in the instant proceeding. Kern's Petition to Deny also raised questions as to the validity of EMT under Illinois law. *See id.* at 3-5, paras. 4-6. Whether EMT is a valid Illinois trust is not within the Commission's purview, as delineated in the Act. This issue, therefore, is also not being designated for hearing in the instant proceeding. However, it is appropriate to consider whether the EMT trust documents shield the grantor or the beneficiary from ownership attribution under section

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H. Media Bureau Investigations

20. *Emmis Radio, LLC*. On February 16, 2017, the Media Bureau sent a letter of inquiry to Emmis seeking, among other things, the identity of all persons who participated in the negotiations of any contractual arrangements between Emmis and EMT or EMT #2, including but not limited to the Emmis LMA, and a description of the function or role(s) any such persons had in these negotiations.⁵⁹ In its response, Emmis confirmed that persons acting on its behalf had communicated with Romanik concerning the Emmis LMA.⁶⁰ Emmis provided documents to the Commission suggesting that Romanik was involved in discussing, pricing, negotiating, approving, and/or implementing the terms of the Emmis LMA. For example:

- A May 25, 2016 email from John Beck (Beck), Senior Vice President and General Manager of Emmis Radio-St. Louis, to Patrick Walsh, President and Chief Operating Officer, Emmis Communications, reflects that when Beck reached out to Watkins regarding the acquisition of what was then Station WQQX, Watkins said he would speak to “Bob Romantic[sic], the owner, and get a price.”⁶¹
- A June 3, 2016 email to Beck from Watkins, in response to an earlier email requesting the name of the corporation that owns WQQX, reflects that Watkins “[s]poke with Bob Romanik as we decide which name to use on the agreements and we will let you know asap.”⁶²
- An email exchange between Beck and Watkins on June 6, 2016 reflects that Romanik wanted to meet with Beck.⁶³ The evidence further suggests not only that this meeting occurred but that, at this meeting, Romanik offered to sell Station WQQX to Emmis and set a price and term.⁶⁴

Several later-dated emails reflect that, after this meeting, Emmis continued to coordinate directly with Romanik in finalizing the terms of the Emmis LMA.⁶⁵

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73.3555 of the Rules, and that factor shall be considered in the resolution of the issues designated herein. *See infra* at paras. 62-64.

⁴¹ 2012 EMT Opposition at 8, para. 17.

⁴² *Id.*

⁴³ *See id.* at Exhibits A-D.

⁴⁴ *See, e.g.*, EMT LOI Response at Exhibit N, Assignment of Beneficial Interest in Trust, between Robert S. Romanik and Katrina M. Sanders, dated September 4, 2016.

⁴⁵ *See* EMT’s Opposition to Petition to Deny (Nov. 16, 2016) (2016 EMT Opposition) at 4.

⁴⁶ *See* 2012 EMT Opposition at Exhibit B, Article 3.4 (“[O]n [Stephen Romanik’s] death, the trustee shall distribute the trust assets to any one or more persons, organizations, and his estate as he appoints by will, specifically referring to this power of appointment.”).

⁴⁷ 2016 EMT Opposition at 4. Romanik and Sanders “have been friends or in a personal relationship for approximately 35 years,” and have also had a business relationship because “Ms. Sanders owned and operated businesses under the name Showclubs International, Inc., which leased real property from [Romanik].” EMT LOI Response at 21, Answer 28. EMT further identifies the home addresses of Romanik and Sanders as the same. *See id.*

⁴⁸ *See* 2016 Kern Petition to Deny at Exhibit A.

⁴⁹ *See* Response to Letter of Inquiry (1800B3-IB), Letter from Andrew P. Sutor, IV, Executive Vice President and General Counsel, Entercom Communications Corporation, to Marlene Dortch, Secretary, Federal Communications Commission (June 13, 2018) (Entercom LOI Response) at 1, para. 1.

⁵⁰ *See supra* note 45.

21. It also appears that Emmis coordinated directly with Romanik concerning a translator for EMT's Station WQQW. In a July 15, 2016 email, Beck reported that he "just talked to our new friend Bob Romanik . . . [who] would like some help getting a translator for his Highland Ill station WQQW-AM . . . He would be willing to buy the one in Nevada...for [a specified price]."66 On August 1, 2016, Donald Lynch, from Horizon Broadcast Solutions, LLC, informed Beck that "[w]hen Bob [Romanik] found out [what] it would cost..., he said he didn't have the budget for a translator in St. Louis and he passed. He still wants to get one for AM 1510 when the free window opens next year."67 As discussed below, EMT in fact applied during that 2017 filing window for an FM translator for WQQW, which operates at 1510 kHz.

22. *Entercom Communications Corporation.* On May 7, 2018, the Media Bureau sent a letter of inquiry to Entercom Communications Corporation (Entercom) as a result of Entercom's acquisition of KFTK-FM, and the associated assumption by Entercom Missouri, LLC (Entercom Missouri) of Emmis' rights and obligations under the Emmis LMA.⁶⁸ In the Entercom LOI, the Media Bureau requested, among other things, that Entercom state whether it had any communications or meetings with EMT or KFTK (formerly WQQX), concerning the Emmis LMA, and that it describe the role, if any, Romanik, Watkins, Insane or Sanders had in proposing, discussing, negotiating, approving, transferring and/or implementing the terms of the Emmis LMA.⁶⁹

23. Entercom responded that Thomas Mooney (Mooney), Business Manager for Entercom's stations in the St. Louis market, discussed the Emmis LMA with Romanik,⁷⁰ but that it was not aware of communications between its employees and Watkins or Sanders in connection with the Emmis LMA.⁷¹ Entercom also produced an April 12, 2018 email from John Scheper, who identified himself as the General Manager for EMT, to Mooney, stating that Romanik "would like to speak to [Mooney] as soon as possible reference [sic] the lease, and billing requirements that [Mooney] may have so that we can have a fluid relationship moving forward."⁷² In Mooney's declaration, attached as an exhibit to the Entercom LOI Response, he states that before he was able to respond to Scheper's email, he "received a phone call from Mr. Romanik."⁷³ Mooney recalls that Romanik "wanted to ensure that Entercom had everything it

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⁵¹ EMT LOI Response at 6, Answer 4.

⁵² See *id.* at Exhibit N, Trust Agreement of the Entertainment Media Trust #2, executed September 14, 2016.

⁵³ See *id.* at Exhibit N, Assignment, executed September 13, 2016.

⁵⁴ See File Nos. BAL-20160919ADH; BAL-20160919ADI; BAL-20160919ADJ; and BAL-20160919ADK (Assignment Application).

⁵⁵ Petition to Deny (Oct. 21, 2016) (2016 Petition to Deny) at 4.

⁵⁶ See *id.* at 4-5.

⁵⁷ See 2016 EMT Opposition at 3-5.

⁵⁸ See, e.g., *id.*

⁵⁹ See Letter of Inquiry from Peter H. Doyle, Chief, Audio Division, Media Bureau to John Beck, Senior Vice President and General Manager, Emmis Radio, LLC (Feb. 16, 2017) (Emmis LOI) at Question 1.

⁶⁰ See Confidential Response to Media Bureau Inquiry, Letter from J. Scott Enright, Executive Vice President, General Counsel and Secretary, Emmis Communications to Marlene Dortch, Secretary, Federal Communications Commission (March 20, 2017) (Emmis LOI Response) at 2, para. 1.

⁶¹ EMMIS0000814.

⁶² EMMIS0000888-896 at EMMIS0000888.

⁶³ See EMMIS0000897-906 at EMMIS0000897.

⁶⁴ See EMMIS0000303.

needed to continue the KFTK [Emmis] LMA.”⁷⁴

24. *Entertainment Media Trust*. On May 17, 2018, the Media Bureau sent a letter of inquiry to EMT seeking, among other things, the identity of any persons or entities who participated in negotiating the Emmis LMA and a description of any such persons/entities’ function or role in these negotiations.⁷⁵ EMT responded that Watkins negotiated the terms of the Emmis LMA and then referred the matter to Anthony Lepore (whom EMT identified as its FCC counsel)⁷⁶ to negotiate the final documentation.⁷⁷ Although EMT stated that Romanik had no role in discussing, pricing, negotiating, approving, and/or implementing the terms of a sale, the Emmis LMA, or any other contract with Emmis or Entercom for KFTK(AM),⁷⁸ EMT acknowledged that Romanik attended a “business lunch” with Beck, Emmis’ St. Louis market manager, “to discuss the proposed WQQX (now KFTK) [Emmis] LMA implementation”⁷⁹ and that Watkins “apprised [Romanik] during this period of time on the status of negotiations and documentation with Emmis for informational purposes.”⁸⁰ EMT did not explain why Romanik attended the lunch meeting with Emmis or why Watkins believed it was necessary to inform Romanik about the status of the negotiations with Emmis. EMT also did not describe the content of any conversations held between Romanik and Emmis or between Romanik and Watkins concerning the Emmis LMA.

25. EMT’s responses to other Media Bureau inquiries are similarly cursory. For example, the Media Bureau asked EMT to identify who was responsible for paying the Stations’ operating costs and payments and to provide documentation of such monthly costs and payments.⁸¹ EMT responded that “[o]ther than certain initial operating costs, . . . all costs and expenses for the Stations” including real estate taxes, business taxes, telephone service, utilities, employee salaries, broadcast equipment, insurance and programming costs, “have been, and continue to be, paid by Insane.”⁸² EMT did not provide any documentation reflecting Insane’s payment of these costs and expenses.

26. The Media Bureau also asked what role, if any, Romanik played in the Stations’

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⁶⁵ See, e.g. EMMIS0000954 and EMMIS0000955 (July 5, 2016 emails indicating that Beck spoke with Romanik about a starting date for the Emmis LMA and EMT’s request to raise the monthly rate for the Emmis LMA); EMMIS0000957-58 (July 6, 2016 email from Beck addressed to “Bob and Dennis” regarding moving ahead with the Emmis LMA); EMMIS0000962-63 (July 8, 2016 email from Beck addressed to “Bob” regarding moving ahead with the Emmis LMA); EMMIS0001108 (July 27, 2016 email from Sam Caputa, Director of Radio Engineering, Emmis Communications, to Beck and Gino Balossi, an Emmis broadcast engineer, informing them that “[w]e are meeting with Bob at the [WQQX] tower site . . . on 8/2 to check out the program linking”).

⁶⁶ EMMIS0000703-04.

⁶⁷ EMMIS0001109.

⁶⁸ See Letter of Inquiry from Albert Shuldiner, Chief, Audio Division, Media Bureau to Laura M. Berman, Entercom Communications Corporation (May 7, 2018) (Entercom LOI).

⁶⁹ See Entercom LOI at 4, Question 2.

⁷⁰ See Entercom LOI Response at 2, para 2.

⁷¹ See *id.* at 3, para 2.

⁷² *Id.* at Exhibit 2B.

⁷³ *Id.* at Exhibit 2A, para. 3.

⁷⁴ *Id.*

⁷⁵ See EMT LOI at 8, Questions 17-19.

⁷⁶ See EMT LOI Response at 4, Answer 2. Documents produced in response to the Emmis LOI suggest that Emmis understood Mr. Lepore to be Romanik’s attorney. See, e.g., EMMIS0000977-78.

operations, management, and/or programming.⁸³ EMT responded that Romanik “has had a limited role in . . . the Stations’ operations since they were acquired” and “has been known to . . . handle discrete matters relating to the Stations for Insane,” particularly when Stephen Romanik was alive,⁸⁴ but did not describe Romanik’s “limited role” or explain the “discrete matters” that he has been known to handle.

I. Proposed FM Translator

27. In 2017, the Commission opened a filing window, as part of its AM Revitalization efforts, allowing licensees of certain Class C and D AM stations to apply for FM translator stations. EMT applied to construct a new FM translator, W275CS, Highland, Illinois (Translator), to rebroadcast WQQW.⁸⁵ EMT’s filings for the proposed Translator remain pending.

J. Applicable Standards

28. The “ultimate responsibility for a station’s operation rests with the party licensed by this Commission.”⁸⁶ As a result, section 310(d) of the Act states that no “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 . . . to any person except upon application to the Commission and a Commission finding that the public interest, convenience, and necessity will be served thereby.”⁸⁷

29. EMT’s Renewal Applications, Assignment Application, and Translator Applications are currently pending before the Commission. Section 309(k) of the Act provides that the Commission is to grant a license renewal application if it finds, with respect to that station, during the previous license term (a) the station has served the public interest, convenience, and necessity, (b) there have been no serious violations by the licensee of the Act or the Rules, and (c) there have been no other violations of the Act or Rules which, taken together, would constitute a pattern of abuse.⁸⁸ If the Commission is not able to make such a determination, the Commission may deny the renewal application or grant it on such terms and

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⁷⁷ See EMT LOI Response at 15-16, Answer 17.

⁷⁸ See *id.* at 16, Answer 18.

⁷⁹ See *id.* at 17, Answer 19.

⁸⁰ *Id.*

⁸¹ See EMT LOI at 7, Questions 8 and 9.

⁸² EMT LOI Response at 8, Answer 8.

⁸³ See, e.g., EMT LOI at 9, Question 21.

⁸⁴ EMT LOI response at 17-18, Answer 21.

⁸⁵ See File Nos. BNPFT-20170726AEF (July 26, 2017), BNPFT-20180314AAO (Mar. 14, 2018) (collectively, Translator Applications). The July 26, 2017 filing was a short-form application for a fill-in FM translator for WQQW. The March 14, 2018 filing was a long-form application for that proposed translator, submitted after the Commission announced that EMT’s short-form application was one of the “singleton” applications from the 2017 filing window. See *Media Bureau Announces Auction 99 FM Translator Filing Window for Long-Form Applications*, Public Notice, 33 FCC Rcd 2049 (MB 2018). That long-form application disclosed the pendency of the 2012 Petition to Deny and the 2016 Petition to Deny, but listed only Watkins as a party to the application. See FCC File No. BNPFT-20180314AAO at Exhs. 2 and 6.

⁸⁶ *Ronald Brasher*, Order to Show Cause, Hearing Designation Order and Notice of Opportunity for Hearing, 15 FCC Rcd 16326, 16330, para. 8 (2000) (*Brasher*) (quoting *Trustees for the University of Pennsylvania*, Decision, 69 FCC 2d 1394, 1396 (1978)).

⁸⁷ 47 U.S.C. § 310(d).

conditions as are appropriate, including a short-term renewal.⁸⁹ Prior to denying a renewal application, the Commission must provide notice and opportunity for a hearing conducted in accordance with section 309(e) of the Act and consider whether any mitigating factors justify the imposition of lesser sanctions.⁹⁰

30. Likewise, in consideration of the Assignment Application and Translator Applications, under section 309(d) of the Act, “[i]f a substantial and material question of fact is presented or if the Commission for any reason is unable to find that grant of the application would be consistent [with the public interest, convenience, and necessity],” it must formally designate the application for a hearing in accordance with section 309(e) of the Act.⁹¹

III. DISCUSSION

31. Based on our review of the record regarding EMT’s pending applications, there are substantial and material questions of fact regarding whether there has been an undisclosed *de facto* transfer of control of the Stations to Romanik, a convicted felon, and thus, whether Romanik is a real party-in-interest to the pending applications. There are also substantial and material questions of fact regarding whether EMT engaged in misrepresentation and/or lack of candor in its applications and other communications with the Commission and whether the Trust shields Romanik or the Trust’s beneficiaries from the Commission’s ownership attribution requirements. Therefore, as described below, we designate these issues for hearing.

A. *De Facto Control and Real Party-in-Interest*

32. Pursuant to section 310(d) of the Act, the Commission prohibits *de facto*, as well as *de jure*, transfers of control of a station license, or any rights thereunder, without prior Commission consent.⁹² In considering whether an individual is exercising *de facto* control over a station, the Commission has traditionally considered indicia such as:

- who controls daily operations;
- who carries out policy decisions;
- who is in charge of employment, supervision, and dismissal of personnel;
- who is in charge of paying financial obligations, including operating expenses; and
- who receives monies and/or profits from the operation of the station.⁹³

Because the Commission has long recognized that a licensee may delegate day-to-day operations without surrendering *de facto* control, the Commission will also look to whether the licensee determines the policies governing, for example, the station’s programming, personnel, and finances.⁹⁴ In addition, the

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⁸⁸ 47 U.S.C. § 309(k)(1).

⁸⁹ 47 U.S.C. § 309(k)(2).

⁹⁰ 47 U.S.C. § 309(k)(3).

⁹¹ 47 U.S.C. § 309(d). *See also* 47 U.S.C. § 309(e).

⁹² *See* 47 U.S.C. § 310(d).

⁹³ *See Brasher*, 15 FCC Rcd at 16331, para. 8 (citing *Intermountain Microwave*, 24 RR 983 (1963)). Although the phrase “‘real party-in-interest’ is used in connection with pending applications, [and] ‘de facto control’ is used in connection with a licensed station, [i]n either case the pertinent concern is whether someone other than the named applicant or licensee is in control.” *Id.* at 16331, para. 8 (citing *Arnold L. Chase*, Decision, 5 FCC Rcd 1642, 1648 n.5 (1990)).

⁹⁴ *See, e.g., WGPR, Inc.*, Memorandum Opinion and Order, 10 FCC Rcd 8140, 8142, para. 11 (1995) (citations omitted).

Commission will consider such factors as whether someone other than the licensee holds themselves out to station staff and/or the public as one who controls station affairs.⁹⁵

1. Substantial and Material Questions Exist as to Who Controls the Stations

33. *Who Controls Daily Operations?* EMT asserts that Watkins and Stephen Romanik agreed that Insane would be responsible for the daily operations and management of the Stations.⁹⁶ Specifically, EMT acknowledges that Insane has been “engaged in the daily operation of the Stations and production of much of the Stations’ programming”⁹⁷ and that Insane handles the “payroll, accounting, and administrative support” for the Stations.⁹⁸ As President of Insane, Stephen Romanik oversaw “the overall operations of the Stations”⁹⁹ and, the Stations’ letterhead and website have always denoted Insane as the operator.¹⁰⁰

34. EMT did not provide any documents to the Commission, however, executed contemporaneously with the creation of EMT or Insane reflecting an arrangement concerning the operation and/or management of the Stations. Indeed, EMT concedes that “there was no formal agreement” between EMT and Insane¹⁰¹ and that “[a]ny and all understandings between [EMT] and Insane were oral only.”¹⁰² Instead, EMT provided the Commission with the EMT-Insane LMA, executed on July 1, 2018, more than 12 years after the purported creation of EMT and Insane, and only after the Media Bureau issued an LOI requesting information concerning control the Stations.¹⁰³ Although the EMT-Insane LMA states that EMT “owns and operates” the Stations and retains “ultimate control over the operation of the Programmed Stations,”¹⁰⁴ EMT did not provide anything further to demonstrate that it controls the daily operations of the Stations.

35. Consistent with EMT’s earlier assertions that Insane was engaged in the production of much of the Stations’ programming,¹⁰⁵ the EMT-Insane LMA also states that Insane will provide the programming for Stations WQQW(AM), KZQZ(AM), and KQQZ(AM).¹⁰⁶ EMT asserts, however, that all of the Stations’ programming is subject to the ultimate control of EMT and that Watkins has “the ultimate say” with regard to programming decisions.¹⁰⁷ According to EMT, Watkins “regularly communicated with [Stephen Romanik] about the Stations’ programming”¹⁰⁸ and Watkins now

⁹⁵ See *WQRZ, Inc.*, Decision, 22 FCC 1254, 1332, para. 51 (1957).

⁹⁶ See, e.g., 2012 EMT Opposition at 5, para. 11.

⁹⁷ *Id.* at 5, para. 12.

⁹⁸ *Id.* at 6, para. 12.

⁹⁹ See *id.* See also EMT LOI Response at 5, Answer 4.

¹⁰⁰ See 2012 EMT Opposition at 6, para. 13.

¹⁰¹ *Id.* at 6, para. 13.

¹⁰² EMT LOI Response at 5, Answer 3.

¹⁰³ *Id.* at Exhibit A.

¹⁰⁴ *Id.* at Exhibit A, Agreement, para. 5(a).

¹⁰⁵ See 2012 EMT Opposition at 5, para. 12.

¹⁰⁶ EMT LOI Response at Exhibit A, Recitals, para. C. The EMT-Insane LMA specifically excludes Station KFTK(AM) because by the time the EMT-Insane LMA was executed in 2018, the 2016 Emmis LMA for Station KFTK(AM) was already in effect. *Id.* at Recitals, para. B.

¹⁰⁷ *Id.* at 11, Answer 12.

¹⁰⁸ *Id.*

communicates with Sanders.¹⁰⁹ However, EMT did not provide the Commission with any documents reflecting that Watkins has exercised “the ultimate say” with regard to programming decisions or constituting any communications between Watkins and anyone else concerning the Stations’ programming. As a result, there remain substantial and material questions of fact as to who controls the Stations’ daily operations.

36. *Who Determines and Carries Out Policy Decisions?* The EMT-Insane LMA states that EMT “shall retain control over the policies . . . of the Programmed Stations.”¹¹⁰ However, EMT did not identify who set any such policies or who carries them out. EMT also failed to provide the Commission with any documents explaining the substance of these policies. As a result, there remain substantial and material questions of fact as to who determines and carries out the Stations’ policies governing, for example, the Stations’ programming, personnel and finances.

37. *Who Controls Personnel Decisions?* With regard to the Stations’ personnel, there is little indication of Watkins’ involvement or oversight. EMT’s applications identified Stephen Romanik at most as a beneficiary with no control,¹¹¹ but he apparently had control of personnel decisions. EMT now acknowledges that Stephen Romanik oversaw the hiring and supervising of management-level personnel at the Stations.¹¹² He purportedly hired full-time employees, Terry Fox, who served as the Stations’ general manager and program director, and Raymond Brammer, who served as the Stations’ assistant general manager, executive producer and program director.¹¹³ Stephen Romanik also apparently hired several part-time staff “upon the advice of Mr. Fox and/or Mr. Brammer.”¹¹⁴ EMT further admits that, “[i]f there were an occasion for a personnel decision such as hiring or firing, Stephen Romanik II would be the person to make that ultimate decision and to carry it out.”¹¹⁵

38. Nothing in the record before the Commission indicates that Watkins was consulted about, or offered any input into, these decisions. The only reference to Watkins’ involvement in a personnel decision occurred after Stephen Romanik’s death when, in consultation with Sanders, Watkins apparently determined that Brammer should remain an Insane employee.¹¹⁶ Although the EMT-Insane LMA specifies that EMT retains “ultimate control” over all persons working at the Stations,¹¹⁷ EMT did not provide the Commission with any evidence documenting EMT’s exercise of this apparent control. Thus, there remain substantial and material questions of fact as to who is in charge of the employment, supervision, and dismissal of Station personnel.

39. *Who Controls the Stations’ Financial Obligations?* EMT asserts that Insane pays all of the Stations’ costs and expenses, including but not limited to real estate and business taxes, telephone service, utilities, employee compensation, broadcast equipment, insurance and programming costs from its accounts.¹¹⁸ EMT further asserts that only Watkins and Sanders are “authorized to conduct banking on

¹⁰⁹ *See id.*

¹¹⁰ *Id.* at Exhibit A, Agreement, para. 5(a).

¹¹¹ *See supra* note 12.

¹¹² *See id.* at 5, Answer 4. *See also id.* at 9-10, Answer 11.

¹¹³ *See id.* at 9-10, Answer 11.

¹¹⁴ *Id.* at 10, Answer 11.

¹¹⁵ 2012 EMT Opposition at 7, para. 16.

¹¹⁶ *See* EMT LOI Response at 10, Answer 11.

¹¹⁷ *Id.* at Exhibit A, Agreement, para. 5(a).

¹¹⁸ *See id.* at 8, Answer 8.

behalf of Insane.”¹¹⁹

40. EMT did not provide any records to the Commission, however, reflecting Insane’s payment of these costs and expenses over the years, such as bank records or cancelled checks. Although EMT asserts that “a great majority of business records of the Stations were inadvertently destroyed after [Stephen Romanik’s] death by third parties helping to clean out [his] house,”¹²⁰ Stephen Romanik passed away in September 2015. EMT and/or Insane should have documents from the more than three and half years since his death reflecting Insane’s alleged payment of the Stations’ expenses. In addition, it seems likely that EMT would have tax obligations related to its ownership of the Station licenses, and any revenue generated therefrom, that would necessitate the filing of Federal or state tax returns. Yet, EMT did not provide the Commission with any such documents. As a result, there are substantial and material questions of fact as to who controls the Stations’ financial obligations and payments.

41. *Who Receives Payments From the Stations’ Operations?* In the EMT LOI, the Media Bureau requested that EMT identify “who has received and/or been entitled to receive any profits” from the Stations’ operations.¹²¹ Relying solely on the language of the Trust Agreement which, according to EMT, specifies that “all income derived by the Trust must be paid to the beneficiary,”¹²² EMT responded that, when he was alive, Stephen Romanik was the only individual entitled to receive profits from the Stations.¹²³ EMT further responded that because Sanders is now the only beneficiary of the Trust, she is entitled to such payments.¹²⁴

42. Although EMT asserts that both Stephen Romanik and Sanders requested that “income earned by the Trust be directed to Insane for use in Station operations,”¹²⁵ EMT did not provide any documentation reflecting any income derived by the Trust or the payment of that income to Stephen Romanik, Sanders or Insane. EMT also failed to provide any documentation supporting its assertion that Stephen Romanik and Sanders each requested that “income earned by the Trust be directed to Insane.” As a result, there remain substantial and material questions of fact not only as to whether the Stations generate monies and/or profits from their operation, but to whom any such monies and/or profits are paid.

2. Substantial and Material Questions Exist as to Whether There Has Been an Undisclosed *De Facto* Transfer of Control of the Stations to Romanik

43. Based on the foregoing, there is sufficient evidence in the record before the Commission to raise substantial and material questions of fact as to whether there has been an undisclosed *de facto* transfer of control to someone other than the licensee. In that context, questions have been raised before the Commission as to whether EMT is merely “a straw party” that was created to conceal Romanik’s criminal convictions from the Commission and allow him to exercise *de facto* control over the Stations.¹²⁶

44. *Whether EMT is a Shell Entity.* The record before the Commission raises serious questions concerning EMT’s creation and operation. EMT asserts that it was created in 2006, but it did

¹¹⁹ See *id.* at 13, Answer 14. In support of this statement, EMT produced a copy of a Bank of America corporate signature card that was executed in June 2008 – two years after the purported creation of EMT and Insane – signed by Watkins, Stephen Romanik and Sanders. See *id.* at Exhibit I.

¹²⁰ *Id.* at 12, Answer 14.

¹²¹ EMT LOI at 7, Question 13.

¹²² EMT LOI Response at 12, Answer 13. The Trust Agreement states that the “trustee shall pay all the income to the [sic] Stephen, at lease [sic] annually.” 2012 EMT Opposition at Exhibit B, Article 3.1.

¹²³ See EMT LOI Response at 12, Answer 13.

¹²⁴ See *id.*

¹²⁵ *Id.*

¹²⁶ See 2012 Kern Petition to Deny at i. and 2016 Kern Petition to Deny at 4.

not provide the Commission with any documents reflecting the formation of the Trust at that time.¹²⁷ The only document EMT provided concerning the Trust's formation was executed on December 19, 2012 – six years after its alleged formation and just two days before EMT responded to the 2012 Kern Petition to Deny.¹²⁸

45. In addition, EMT asserts that, when it was created, Watkins and Stephen Romanik agreed that Stephen Romanik would create a *separate* company – Insane – to operate and manage the Stations.¹²⁹ EMT did not provide the Commission with any documents from the time EMT and Insane were purportedly formed concerning who would operate and /or manage the Stations.¹³⁰ Instead, EMT produced the EMT-Insane LMA as evidence that EMT owns and operates the Stations and retains “ultimate control” over their policies, programming and operations.¹³¹ The EMT-Insane LMA was not executed until after the Media Bureau sent its 2018 LOI – more than 12 years after the alleged creation of both EMT and Insane.¹³²

46. In apparent defense of its decision not to document its relationship with Insane earlier, EMT asserts that “because the sole beneficiary of the Licensee trust and the 100% owners of the radio operating company [were] one and the same, there [was] no concern raised regarding attribution or Beneficiary as a real party-in-interest.”¹³³ However, evidence in the record suggests that Insane may not have been operated as a separate company from EMT. For example:

- EMT identifies Insane as the Trust's d/b/a in its response to the Media Bureau's LOI.¹³⁴
- EMT's Certificate of Liability Insurance, dated July 13, 2016, identifies Insane as the d/b/a of EMT.¹³⁵
- EMT's Form W-9 Request for Taxpayer Identification Number and Certification, executed on July 22, 2016 (signed by Romanik on behalf of Watkins), identifies Insane as the d/b/a pursuant to which EMT was doing business.¹³⁶
- The lease that EMT asserts is for the main studios of the Stations and Insane offices is for property located at 6500 West Main Street Belleville, Illinois¹³⁷ – the same address that EMT identifies as its business address on its applications with the Commission and its Form W-9.¹³⁸

¹²⁷ EMT asserts that Exhibit A of the Nonjudicial Settlement Agreement it produced with the 2012 EMT Opposition “is a true copy of a written instrument that was executed at the time of the creation of the Trust.” *See* 2012 EMT Opposition at Exhibit A at 1. However, the document itself is undated.

¹²⁸ *See id.* at Exhibit B.

¹²⁹ *See, e.g., id.* at 5, para. 11. *See also id.* at Exhibit D.

¹³⁰ *Id.* at 6, para. 13.

¹³¹ EMT LOI Response at Exhibit A, Agreement, para. 5(a).

¹³² *See id.* at Exhibit A at 1.

¹³³ 2012 EMT Opposition at 6, para. 13.

¹³⁴ *See* EMT LOI Response at 13, Answer 14.

¹³⁵ *See id.* at Exhibit M.

¹³⁶ *See* EMMIS0001194.

¹³⁷ *See* EMT LOI Response at 13, Answer 14 and Exhibit G. Notably, this lease does not identify either EMT or Insane as the lessee. Rather, the lessee is identified as Twin Valley Entertainment. *See* Exhibit G. Sanders executed the lease on behalf of Twin Valley Entertainment. *See id.*

¹³⁸ *See, e.g.,* EMT's Assignment Applications and EMMIS0001194.

- Documents provided by EMT suggest that EMT's email address is the same as the one used by Insane in its advertising.¹³⁹
- EMT's Trustee is authorized to conduct banking on Insane's behalf and is a signatory on Insane's corporate signature card.¹⁴⁰

Coupled with the lack of contemporaneously-dated formation documentation for either EMT or Insane, these apparent inconsistencies in the record raise serious questions for the Commission to address.

47. EMT's failure to produce basic business documentation causes the Commission additional concern. For example, EMT asserts that Insane pays all of the costs and expenses for the Stations,¹⁴¹ but did not provide any documents reflecting the payment of these expenses. EMT also asserts that Stephen Romanik, and then Sanders, instructed Watkins to distribute Trust income to Insane,¹⁴² but here again, EMT failed to provide any documentation reflecting this instruction, the income derived by the Trust, or the payment of any such income to Stephen Romanik, Sanders, or Insane. Lastly, EMT failed to provide any Federal or state tax returns.

48. Taken together, the foregoing record raises substantial and material questions of fact as to whether EMT was/is an entity in name only, created simply to provide Romanik with the ability to exercise *de facto* control over Station licenses he would have had difficulty obtaining on his own.

49. *Whether There Was an Undisclosed De Facto Transfer of Control of the Stations to Romanik Before Stephen Romanik's Death.* Evidence before the Commission indicates that when Stephen Romanik was alive, Romanik played a role in the Stations' operations¹⁴³ and "handle[d] discreet matters relating to the Stations."¹⁴⁴ In fact, EMT admitted that, because Romanik was semi-retired and was "always available to address an issue," there were times when Stephen Romanik asked Romanik "to handle matters relating to the Stations"¹⁴⁵ and "occasions on which [Romanik], at Stephen's behest, has reached out or has been the point of contact on a matter."¹⁴⁶ EMT did not describe the "role" that Romanik had in the Stations' operations or offer any explanation of the "discreet matters" Romanik apparently handled. EMT also failed to explain the circumstances surrounding those occasions on which Romanik apparently "reached out" or was a "point of contact" on Station business.

50. It also appears that Romanik held himself out to the public as a radio station owner during this timeframe. Illinois State Board of Elections records indicate that in 2011, Romanik identified his occupation as "owner" and his employer as "self-employed radio station WQQZ."¹⁴⁷ Likewise, in 2019, Romanik identified himself in another Illinois State Board of Elections filing as "self-employed" in the occupation of "radio station owner."¹⁴⁸ Missouri Ethics Commission records similarly indicate that, when contributing to the Committee to Elect Reed on at least four occasions in January and February

¹³⁹ Cf., e.g., EMT's Assignment Applications and EMT LOI Response at Exhibit L.

¹⁴⁰ See EMT LOI Response at 13, Answer 14; *id.* at Exhibit I.

¹⁴¹ See *id.* at 8, Answer 8.

¹⁴² See *id.* at 12, Answer 13.

¹⁴³ See *id.* at 17, Answer 21.

¹⁴⁴ See *id.* at 18, Answer 21.

¹⁴⁵ 2012 EMT Opposition at 8, para. 17.

¹⁴⁶ *Id.*

¹⁴⁷ See Contributions List from the Illinois States Board of Elections.
<https://www.elections.il.gov/campaigndisclosure/ContributionsSearchByAllContributions.aspx>.

¹⁴⁸ *Id.*

2013, Romanik identified his “employer/occupation” as “radio station owner.”¹⁴⁹ As a result, there remain substantial and material questions of fact as to whether there was an undisclosed *de facto* transfer of control of the stations to Romanik before Stephen Romanik’s death.

51. *Whether There Was an Undisclosed De Facto Transfer of Control of the Stations to Romanik After Stephen Romanik’s Death.* Before he died, Stephen Romanik verbally assigned his power of appointment of a successor beneficiary under the Trust to Romanik.¹⁵⁰ Pursuant to the terms of this power of appointment, the Trust assets – including the Station licenses – were distributed to Romanik.¹⁵¹ Although EMT asserts that Romanik declined this appointment and later decided to assign his rights in the Trust to Sanders,¹⁵² the record reflects that Romanik did not formally assign this beneficial interest in EMT until nearly a year after Stephen Romanik died.¹⁵³

52. EMT did not provide the Commission with any information as to who managed Insane and/or oversaw the operations of the Stations during the period between Stephen Romanik’s death and Romanik’s formal assignment to Sanders. However, Insane “has always been 100% owned and managed by the beneficiary of the Trust, and thus the beneficial owner of the Stations.”¹⁵⁴ It appears therefore that from the time Stephen Romanik assigned the beneficial interest in EMT (and thus in the Stations) to Romanik until Romanik executed the Assignment of Beneficial Interest in Trust almost a year later, Romanik was the beneficiary owner of the Trust, as well as the 100% owner and manager of Insane and beneficial owner of the Stations. There are thus substantial and material questions of fact as to whether, as the result of Romanik’s beneficial interest in EMT, and the ownership and management of Insane that apparently followed, Romanik exercised *de facto* control of the Stations and/or was a real party-in-interest to the pending applications during the time he was the beneficiary owner of the Trust.

53. The record before the Commission raises additional substantial and material questions of fact as to whether there has been an undisclosed *de facto* transfer of control of the Stations to Romanik. For example, nearly two months before Romanik formally assigned the beneficial interest in EMT to Sanders, EMT entered into the Emmis LMA.¹⁵⁵ The record before the Commission reflects that persons acting on Emmis’ behalf communicated repeatedly with Romanik concerning the Emmis LMA.¹⁵⁶ EMT acknowledges that Romanik attended a meeting with Emmis “to discuss the proposed WQQZ (now KFTK) [Emmis] LMA implementation,”¹⁵⁷ although EMT does not explain why Romanik attended this meeting or share the specifics as to what was discussed. Romanik was also in direct communication with

¹⁴⁹ See Contributions and Expenditures 2013 Search from the Missouri Ethics Commission. https://www.mec.mo.gov/MEC/Campaign_Finance/CF12_ContrExpendResults.aspx. See also Contributions and Expenditures 2012 Search from the Missouri Ethics Commission indicating that Romanik identified his “employer/occupation” as “self/radio” in two campaign contributions to the Committee to Elect Reed in December 2012.

¹⁵⁰ See EMT LOI Response at 12, Answer 13 and 20, Answer 27. See also 2016 EMT Opposition at 4.

¹⁵¹ See 2012 EMT Opposition at Exhibit B, Article 3.4 (“[O]n [Stephen Romanik’s] death, the trustee shall distribute the trust assets to any one or more persons, organizations, and his estate as he appoints by will, specifically referring to this power of appointment.”).

¹⁵² See EMT LOI Response at 12, Answer 13.

¹⁵³ See *id.* at Exhibit N, Assignment of Beneficial Interest in Trust, between Robert S. Romanik and Katrina M. Sanders, dated September 4, 2016.

¹⁵⁴ *Id.* at 5, Answer 3.

¹⁵⁵ See 2016 Kern Petition to Deny at Exhibit A.

¹⁵⁶ See *supra* para. 20.

¹⁵⁷ EMT LOI Response at 17, Answer 19.

Emmis concerning the possible purchase of a translator for Station WQQW(AM).¹⁵⁸ Even after Romanik formally assigned the beneficial interest in EMT to Sanders, he was in direct communication with Entercom concerning the Emmis LMA.¹⁵⁹

54. In addition, even though EMT asserts that after Stephen Romanik's death, Sanders was "the sole officer and 100% stockholder of Insane" and, since the retirements of the remaining managerial employees in 2017, "the sole individual with managerial oversight for Insane,"¹⁶⁰ EMT did not produce any records to the Commission reflecting either the transfer of 100% of Insane's stock to Sanders or her assumption of control of Insane. EMT provided only two documents identifying Sanders as either the President or Owner of Insane, each of which are dated nearly two years after Romanik formally assigned her the beneficiary interest in EMT and after the Media Bureau sent its LOI to EMT.¹⁶¹ EMT also failed to provide any documents reflecting that Sanders has exercised any "managerial oversight" over the Stations since Stephen Romanik's death or any communications between Sanders and Watkins concerning the operation, programming, personnel or financial obligations and expenses of the Stations. EMT likewise did not provide the Commission with any documents reflecting communications between Sanders and Watkins, or between Sanders and Emmis and Entercom personnel, concerning the Emmis LMA. Indeed, Entercom stated that it was not aware of communications between its employees and Sanders in connection with the Emmis LMA.¹⁶² EMT also failed to produce any communications between EMT and Sanders concerning the proposal, negotiation, approval and/or implementation of the EMT-Insane LMA.

55. Based on the foregoing record before the Commission concerning EMT and the Stations, there are substantial and material questions of fact as to whether there has been an undisclosed *de facto* transfer of control of the Stations to Romanik and thus whether he is a real-party-in-interest to the pending applications.

3. Substantial and Material Questions Exist as to Whether Romanik is the Real Party-in-Interest Behind the Translator Applications

56. Information obtained through the Emmis LOI Response reflects that Romanik was seeking an FM translator for Station WQQW(AM), coordinated with Emmis in 2016 to determine a purchase price, and ultimately decided not to purchase but, rather, to await the 2017 translator filing window.¹⁶³ EMT applied during the 2017 window for a permit to construct a translator for Station WQQW(AM). The Translator Applications do not identify Romanik as a party. Based on the foregoing record before the Commission, there are substantial and material questions of fact as to whether Romanik is an undisclosed real party-in-interest to the Translator Applications. Additionally, because EMT's obtaining a translator station is premised upon its improving the signal of a co-owned AM station, many of the issues raised with respect to the Renewal and Assignment Applications for EMT's existing Stations potentially affect whether we can grant the Translator Applications.

B. Misrepresentation/Lack of Candor and Section 1.17

57. EMT's applications never identified Romanik as a party.¹⁶⁴ In response to the LOI, EMT certified that Romanik established the trust, funded acquisition of the Stations, and hosts a radio show but

¹⁵⁸ See *supra* para. 21.

¹⁵⁹ See *supra* para. 23.

¹⁶⁰ EMT LOI Response at 6, Answer 4.

¹⁶¹ See, e.g., *id.* at Exhibits A and B.

¹⁶² See *supra* para. 23.

¹⁶³ See *supra* para. 21.

¹⁶⁴ See *supra* notes 13-16 and 90.

has played only a limited role in Station operations with no control or attributable interest in the Stations; has never been a representative or spokesperson for the Stations; was not involved in applying for or obtaining an FM translator for any of the Stations; and had no involvement in discussing, pricing, negotiating, approving, or implementing agreements with Emmis and/or Entercom other than one business lunch.¹⁶⁵

58. The Commission and the courts have recognized that “[t]he FCC relies heavily on the honesty and probity of its licensees in a regulatory system that is largely self-policing.”¹⁶⁶ Full and clear disclosure of all material facts in every application is essential to the efficient administration of the Commission's licensing process, and proper analysis of an application is critically dependent on the accuracy and completeness of information and data that only the applicant can provide. Misrepresentation and lack of candor raise serious concerns as to the likelihood that the Commission can rely on an applicant, permittee, or licensee to be truthful.¹⁶⁷

59. Section 1.17(a)(1) of the Rules states that no person shall, in any written or oral statement of fact, intentionally provide material factual information that is incorrect or intentionally omit material information that is necessary to prevent any material factual statement that is made from being incorrect or misleading.¹⁶⁸ A misrepresentation (a false statement of fact made with the intent to deceive the Commission) is within the scope of section 1.17.¹⁶⁹ Similarly, lack of candor (a concealment, evasion, or other failure to be fully informative, accompanied by an intent to deceive the Commission) is within the scope of the rule.¹⁷⁰ A necessary and essential element of both misrepresentation and lack of candor is intent to deceive.¹⁷¹ Fraudulent intent can be found from “the fact of misrepresentation coupled with proof that the party making it had knowledge of its falsity.”¹⁷² Intent can also be found from motive or logical desire to deceive.¹⁷³

60. Section 1.17(a)(2) of the Rules further requires that no person may provide, in any written statement of fact, “material factual information that is incorrect or omit material information that

¹⁶⁵ See EMT LOI Response at 4, Answer 2; 6, Answers 5, 6; 7, Answer 7; 13, Answer 14; 14, Answer 15; 15, Answer 16; 16, Answer 18; 17-18, Answers 19, 21; 20, Answer 25; Declaration of Dennis J. Watkins; Declaration of Robert Romanik.

¹⁶⁶ *Contemporary Media Inc. v. FCC*, 214 F.3d 187, 193 (D.C. Cir. 2000) (citation omitted).

¹⁶⁷ See 1986 *Character Policy Statement*, 102 FCC 2d at 1209-11. The fundamental importance of truthfulness and candor on the part of applicants and licensees in their dealings with the Commission is well established. See *FCC v. WOKO, Inc.*, 329 U.S. 223 (1946); *Nick J. Chaconas*, Decision, 28 FCC 2d 231 (1971); *Lebanon Valley Radio, Inc.*, Decision, 35 FCC 2d 243 (Rev. Bd. 1972).

¹⁶⁸ See 47 CFR § 1.17(a)(1).

¹⁶⁹ See *Fox River Broadcasting, Inc.*, Order, 93 FCC 2d 127, 129 (1983) (*Fox River*); *Discussion Radio, Inc.*, Memorandum Opinion and Order and Notice of Apparent Liability, 19 FCC Rcd 7433, 7435 (2004) (*Discussion Radio*).

¹⁷⁰ See *Fox River*, 93 FCC 2d at 129; *Discussion Radio*, 19 FCC Rcd at 7435.

¹⁷¹ See *Swan Creek Communications, Inc. v. FCC*, 39 F.3d 1217, 1222 (D.C. Cir. 1994); *Discussion Radio*, 19 FCC Rcd at 7435.

¹⁷² *David Ortiz Radio Corp. v. FCC*, 941 F.2d 1253, 1260 (D.C. Cir. 1991) (quoting *Leflore Broadcasting Co. v. FCC*, 636 F.2d 454, 462 (D.C. Cir. 1980)); see also *Discussion Radio*, 19 FCC Rcd at 7435.

¹⁷³ See *Discussion Radio*, 19 FCC Rcd at 7435; *Black Television Workshop of Los Angeles, Inc.*, Decision, 8 FCC Rcd 4192, 4198, n.41 (1993) (citing *California Public Broadcasting Forum v. FCC*, 752 F.2d 670, 679 (D.C. Cir. 1985)); *Joseph Bahr*, Memorandum Opinion and Order, 10 FCC Rcd 32, 33 (Rev. Bd. 1994); *Scott & Davis Enterprises, Inc.*, Decision, 88 FCC 2d 1090, 1100 (Rev. Bd. 1982)). Intent to deceive can also be inferred when the surrounding circumstances clearly show the existence of an intent to deceive. See *Commercial Radio Service, Inc.*, Order to Show Cause, 21 FCC Rcd 9983, 9986 (2006) (citing *American International Development, Inc.*,

(continued....)

is necessary to prevent any material factual statement that is made from being incorrect or misleading without a reasonable basis for believing that any such material factual statement is correct and not misleading.”¹⁷⁴ Thus, even absent an intent to deceive, a false statement may constitute an actionable violation of section 1.17 of the Rules if provided without a reasonable basis for believing that the material factual information it contains is correct and not misleading.¹⁷⁵

61. The record before the Commission raises substantial and material questions of fact as to whether EMT has engaged in misrepresentation and/or lack of candor in its applications and other communications with the Commission in representing that it is (and has been) exercising affirmative control of the Stations and in failing to identify Romanik, a convicted felon, as a party. We therefore designate for hearing appropriate issues to determine whether EMT misrepresented and/or lacked candor in its dealings with the Commission either with an intent to deceive and/or in willful and repeated violation of section 1.17 of the Rules.

C. Ownership Attribution

62. The Commission’s policy on trusts provides that grantors and beneficiaries will be treated as attributable owners unless the Commission finds that the trust instrument sufficiently insulates them from exercising influence over the trust.¹⁷⁶ Any such attributable owner must be disclosed in the assignment of license or transfer of control application as a party to the application and thereby be included in the certification of qualifications (including disclosure of any felony convictions within the scope of the certifications).¹⁷⁷

63. The Commission established case-by-case insulation standards for trusts in the 1984 decision in *Attribution of Ownership Interests*¹⁷⁸ which are set forth in section 73.3555 of the Rules.¹⁷⁹

(Continued from previous page)

Memorandum Opinion and Order, 86 FCC 2d 808, 816, n.39 (1981), *aff’d sub nom. KXIV, Inc. v. FCC*, 704 F.2d 1294 (D.C. Cir. 1983)).

¹⁷⁴ 47 CFR § 1.17(a)(2).

¹⁷⁵ See *Amendment of Section 1.17 of the Commission’s Rules Concerning Truthful Statements to the Commission*, Report and Order, 18 FCC Rcd 4016, 4017, para. 4 (2003) (stating that the revision to Section 1.17 is intended to “prohibit incorrect statements or omissions that are the result of negligence, as well as an intent to deceive”), *recons. denied*, Memorandum Opinion and Order, 19 FCC Rcd 5790, *further recons. denied*, Memorandum Opinion and Order, 20 FCC Rcd 1250 (2004).

¹⁷⁶ See, e.g., *Shareholders of AMFM, Inc.*, Memorandum Opinion and Order, 15 FCC Rcd 16062, 16072, para. 24 (2000) (*AMFM*) (temporary divestiture trust agreement “conforms in all respects with the . . . insulation standards” for trusts).

¹⁷⁷ See Instructions to FCC Form 314 at 6 (Section III – Assignee, Item D): “Parties to the Application. This question requires the disclosure of information on the assignee and all parties to the application. As used in this application form, the term ‘party to the application’ includes any individual or entity whose ownership or positional interest in the applicant is attributable. An attributable interest is an ownership interest in or relation to an applicant or licensee which will confer on its holder that degree of influence or control over the applicant or licensee sufficient to implicate the Commission’s multiple ownership rules. In responding to Item 4, applicants should review the Commission’s multiple ownership attribution policies and standards which are set forth in the Notes to 47 C.F.R. Section 73.3555.”

¹⁷⁸ *Attribution of Ownership Interests*, Report and Order, 97 FCC 2d 997, 1023-24, paras. 53-56 (1984), *reconsidered in part*, 58 RR 2d 604 (1985), *further reconsidered*, 1 FCC Rcd 802 (1986) (*Attribution of Ownership Interests*).

¹⁷⁹ See 47 CFR § 73.3555, Note 2 d. Although this note refers specifically to voting stock interests held in trust, it has been applied to all forms of broadcast ownership interests subject to trusts, including trusts for radio station assets such as EMT has claimed here. See, e.g., *AM/FM*; see also *Shareholders of Clear Channel Communications, Inc.*, Memorandum Opinion and Order, 23 FCC Rcd 1421, 1426-27, para. 11 and n.28 (2008).

Those insulation standards, as applied to a grantor such as Romanik, are:

- The grantor cannot have the power to vote (in the case of voting stock) or sell or dispose of the interest held in trust;
- The grantor cannot have the power to revoke the trust at will or to replace the trustee at will;
- The grantor cannot have a familial, personal, or extra-trust business relationship with the trustee; and
- The entirety of the grantor's interest must be held by the trust.¹⁸⁰

64. Here, no version of the EMT trust agreements that EMT provided to the Commission includes any of these restrictions on the grantor, Romanik. In fact, Romanik's purported assignment of the beneficial interest in EMT to Sanders and his dealings with Emmis involving KFTK (formerly WQQX) confirm that he considers himself to be in control of the disposition of EMT's assets. Accordingly, there are substantial and material questions of fact as to whether the Trust shields Romanik or the Trust's beneficiaries from the ownership attribution requirements of section 73.3555 of the Rules. We therefore designate for hearing appropriate issues to determine whether the Trust shields the grantor or the beneficiary from the Commission's ownership attribution requirements.

IV. ORDERING CLAUSES

65. Accordingly, **IT IS ORDERED**, pursuant to sections 309(d), 309(e), and 309(k) of the Act, 47 U.S.C. §§ 309(d), 309(e), 309(k), that the captioned Renewal Applications, Assignment Application, and Translator Applications **ARE DESIGNATED FOR HEARING** in a consolidated proceeding before an FCC Administrative Law Judge, at a time and place to be specified in a subsequent Order, upon the following issues:

- a) To determine whether Entertainment Media Trust, Dennis J. Watkins, Trustee is (and/or has been, during the most recent license term) exercising affirmative control of Stations KFTK(AM) (formerly WQQX(AM)), WQQW(AM), KZQZ(AM), and KQQZ(AM).
- b) To determine whether there has been a *de facto* transfer of control of Stations KFTK(AM) (formerly WQQX(AM)), WQQW(AM), KZQZ(AM), and KQQZ(AM) to Robert S. Romanik in violation of section 310(d) of the Act, either occurring in the most recent license term or continuing during that license term.
- c) To determine whether Robert S. Romanik is (and/or has been, during the most recent license term) a real-party-in-interest to the captioned applications for Stations KFTK(AM) (formerly WQQX(AM)), WQQW(AM), KZQZ(AM), KQQZ(AM), and W275CS, both before and after Stephen Romanik's death.
- d) To determine whether Entertainment Media Trust, Dennis J. Watkins, Trustee or Dennis J. Watkins engaged in misrepresentation and/or lack of candor in applications and communications with the Commission or otherwise violated 47 CFR § 1.17 during the most recent license term with respect to matters involving Stations KFTK(AM) (formerly WQQX(AM)), WQQW(AM), KZQZ(AM), KQQZ(AM), and

¹⁸⁰ 47 CFR § 73.3555, Note 2 d. In addition, *Attribution of Ownership Interests* states: "[The trust instrument must clearly state that there will be no communications with the trustee regarding the management or operation of the subject facilities." 97 FCC 2d 1024, para. 55. Decisions analyzing trust instruments have noted this element as a significant insulation factor. See, e.g., *AMFM*, 15 FCC Rcd at 16072, para. 24, and *Shareholders of Jacor Communications, Inc.*, Memorandum Opinion and Order, 14 FCC Rcd 6867, 6894, para. 32, and 6898, para. 41 (MB 1999).

W275CS.

- e) To determine whether Entertainment Media Trust, Dennis J. Watkins, Trustee, shields the grantor or the beneficiary from the ownership attribution requirements under section 73.3555 of the Commission's rules.
- f) To determine, in light of the evidence adduced pursuant to the foregoing issues, the captioned license renewal applications should be granted.
- g) To determine, in light of the foregoing issues, whether the captioned application for consent to assignment of the licenses of Stations KFTK(AM) (formerly WQQX(AM)), WQQW(AM), KZQZ(AM), and KQQZ(AM) should be granted, denied or dismissed.
- h) To determine, in light of the foregoing issues, whether the captioned applications for a permit to construct FM translator Station W275CS should be granted, denied or dismissed.

66. **IT IS FURTHER ORDERED** that, pursuant to sections 309(d), 309(e) and 309(k) of the Act and section 1.221(c) of the Commission's rules, 47 U.S.C. §§ 309(d), 309(e), 309(k), and 47 CFR § 1.221(c), to avail itself of the opportunity to be heard and to present evidence at a hearing in this proceeding, Entertainment Media Trust, Dennis J. Watkins, Trustee, in person or by an attorney, **SHALL FILE** with the Commission, within 20 calendar days of the release of this Order, a written appearance stating that it will appear at the hearing and present evidence on the issues specified above.

67. **IT IS FURTHER ORDERED** that, pursuant to section 1.221(c) of the Commission's rules, 47 CFR § 1.221(c), if Entertainment Media Trust, Dennis J. Watkins, Trustee fails to file, within 20 calendar days of the release of this Order, a written appearance, a petition to dismiss without prejudice, or a petition to accept for good cause shown an untimely written appearance, the captioned applications shall be dismissed with prejudice for failure to prosecute.

68. **IT IS FURTHER ORDERED** that the Chief, Enforcement Bureau, shall be made a party to this proceeding without the need to file a written appearance.

69. **IT IS FURTHER ORDERED** that Mark A. Kern shall be made a party to this proceeding in his capacity as a petitioner to one or more of the captioned applications.

70. **IT IS FURTHER ORDERED** that, pursuant to section 309(e) of the Act, 47 U.S.C. § 309(e), and section 1.254 of the Commission's rules, 47 CFR § 1.254, the burden of proceeding with the introduction of evidence and the burden of proof shall be upon Entertainment Media Trust, Dennis J. Watkins, Trustee as to all the issues at Paragraph 65 above.

71. **IT IS FURTHER ORDERED** that a copy of each document filed in this proceeding subsequent to the date of adoption of this document **SHALL BE SERVED** on the counsel of record appearing on behalf of the Chief, Enforcement Bureau. Parties may inquire as to the identity of such counsel by calling the Investigations & Hearings Division of the Enforcement Bureau at (202) 418-1420. Such service copy **SHALL BE ADDRESSED** to the named counsel of record, Investigations & Hearings Division, Enforcement Bureau, Federal Communications Commission, 445 12th Street, S.W., Washington, DC 20554.

72. **IT IS FURTHER ORDERED** that Entertainment Media Trust, Dennis J. Watkins, Trustee, pursuant to section 311(a)(2) of the Act, 47 U.S.C. § 311(a)(2), and section 73.3594 of the Commission's rules, 47 CFR § 73.3594, **SHALL GIVE NOTICE** of the hearing within the time and in the manner prescribed in such Rules, and **SHALL ADVISE** the Commission of the publication of such notice as required by section 73.3594(g) of the Commission's rules, 47 CFR § 73.3594(g).

73. **IT IS FURTHER ORDERED** that copies of this Hearing Designation Order and Notice of Opportunity for Hearing **SHALL BE SENT** via Certified Mail, Return Receipt Requested, and by regular first class mail to the following:

Entertainment Media Trust
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74. **IT IS FURTHER ORDERED** that a copy of this document, or a summary thereof, shall be published in the Federal Register.

FEDERAL COMMUNICATIONS COMMISSION

Michelle M. Carey
Chief, Media Bureau