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

In the Matter of	)	
	)	
ENTERCOM COMMUNICATIONS CORP.	)	File No. EB-05-IH-0033
	)	Acct. No. 200732080009
	)	FRN No. 0006113955

ORDER

Adopted: March 23, 2007 **Released: April 13, 2007**

By the Commission: Chairman Martin and Commissioners Copps, Adelstein, Tate, and McDowell issuing separate statements.

1. In this Order, we adopt the attached Consent Decree entered into between the Federal Communications Commission (the "Commission") and Entercom Communications Corp. ("Entercom"). The Consent Decree terminates the investigations initiated by the Enforcement Bureau against Entercom as to whether Entercom and its direct and indirect subsidiaries that hold FCC authorizations may have violated the sponsorship identification requirements set forth in Sections 317 and 507 of the Communications Act of 1934, as amended (the "Act"),[1] and Section 73.1212 of the Commission's rules.[2]

2. The Commission and Entercom have negotiated the terms of a Consent Decree, a copy of which is attached hereto and incorporated by reference.

3. After reviewing the terms of the Consent Decree, we find that the public interest would be served by approving the Consent Decree and terminating all pending proceedings against Entercom relating to the investigation of whether it or any of its respective subsidiaries that hold FCC authorizations violated Sections 317 and 507 of the Act, and Section 73.1212 of the Commission's rules.

4. Based on the record before us, we conclude that nothing in the record before us creates a substantial and material question of fact in regard to these matters as to whether Entercom and its direct or indirect subsidiaries that hold FCC authorizations possess the basic qualifications, including character qualifications, to hold or obtain any FCC licenses or authorizations.

5. Accordingly, **IT IS ORDERED**, pursuant to Sections 4(i), 4(j), and 503(b) of the Communications Act of 1934, as amended,[3] that the attached Consent Decree **IS ADOPTED**.

6. **IT IS FURTHER ORDERED** that the Secretary **SHALL SIGN** the Consent Decree on behalf of the Commission.

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[1] *See* 47 U.S.C. §§ 317, 508.

[2] *See* 47 C.F.R. § 73.1212.

[3] *See* 47 U.S.C. §§ 154(i), 154(j), 503(b).

7. **IT IS FURTHER ORDERED** that all Enforcement Bureau investigations regarding possible violations by Entercom Communications Corp. of 47 U.S.C. §§ 317, 508 and 47 C.F.R. § 73.1212 **ARE TERMINATED**, and that all third-party complaints against Entercom for possible violations of the same pending before the Enforcement Bureau as of the date of the Consent Decree **ARE DISMISSED WITH PREJUDICE**.

FEDERAL COMMUNICATIONS COMMISSION

Marlene H. Dortch
Secretary

CONSENT DECREE

1. The Federal Communications Commission and Entercom Communications Corp., for itself and on behalf of its direct and indirect subsidiaries that hold FCC authorizations (collectively, the "*Company*"), hereby enter into this Consent Decree for the purpose of resolving and terminating certain investigations currently being conducted by, or pending before, the Commission relating to compliance with the Sponsorship Identification Laws, as defined below, by Company Stations.

2. For purposes of this Consent Decree the following definitions shall apply:

(a) "*Act*" means the Communications Act of 1934, as amended, 47 U.S.C. § 151 *et seq.*;

(b) "*Adopting Order*" means an order of the FCC adopting this Consent Decree, without any modifications adverse to Company or any Company Station;

(c) "*Bureau*" means the FCC's Enforcement Bureau;

(d) "*Business Reforms*" means the Company-wide conduct and activities described in Attachment B to this Consent Decree;

(e) "*Company Station*" and "*Company Stations*" means one or more broadcast stations licensed to Company pursuant to authorizations issued by the FCC;

(f) "*Commission*" or "*FCC*" means the Federal Communications Commission or its staff acting on delegated authority;

(g) "*Complaints*" means third-party complaints which may have been received by, or in the possession of, the Commission or the Bureau, alleging violations of the Sponsorship Identification Laws by Company, by a Company Station or by any Company employee prior to the effective date of the Adopting Order;

(h) "*Compliance Plan*" means that Company-wide program described in Attachment A to this Consent Decree;

(i) "*Effective Date*" means the date on which the FCC releases the Adopting Order;

(j) "*Final Order*" means the status of the Adopting Order after the period for administrative and judicial review has lapsed;

(k) "*Investigations*" means any investigation of alleged violations of the Sponsorship Identification Laws by Company, any Company Station, or any Company employee;

(l) "*Parties*" means Company and the Commission;

(m) "*Rules*" means the Commission's regulations found in Title 47 of the Code of Federal Regulations; and

(n) "*Sponsorship Identification Laws*" means, individually or collectively, 47 U.S.C. § 317, 47 U.S.C. § 508, 47 C.F.R. § 73.1212, and/or any Commission policy relating to sponsorship identification or the practices commonly referred to as "payola" or "plugola."

I. BACKGROUND

3. The Commission and Company acknowledge that any proceedings that might result from the Investigations and/or the Complaints will be time-consuming and will require substantial expenditure of public and private resources.

4. In order to conserve such resources, to insure continued compliance by Company with the Sponsorship Identification Laws, and to effectuate business reforms in the broadcasting and music industry, the Commission and Company are entering into this Consent Decree in consideration of the mutual commitments made herein.

II. AGREEMENT

5. The Parties agree that the provisions of this Consent Decree shall be subject to approval by the Commission by incorporation of such provisions by reference in an Adopting Order.

6. The Parties agree that this Consent Decree shall become effective on the date on which the FCC releases the Adopting Order. Upon release, the Adopting Order and this Consent Decree shall have the same force and effect as any other orders of the Commission and any violation of the terms of this Consent Decree shall constitute a violation of a Commission order, entitling the Commission to exercise any rights and remedies attendant to the enforcement of a Commission order.

7. Company agrees that the Commission has jurisdiction over the matters contained in this Consent Decree and the authority to enter into and adopt this Consent Decree.

8. As part of the Adopting Order, the Commission shall terminate all Investigations and shall dismiss the Complaints with prejudice. From and after the Effective Date, the Commission shall not, either on its own motion, in response to any petition to deny or other third-party complaint or objection, or in response to any request from any other federal, state or local agency, initiate any inquiries, investigations, forfeiture proceedings, hearings, or other sanctions or actions against Company or any Company Station, with respect to any pending or future application to which Company is a party (including, without limitation, any application for a new station, for renewal of license, for assignment of license, or for transfer of control), or any Company employee, based in whole or in part on (i) the Investigations; (ii) the Complaints, (iii) any other similar investigations or complaints alleging a violation by Company, any Company Station, or any current or former Company employee of the Sponsorship Identification Laws occurring prior to the Effective Date, (iv) the allegations contained in any of the foregoing, (v) the underlying facts or conduct that relate to any of the foregoing, or (vi) any act or omission of Company or any Company employee occurring prior to the Effective Date and relating to any of the foregoing. Without limitation to the foregoing, the FCC shall not (a) use the facts of this Consent Decree, the Investigations, the Complaints, any other similar complaints alleging violation by any Company Station of the Sponsorship Identification Laws with respect to any broadcast occurring prior to the Effective Date, or the underlying facts, behavior, or broadcasts that relate to any of the foregoing, for any purpose relating to Company, any Company Station, or any Company employee, (b) on its own motion provide any information within its possession in connection with any of the foregoing to any other federal, state or local agency, or request any such agency to investigate or pursue enforcement action with respect thereto, and (c) shall treat all such matters as null and void for all purposes.

9. Company has had in place policies and procedures to deter employees from engaging in conduct that violates the Sponsorship Identification Laws, but is willing to adopt a new plan in an effort to enhance the effectiveness of Company's efforts. Accordingly, Company is in the process of implementing, new, more expansive, Company-wide Business Reforms and a Compliance Plan designed

to help insure that the conduct and broadcasts by Company, Company Stations or its employees will not violate the Sponsorship Identification Laws. Summaries of the Business Reforms and the Compliance Plan are set forth in Attachments B and A hereto, respectively. Company agrees to implement the Business Reforms and the Compliance Plan within 60 days of the Effective Date and to keep such Business Reforms and Compliance Plan in effect for three (3) years after the Effective Date. In the event that Company wishes to revise any material aspect of the Business Reforms or the Compliance Plan, Company will provide the Commission advance written notice of the proposed changes. Company may implement such changes if the Commission does not object to them within 30 days of their submission by Company.

10. Company will make a voluntary contribution to the United States Treasury in the amount of Four Million Dollars ($4,000,000) within thirty (30) days after the Order adopting this Consent Decree has become a Final Order. Company will make this contribution without further protest or recourse, by check or similar instrument, payable to the order of the Federal Communications Commission, P.O. Box 358340, Pittsburgh, PA 15251-8340. Payment by overnight mail may be sent to Mellon Bank /LB 358340, 500 Ross Street, Room 1540670, Pittsburgh, PA 15251. Payment by wire transfer may be made to ABA Number 043000261, receiving bank Mellon Bank, and account number 911-6106. The payment should reference Acct. No. 200732080009 and FRN # 0006113955.

11. Company waives any and all rights it may have to seek administrative or judicial reconsideration, review, appeal or stay, or to otherwise challenge or contest the validity of this Consent Decree and the Adopting Order, provided no modifications are made to the Consent Decree adverse to Company or any Company Station. If the Commission, or the United States acting on its behalf, brings a judicial action to enforce the terms of the Adopting Order or this Consent Decree, or both, Company will not contest the validity of this Consent Decree or of the Adopting Order, and will waive any statutory right to a trial *de novo*. If Company brings a judicial action to enforce the terms of the Adopting Order or this Consent Decree, or both, the Commission will not contest the validity of this Consent Decree or the Adopting Order.

12. Company takes seriously its responsibilities as a licensee to operate Company Stations in the public interest and to abide by FCC rules and policies, and its management has had in place policies and procedures that are designed to ensure compliance with those rules and policies. Despite these efforts, Company admits, solely for the purpose of this Consent Decree and for FCC civil enforcement purposes, and in express reliance on the provisions of Paragraph 8 hereof, and for no other purpose or to other effect, that Company has conducted an internal investigation with respect to the matters subject to the Investigations and Complaints, and Company's policies and practices with respect to the Sponsorship Identification Laws can be improved so as to further enhance the prospects for Company-wide compliance. By entering into this Consent Decree, Company makes no admission of liability or violation of any law, regulation or policy.

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

14. Company hereby agrees to waive any claims it may otherwise have under the Equal Access to Justice Act, 5 U.S.C. § 504 and 47 C.F.R. § 1.1501 *et seq.*, relating to the matters addressed in this Consent Decree.

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

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

FEDERAL COMMUNICATIONS COMMISSION

By: _____
Marlene H. Dortch, Secretary
Date:

ENTERCOM COMMUNICATIONS CORP.
(For itself and on behalf of its direct and indirect subsidiaries)

By: _____
John C. Donlevie, Executive Vice President and General Counsel
Date:

ATTACHMENT A

Company Compliance Plan

Company has developed, and is implementing, a Company-wide Compliance Plan for the purpose of furthering compliance with the Sponsorship Identification Laws and adherence to the Business Reforms set forth on Attachment B. The Compliance Plan consists of the following components:

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

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

B. Annual Report. The Compliance Officer, as defined below, shall submit annual reports to Company's Board of Directors and the Commission concerning Company's compliance with this Agreement and with the Business Reforms for a period of three years from the effective date of this Agreement.

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

3. Compliance Officer and Market-Level Compliance Contacts.

A. Compliance Officer. Within 45 days of the Effective Date, Company shall designate a Compliance Officer*,* whose responsibility shall be to seek to ensure Company's compliance with the Business Reforms attached to this Consent Order and with the Sponsorship Identification Laws through the following duties: (a) the implementation, effectuation, and supervision of the training program with regard to the Business Reforms and the Sponsorship Identification Laws for all Company Programming Personnel; (b) being accessible by telephone and/or e-mail to any Company employee who seeks advice on compliance with the Business Reforms and the Sponsorship Identification Laws or who wishes to report potential violations of such policies and laws; (c) the development and implementation of procedures designed to ensure Company's continuing compliance with the Business Reforms and the Sponsorship Identification Laws; (d) monitoring Company's compliance with the Business Reforms and the Sponsorship Identification Laws; (e) reporting on a quarterly basis to the General Counsel of Company regarding compliance of Company Stations and employees with the Business Reforms and the Sponsorship Identification Laws; (f) reporting on an annual basis to Company's Board of Directors and the Commission concerning the compliance of the Company Stations with the Business Reforms and the Sponsorship Identification Laws; and (g) such other activities as the Compliance Officer deems necessary or appropriate to carry out his or her duties.

B. Market-Level Compliance Contacts. Within 45 days of the Effective Date, Company shall designate a Compliance Contact for each market in which there is a Company station that

plays new music. The market-level Compliance Contact shall work in conjunction with the Company Compliance Officer in the implementation and monitoring of the Business Reforms in such market.

4. Database and Hotline

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

B. Hotline. Company Compliance Officer shall maintain a hotline for employees to call the Compliance Officer to obtain advice on compliance with the Business Reforms, and report violations of the Business Reforms.

5. Contractual Agreements. Company will ensure that all contractual agreements with respect to Programming Personnel include a contractual clause relating to compliance with the Sponsorship Identification Laws.

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

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

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

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

ATTACHMENT B

Company Business Reforms

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

1. Prohibited Activity.

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

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

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

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

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

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

D. Artist Appearances and Performances: Company Parties may arrange for Artists to appear or perform at events or interviews, including under circumstances where a Record Label has subsidized reasonable costs related to the appearance, performance or interview. Company Stations' on-

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

E. Nominal Consideration:[4] Company Parties may solicit, receive and accept the following items of value from Record Labels for use by a Company Station:

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

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

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

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

(v) Travel and lodging expenses. A Company Station may receive and accept from a Record Label reasonable travel and lodging expenses for Company employees to attend live performances or appearances by Artists for the purpose of familiarizing such employees with a

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

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

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

3. Mandatory Documentation. Company shall record and document all activity set forth in ¶ 2 as follows:

A. Database record of items of value received from a Record Label. Company shall establish and maintain one or more databases (collectively, the "*Database*") containing a record identifying all items of value received by each Company Station or Company employee from Record Labels (exclusive of Artist performances and commercial transactions with Record Labels), and the disposition of such items shall be recorded as follows. In the case of each item of value that exceeds $25 in value (on an individual per item basis) intended to be awarded in a contest or given away by a Company Station, the Database shall record the date and manner of disposition and recipient of each such item. Items received for use by a Company Station or its employees (such as CDs for review by station employees and concert tickets) shall be so recorded. Items in excess of $25 received by Company or Company employees personally or in connection with business-related meals, entertainment and travel shall be recorded in the Database separately.

B. Contests or Giveaways. In addition to the documentation maintained in the Database in each instance where Company solicits, receives or accepts an item of value from a Record Label to give away on the air, Company shall (i) verify in writing to the Record Label that the contest prize(s) will not be given away to an employee of a Company Station (or to members of their immediate families or households); and (ii) for each item of value given away that exceeds the monetary reporting threshold established by the Internal Revenue Service, maintain a record verifying that a contest winner has been selected, including the full name and address of the recipient of the prize, and provide this information, in writing, to the Record Label upon request.

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

STATEMENT OF
CHAIRMAN KEVIN J. MARTIN

Re: CBS Radio, Inc., File No. EB-06-IH-1109, Order

Re: Citadel Broadcasting Corp., File No. EB-06-IH-1108, Order

Re: Clear Channel Communications, Inc., File Nos. EB-05-IH-0059, EB-05-IH-0144, Order

Re: Entercom Communications Corp., File No. EB-05-IH-0033, Order

The Commission has longstanding rules prohibiting payola. These rules serve the important purpose of ensuring that the listening public knows when someone is seeking to influence them or the types of music that they hear on the radio. As I have said before, the Commission will not tolerate non-compliance with its rules.

In order to resolve the Commission's investigation into whether these license holders were violating applicable sponsorship identification laws, the four companies have agreed to implement various business reforms to ensure that their respective stations and employees do not violate the sponsorship identification laws in the future. They have also agreed to make significant contributions to the U.S. Treasury totaling $12.5 million.

Through this strong enforcement action that we take today, the Commission has provided clear guidance to licensees and sent a strong message that the practice of payola must stop for good.

STATEMENT OF
COMMISSIONER MICHAEL J. COPPS

Re: CBS Radio, Inc., File No. EB-06-IH-1109, Order

Re: Citadel Broadcasting Corp., File No. EB-06-IH-1108, Order

Re: Clear Channel Communications, Inc., File Nos. EB-05-IH-0059, EB-05-IH-0144, Order

Re: Entercom Communications Corp., File No. EB-05-IH-0033, Order

Pay-for-play broadcasting cheats consumers, musicians and the law. It denies consumers choice in what they hear, it deprives musicians of the exposure they need to survive and it is illegal. It is also insidious, because just as soon as one payola hole is plugged, another is opened and the payola band plays on. Today the Commission takes action against payola. While not a lethal blow, this action makes real, tangible progress against unacceptable pay-for-play practices. It opens some long-denied access for independent musicians who have faced tough times getting their songs on the airwaves in markets long dominated by pay-for-play. And it is good news for listeners who have been drugged by years of standardized, homogenized music playlists. Who knows, if this works well a listener driving coast-to-coast might actually hear some good local and regional music along the way instead of the same 20 songs. Just as importantly, today's action—rightly implemented and monitored—can be good news for the radio business, putting it back in touch with the roots from which its earlier successes sprang. These agreements remind us of the special community medium and artistic treasure that free, over-the-air radio can be.

While we celebrate these efforts, we cannot forget what led us down this road. How we got here—how we allowed music on free, over-the-air radio to be hijacked by a band of pay-for-play promoters—is a tale worth telling. If I were to give this tale a title, I would call it "The Way the Music Died." It didn't happen in a day or a month or a year. But two culprits combined to all but slay local and independent music on the radio dial.

First was payola itself. Payola is by no means a recent arrival on the music scene. From the days of Alan Freed the *quid pro quo* of cash for airplay has lurked behind commercial radio. The times may have changed, but the basic mechanics of payola have not. If an envelope stuffed with cash motivates what gets played, musical merit falls by the wayside. When only artists represented by big labels can afford to play the game, independent and home-grown voices lose out. Payola by itself is bad enough.

But we put the pernicious effects of payola on steroids when we allow excessive consolidation among the licensees of our airwaves. Here, then, is the second culprit: media concentration. The Telecommunications Act of 1996 eliminated the national radio cap, leading to a tremendous wave of consolidation in terrestrial radio. The top ten radio conglomerates now control 2/3 of the total U.S. radio audience. As a result, the payola kingmakers must grease only a relative handful of palms in order to get their anointed commercial artists on the air. This makes an ugly situation uglier. It makes for radio that sounds the same everywhere. It is why in so many places the same handful of songs by the same small crop of artists is in heavy rotation, while local and independent voices never get a spin. What a price we pay. Musical genius in this country runs deep and wide. But, by and large, our airwaves do not reflect it. Concentration of radio ownership has ushered in a new and especially challenging age of payola. But don't just take my word for it. As the American Federation of Television and Radio Artists puts it bluntly: "[b]ecause the radio industry is so consolidated, it is more difficult than ever for artists to get airplay on commercial radio."

This is why I believe these agreements are a starting point, not an end. They address payola in some of its guises, but ignore the harms inflicted by consolidation. And, sadly, they also fall short of acknowledging culpability. Nonetheless, I remain optimistic that the progress made here is real. So we will give this effort a play. If, one year from now, we are hearing more independent voices on the radio, we'll know that the progress is real. If, in one year, we are hearing more local musicians instead of the same slim crew of nationalized fare over and over again, we'll know we advanced the ball. And if, in one year, we can say that free, over-the-air radio is the place to go for fresh new sounds and dynamic voices, we can all be proud of what we claim to have accomplished today.

I intend to closely monitor what happens next. I hope my colleagues will, too. But what I really want to know is how consumers take the measure of these commitments. So I urge listeners to contact the FCC. Tell us how you think these commitments are being implemented. Let us know if you're hearing more and better music. We don't need a formal document from you, just e-mail us at fccinfo@fcc.gov (with "Payola" in the subject line) and tell us how you think it's going.

In closing, let me note that this agency's payola work is built on the historic efforts of former New York State Attorney General Eliot Spitzer. We owe him a debt of gratitude for his path-breaking efforts to stomp out pay-for-play. He awoke a new generation of music lovers to the persistent harms of payola and raised in listeners a belief that we can do better by our airwaves. Let me also thank my colleagues, in particular Commissioner Jonathan Adelstein who pushed this matter front-and-center here and did yeoman's work to see these consent decrees through. Finally, let me also thank musicians, other creative artists, independent companies and consumers across the land who helped us see the light and who suggested remedies to confront the problem. I appeal for their continued vigilance to make sure that the commitments which have been made are carried out comprehensively and faithfully—and also to keep their watchful eyes open for any evidence of new pay-for-play practices designed to perpetuate a crime that never seems to go away.

STATEMENT OF
COMMISSIONER JONATHAN S. ADELSTEIN

Re: CBS Radio, Inc., File No. EB-06-IH-1109, Order

Re: Citadel Broadcasting Corporation, File No. EB-06-IH-1108, Order

Re: Clear Channel Communications, Inc., File Nos. EB-05-IH-0059 and EB-05-IH-0144, Order

Re: Entercom Communications Corp., File No. EB-05-IH-0033, Order

Today, a unified Commission sends a resounding message to the radio industry: payola, in any form, has no place in radio and will not be tolerated by the FCC. Payola deprives the listening public of the country's freshest music, denies local and independent artists a fair chance to get heard over the public airwaves, and saps the vitality of radio. In short, payola hurts musicians, the radio industry and the free flow of creative talent because music is chosen on the basis of who can pay the most – not who sounds the best.

This agreement is a breakthrough and a milestone in the long fight against payola in this country. It ends an era of laissez faire pay-for-play and signals that the cops are back on the beat to enforce the law.

The Consent Decrees and the private agreements between the broadcasters and the independent music community, particularly the American Association of Independent Music (A2IM) and Peter Gordon, represent the culmination of a series of lengthy negotiations among people who care deeply about the future of radio and the music industry. I personally appreciate the efforts made by the four companies which negotiated the Consent Decree with me in good-faith and displayed a genuine willingness to strengthen their relationships with local, unsigned and independent musicians. Each company's commitment to showcase the talent of local and independent artists for more than 4,000 hours indicates dedication to localism, music diversity, and the public interest.

I am also thankful for the patience and support of my colleagues, specifically Chairman Martin for his leadership in initiating the investigation and securing significant monetary contributions, Commissioner Copps for sharing my insistence on meaningful oversight and business reform measures, and Commissioners Tate and McDowell for their interest in this issue.

Today's historic settlement with four major broadcasters – CBS, Citadel, Clear Channel and Entercom -- is the first of several steps that the Commission will take to address the allegations of rampant violations of our sponsorship identification laws, specifically pay-for-play practices in the radio industry. I strongly encourage other broadcasters who are implicated or subject to license renewal holds for alleged sponsorship identification violations to enter into similar agreements with the Commission and the independent music community. Today's agreement is just the first wave of this investigation – more waves are coming.

Since 1927, before the FCC was even created, Congress has maintained an unwavering requirement that broadcasters must announce who gives them valuable consideration to air anything. The federal sponsorship identification laws impose an unequivocal, legal obligation – up and down the chain of production and distribution – to disclose all forms of consideration.

These rules are based on the basic principle that listeners and viewers are entitled to know who is seeking to persuade them so they can make up their own minds about the content.

For years, I have been hearing from local and independent artists in different parts of the country that they could not get airplay on their local stations. And listeners have complained that that commercial radio sounded more and more homogenized and generic. As a huge fan of music and radio, I could not help notice that commercial radio – which was once a unifying force in local communities – had become increasingly like a coast-to-coast public address system, often devoid of soul, vitality, and local favor.

Nearly every American music genre began with local artists getting played on local radio shows. Motown, grunge, Elvis and rock n' roll, hip hop, country, bluegrass, and the Nashville sound began as local music being promoted by local, independent musicians and labels on local radio. While each began in a different region of the United States, they all succeeded because they started getting heard on local radio and then broke out nationally and internationally. That path to success, and musical innovation, is hindered by payola since local artists without major financial backing get crowded out. American radio listeners are the first to suffer, but music lovers nationwide, and indeed all around the world, are deprived of new sounds when radio playlists become generic. Homogenization is good for milk, but bad for radio.

Despite many allegations about widespread payola practices, the FCC had never investigated those claims, nor had we ever received credible evidence until then-Attorney General of New York State, Eliot Spitzer, launched a widespread investigation. He uncovered an arsenal of smoking guns, involving hundreds of radio stations – FCC licensees -- and the four major record labels. He aggressively pursued the problem and found vast numbers of potential violations of federal law.

At my urging, the FCC launched a similar investigation and decided to focus first on the corporate practices of four large radio station groups – Clear Channel, CBS, Citadel and Entercom – concerning potential payola violations. The results of these investigations have enabled us to create a template for addressing other pending allegations and payola violations in the future.

While this settlement is not a panacea to all payola woes, it requires the implementation of certain meaningful reform measures that should change corporate practices and behavior. The companies commit to enforcing high standards with respect to the sponsorship identification laws to avoid violations and the appearance of impropriety in the process of music selection. Specifically, the companies commit to implement numerous safeguards, including commitments to:

- maintain a database containing a record to identify all items from record labels that exceed 25 dollars;
- maintain a company hotline for employees to call the Compliance Officer to obtain advice and report violations;
- appoint a Corporate-level Compliance Officer who is responsible to ensure compliance with the Consent Order, and all sponsorship identification laws;
- designate a Compliance Contact for each market; and

- conduct annual training for all programming personnel and supervisors

The corporate culture of radio should not encourage or promote the use of the major record labels to subsidize the operating costs of radio stations. That is why the Consent Decree limits the numbers of electronic copies of songs and concert tickets, and the permissible value of personal gifts, meal and entertainment, and travel and lodging expenses. Some dishonest employees may continue to take money "under the table." While you can outlaw theft, that doesn't mean stealing will stop. The good news is that station owners are agreeing to send a clear message that such practice will not be tolerated by first eliminating some of the more blatant and abusive practices in the industry.

I believe that these compliance and business reform measures, which are consistent with the reform measures developed by the New York State Attorney General's office, will change behavior in certain respects. Sunshine is truly the best disinfectant. There is a compelling need for greater and more effective governmental oversight. The FCC should play a role in ensuring the industry has sufficient safeguards in place. In that regard, the companies are required to submit annual compliance reports to the Commission. Additionally and, perhaps, more important, the Consent Decree provides the Commission with the unequivocal authority to gain access to the databases upon request.

I applaud the voluntary efforts of the broadcasters and the independent music community to develop a meaningful way to build and protect a healthy future for radio. With these efforts, more new music should surface on the airwaves, and our country's rich cultural diversity can continue to flourish and enrich the lives of everyone. I believe the good faith platform these reforms were built upon are sturdy and will develop over time, but the ultimate success of this initiative depends on the cooperation of a great number of people. This is a work-in-progress and will take considerable effort to fully realize. So, even as we take this critical step, I stand ready to help, whenever necessary, to ensure its ultimate success.

STATEMENT OF
COMMISSIONER DEBORAH TAYLOR TATE

Re: CBS Radio, Inc., File No. EB-06-IH-1109, Order

Re: Citadel Broadcasting Corporation, File No. EB-06-IH-1108, Order

Re: Clear Channel Communications, Inc., File Nos. EB-05-IH-0059, EB-05-IH-0144, Order

Re: Entercom Communications Corp., File No. EB-05-IH-0033, Order

Coming to the Commission, as I do, from Nashville, Tennessee – home to more than 80 record labels, 180 recording studios, and some 5,000 working union musicians – I have been particularly concerned by allegations that payola, or "pay for play," practices are prevalent in the commercial radio industry. I am pleased that, in consideration of the conclusion of our investigation into these allegations, each of the four companies has agreed to make significant contributions to the U.S. Treasury and committed to implement consequential business reforms to ensure full compliance with our rules.

Artists and radio listeners should be even more pleased, however, by the voluntary, private agreement crafted by the companies and the American Association for Independent Music, a trade organization representing the independent music sector. Pursuant to this creative accord, born of good faith negotiations, the companies have agreed in principle to basic guidelines, "rules of the road" covering future interaction between their stations and record labels, which concentrate on equal access and transparency. They have also committed to provide 8,400 half-hour blocks of airtime to independent music, to the benefit of all. I challenge other radio companies to follow their example.

STATEMENT OF
COMMISSIONER ROBERT M. MCDOWELL

Re: CBS Radio, Inc., File No. EB-06-IH-1109, Order

Re: Citadel Broadcasting Corporation, File No. EB-06-IH-1108, Order

Re: Clear Channel Communications, Inc., File Nos. EB-05-IH-0059, EB-05-IH-0144, Order

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I am pleased to support these Orders, which adopt the consent decrees entered into between the Commission and each of the above companies. The Commission takes seriously its responsibility to enforce the law governing sponsorship identification. The allegations of payola being pervasive in the industry undermine public confidence in radio broadcasting and are of great concern to me. I am pleased that each company has agreed to implement a compliance plan and meaningful business reforms for the purpose of ensuring compliance with our rules. I am also pleased to hear that the companies have voluntarily committed to take additional actions, including collectively airing over 4,000 hours of programming featuring local and independent artists and endorsing rules of engagement regarding the interaction between their stations and record labels to improve the ability of new and emerging artists to have their music aired.

I thank the Chairman and Commissioners Adelstein and Tate for their leadership on this issue.