

Section III  
Question 7  
Exhibit 16  
Unresolved Character Issues

Hal S. Widsten requested dismissal of his application for a Construction Permit for a new television station on Channel 2 at Fredricksburg, Texas (BPCT-870212KT) ("Channel 2 Application") on April 24, 1997. His request was granted by Memorandum Opinion and Order of the Commission's General Counsel, FCC 97M-76 (1997). Mr. Widsten's dismissal left character qualifications issues unresolved.

Mr. Widsten had filed the Channel 2 Application more than a decade before. At the time of dismissal, the Channel 2 Application was mutually exclusive with five other applications. These applications remained pending until September 19, 1996, when two of the other applicants ("Settling Parties"), filed a Joint Request for Approval of Settlement Agreements. Two of the remaining applicants had previously been disqualified. The remaining party agreed to dismiss its application in exchange for monetary consideration and the Settling Parties agreed to merge into a limited partnership which would be granted the construction permit. The only applicant unaccounted for in the settlement was Mr. Widsten. These Settlement Agreements were contingent upon Mr. Widsten's dismissal of his Channel 2 Application. Mr. Widsten had expended considerable sums to prepare and prosecute his application through the hearing and numerous Review Board proceedings, yet was offered only a nominal amount<sup>1</sup> to agree to dismiss. Therefore, Mr. Widsten declined to accept the offer. In retaliation, the

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<sup>1</sup> Mr. Widsten was offered \$25,000 to dismiss his application. In contrast, Stonewall Communications settled for \$465,000, an amount it certified equaled its expenses. *Global Info. Technologies, Inc. et al*, 12 FCC Rcd 11808 (1997).

remaining parties filed a Joint Petition to Reopen the Record and Motion to Enlarge the Issues against Mr. Widsten ("Joint Petition").

In the Joint Petition, the Settling Parties alleged that *newly discovered* evidence (which in fact was nothing of the sort) suggested that Mr. Widsten could not have met the financial certification requirements of the FCC 301 in 1987 or in 1996, and consequently that Mr. Widsten had lacked candor and violated Section 1.65 of the Commission's rules.

Much of the "evidence" in support of the Petition was presented by the Settling Parties only in their reply pleading, to which Mr. Widsten had no opportunity to respond. Therefore the General Counsel felt that the allegations necessitated fact-finding and designated issues to determine if Mr. Widsten was financially qualified to be a Commission licensee, had falsely certified as to his financial qualifications on the FCC 301 application and had made misrepresentations to the Commission.

At the time the Channel 2 Application was filed, Mr. Widsten was a 45% owner of a company named C&W Wireless, Inc. ("C&W"). Mr. Widsten's 45% ownership stake was financed through a loan from Campbell & Company, a company owned by his business partner in C&W, Ronald Campbell. C&W owned the license for radio station KSAQ-FM in San Antonio, Texas. In December 1986, C&W sold KSAQ-FM to Inner City Broadcasting, Inc. Mr. Widsten removed himself as a shareholder of C&W and returned the stock to Mr. Campbell in early 1988. Upon C&W's sale of KSAQ to Inner City in December 1986, Inner City relocated KSAQ's studios, thus breaking KSAQ's 10 year Lease. The landlord Peregrine filed suit against both C&W and Inner City, claiming fraud and denuding of assets ("Peregrine Lawsuit"). In September of 1987, Mr. Widsten was personally added as a named defendant in that suit. The charges against Mr.

Widsten were subsequently dismissed. Even so, the Settling Parties asserted that Mr. Widsten should have filed an amendment to his pending Channel 2 Application to bring this charge to the Commission's attention. C&W eventually filed for bankruptcy in 1988.

During the Peregrine Lawsuit, Mr. Campbell stated in a deposition that his company had to write off the loan to Mr. Widsten because he had no assets. The Settling Parties asserted that given Mr. Widsten's financial background, he, as an individual applicant, could not have had sufficient funds to build and operate the station for three months as he certified in the application nor, based upon his past financial troubles, could Mr. Widsten obtain sufficient funds at the time this Petition was filed.

In his response, Mr. Widsten produced the letter from Florida Land Company ("FLC") he had relied upon when he filed the Channel 2 Application. The letter stated that FLC would provide financing for the purpose of the Fredericksburg, Texas channel 2 television station according to the terms of the letter.

The President of FLC in 1987 was Ronald Campbell, Mr. Widsten's former business partner. Mr. Widsten stated in his response that he obtained information from Mr. Campbell as to the financial capabilities of FLC, including information on certain of its land holdings. Mr. Widsten discussed Mr. Campbell's personal financial capabilities with representatives of Mr. Campbell's bank, Texas Commerce Bank in Houston, Texas. Mr. Widsten never received a retraction or other indication from FLC that it would not abide by its financing letter.

Beyond demonstrating the basis for his original financial qualification, in order to obviate any question concerning his current financial capabilities Mr. Widsten obtained

another financing letter from Mr. Bennie Bock II, which stated that Mr. Bock would provide financing to Mr. Widsten on the same terms to which FLC had committed. Thus, Mr. Widsten demonstrated that he could in fact obtain the necessary financing at the time the Joint Request was filed.

In the Settling Parties' Joint Reply to Response of Hal S. Widsten ("Joint Reply") filed on February 6, 1997, the Settling Parties cast doubt upon the validity of the FLC financing letter, citing the conviction of Mr. Ron Campbell of bank fraud in 1988. Mr. Widsten first discovered Mr. Campbell's conviction upon reading about it in the Joint Reply. Needless to say, this information greatly shocked Mr. Widsten.

The Settling Parties, in the Joint Reply, also alleged several instances whereby Mr. Widsten ostensibly gave conflicting statements. This turned out to be the primary basis for designation of the character issues. However, a review of the record demonstrates that in many crucial instances the cited "evidence," which the Settling Parties consistently mischaracterized, did not support the Settling Parties' conclusory allegations.<sup>2</sup> The Settling Parties' characterizations of Mr. Widsten's testimony were unfortunately accepted as truth in this proceeding.

On March 26, 1997, the Commission's General Counsel issued its Memorandum Opinion and Order ("MO&O") remanding the proceeding to the Administrative Law Judge for a further hearing on the issues in question. On April 24, 1997, Mr. Widsten, wearied by the financial and emotional cost of this proceeding to date and the further

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<sup>2</sup> For example, the Settling Parties attempted to characterize Mr. Widsten's testimony as indicating that he did not have any decision-making responsibilities with regard to C&W's finances, Joint Petition at 6 citing Widsten/Peregrine Deposition at 41. However, this is not a correct characterization of Mr. Widsten's testimony. Mr. Widsten testified that his *primary* responsibility was the operation of the radio station (KSAQ), Widsten/Peregrine Deposition at 41. The Settling Parties asserted that Mr. Widsten played no role in the refinancing effort, Joint Petition at 6, citing Widsten/Peregrine Deposition at 51. However, Mr.

burdens remand would impose, requested that his Channel 2 Application be dismissed.

In doing so, however, he left a mark against his name at the Commission.

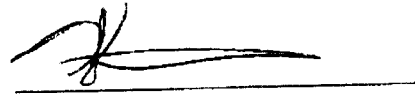
Mr. Widsten respectfully submits that the MO&O was result-oriented in that it was designed to pressure the only recalcitrant applicant in a case otherwise ripe for universal settlement to dismiss. He further notes that the General Counsel did not undertake any independent analysis of the evidence of record but rather uncritically accepted and adopted the Settling Parties' mischaracterizations of testimony (which, to compound the unfairness, were mostly raised in the final reply pleading and therefore deprived Mr. Widsten of an opportunity to explain or rebut them). Mr. Widsten further submits that the events which formed the basis for the unresolved issues occurred mostly in the 1980s and that since that time Mr. Widsten has compiled an unblemished record of service to the broadcast industry, including, most recently, acting as the General Manager of KWED (AM) since 1995. He intends to continue to act as the General Manager of this facility following the acquisition for which consent is sought herein.

In view of the foregoing, Mr. Widsten respectfully requests that the Commission allow him to participate as a party to the Application for the acquisition of the broadcast station KWED (AM).

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Widsten merely stated that he did not know the name of the loan officer, Widsten/Peregrine Deposition at 51.

I, Hal S. Widsten, declare under penalty of perjury that the foregoing is true and correct. Executed this 29<sup>th</sup> day of November, 2001.

A handwritten signature in black ink, consisting of a stylized 'H' and 'W' followed by a horizontal line.

Hal S. Widsten