

EXHIBIT TO QUESTION 5, FORM 302-F

KUOW and its licensee, the University of Washington Board of Regents, believe that there have been no adverse findings or adverse final actions of relevant non-FCC misconduct requiring reporting under Question 5 and have, therefore, properly responded “yes” to Question 5.

However KUOW and the Board of Regents are filing this Exhibit because they wish to alert the Commission to a matter that has received widespread media attention, not all of which has been accurate and much of which has been misleading. Under those circumstances, KUOW and its licensee believe that some description of the matter to the Federal Communications Commission is appropriate and wish to be pro-active in sharing information with the Commission.

The University of Washington, licensee of KUOW, is owned and operated by the State of Washington. State law provides for the governance of the University of Washington by a Board of Regents, the members of which are appointed by the Governor of the State of Washington and subject to approval by the Senate of the State of Washington (RCW § 28B.20.100). The Vice President for Medical Affairs of the University of Washington is responsible for UW Medicine, which includes the University of Washington School of Medicine, UW Medical Center, Harborview Medical Center, UW Physicians and UW Physicians Network. Faculty members of the School of Medicine are the exclusive physician providers in the hospitals and clinics under control of UW Medicine. The Association of University Physicians (“UWP”) and the Association of Childrens Hospital Regional Medical Center and University of Washington School of Medicine Children’s University Medical Group (“CUMG”) are both non-profit corporations that were established to provide billing services for UW faculty physicians. The Regents of the University of Washington approved the establishment of UWP. CUMG is jointly owned (50-50) by the University and Children’s Hospital and Regional Medical Center. UWP and CUMG would be considered non-broadcast subsidiaries of the parent licensee under the Commission’s Character Qualifications Policy Statement. *Policy Regarding Character Qualifications in Broadcast Licensing*, 102 FCC 2d 1179 (1985), reconsideration denied, 1 FCC Rcd 421 (1986), as modified, 5 FCC Rcd 3252 (1990) and , 7 FCC Rcd 6564 (1992).

In 2002 and 2003, two UW faculty physicians pleaded guilty to criminal charges (one case involved allegations of health care billing fraud and the other case involved allegations of obstruction of a federal criminal health care investigation). These physicians have been sentenced and restitution has been paid to the federal government

On April 30, 2004, the United States District Court for the Western District of Washington approved a civil Settlement Agreement and Release (“Settlement Agreement”) that had been entered into by the UWP and CUMG, under the terms of which these two faculty practice plans agreed to pay the total sum of thirty-five million dollars (\$35,000,000.00) to the United States of America and to the State of Washington Department of Social and Health Services. The purpose of this payment was to settle allegations that the faculty practice plans had violated the False

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Claims Act, 31 U.S.C. §§ 3729-3733 by submission of claims to federal and state government health care programs, including Medicare, Medicaid, and/or TRICARE, for professional services rendered by or under the supervision of physician faculty members and other health care providers that could not be substantiated and/or did not comply with applicable coding and billing requirements. The case is styled *United States of America, ex rel. Erickson v. University of Washington Physicians, et al.* (Dkt. No. C99-1261R (W.D.Wash, April 30, 2004).

UWP and CUMG have consistently denied the allegations and the Settlement Agreement contains an express denial of liability and no findings or admissions of unlawful misconduct. Neither the University of Washington nor the Board of Regents was a party to either the criminal or civil matters.