

LITIGATION

Joseph C. Amaturio, General Partner of licensee, was a named defendant in an action tried before a Jury in the United States District Court, Central District of California, styled “Earl W. Jordan, Jr. vs. The Amaturio Group, Ltd., a partnership doing business as KFRG (FM) and KOOJ (FM), and Joseph Amaturio”, Case No. CV 95-6249 LGB in September 1996.

The plaintiff sought damages for wrongful termination of employment and alleged, inter alia, that Mr. Jordan’s termination was without just cause and motivation by discrimination based upon race (African American).

The defendants vigorously defended the action and maintained that the sole reason for Mr. Jordan’s termination was performance. Mr. Jordan, the only Regional Account Executive covering Los Angeles, California for the top rated station in the adjacent Riverside/San Bernardino market, was let go by KFRG in January 1995, after he avoided a meeting with the new General Manager for three weeks. When he finally met with the General Manager, he had no explanation for the fact that his first quarter bookings of orders lagged 67% behind the prior year and no plan to remedy the situation. Mr. Jordan’s own witness, Sales Manager of the station where he was employed immediately following his termination, testified that Mr. Jordan had sought and he had given him a better paying job before he was dismissed from KFRG.

The Jury, apparently believing what defendants maintain was incredible and untrue testimony from Mr. Jordan, and two former General Managers who had been terminated themselves by Amaturio Group, Ltd. found “that plaintiff’s race was a motivating factor in defendant’s decision to terminate plaintiff’s employment.”

Following the verdict, defendants filed for Judgment as a Matter of Law, Remittitur, and in the alternative, a Motion for New Trial based upon multiple grounds. Prior to the Court ruling upon defendant’s motions, the parties settled to the satisfaction of each of them without admission of fault or wrongdoing upon the part of the defendants. The Settlement Agreement between the parties called for the filing of a stipulated motion setting aside the verdict.

The foregoing disclosure has been filed with every application tendered to the Commission for an Applicant in which Joseph C. Amaturio has or had an attributable interest. It should be noted that because of rules unique to the Central District of California and no other court in the state, the court could not grant the setting aside of the verdict that was part of the settlement.

The 1997 License Renewal Applications for Stations KFRG and KOOJ (now KELT) have been deferred since August, 1997 as were Amaturio Group of LA Ltd. Stations KLIT and KMLT.

Amaturo Group of California Ltd, the successor in interest to, Amaturo Group Ltd. and Licensee of KFRG and KOOJ, sold the assets of KFRG to a non related party and KOOJ to Amaturo Group of L.A. Ltd. following Commission approval of the applications for Assignment of License in early 1998.

Since September of 1996 Amaturo Group of L.A. has filed the following Petitions for Rulemaking and Applications:

Petitions to amend the table of allotments, to change the cities of license
For KELT and KMLT.
MM Docket 99-329 NPRM 11/19/99, Report and Order 1/19/2001

Application for Construction Permit, KELT
File #: BHP20010702ACL Granted

Application for License to Cover Constructed Facilities, KELT
File #: BLH20020618AA0 Pending

Application for Construction Permit, KLIT
File #: BMPH20010620AAE Granted:

Application for License to Cover Constructed Facilities, KLIT
File #: BLH20020812ABO Pending

Application for Construction Permit, KMLT
File #: BMPH20040106AAE Granted

Application for License to Cover Constructed Facilities, KMLT
File #: BLH20041104AMN Granted 6/22/05

Application for Booster, KMLT FM-1
File #: BNPFTB20050201BCH Granted 5/31/05

This adverse finding occurred 9 years ago. It has been fully disclosed to the Commission on each and every application filed by the Licensee or an Applicant where Joseph C. Amaturo had an attributable interest. The Commission has not found the adverse finding to be disqualifying in granting the Applications for Assignment of Licenses of KFRG or KOOJ, the above referenced construction permits granted to Amaturo Group of L.A. Ltd, or the license issued to cover the constructed facilities of KMLT.

There have been no discrimination related complaints filed against Mr. Amaturo or any licensee in which he has an attributable interest, since the complaint that was the subject of the case that resulted in the adverse finding. Moreover, the very few allegations relating to discrimination that were directed toward licensees where Joseph

Amaturo had an attributable interest prior to the 1996 decision have all been found to have no probable cause. The Jordan case is the only discrimination related complaint ever directed at Mr Amaturo personally in his 50 plus year career in broadcast ownership.

The Licensee continues to operate the stations in the public interest, and has completed substantial changes to its facilities to maximize the number and coverage of broadcast signals available to the public. This factor, along with (1) the legal impediment posed by the unique inability of the district court to set aside the verdict as part of the settlement which gave rise to the adverse finding, (2) the absence of any discrimination complaints since 1996, and (3) the FCC's actions in processing Licensee's petition for rulemaking and subsequent applications, fully support a conclusion that the adverse finding no longer presents an impediment to the grant of the station's 1997 and 2005 renewal applications.