

## JUSTIFICATION FOR USE OF FORM 316

By this lead and associated applications, Equity Broadcasting Corporation (“Equity Broadcasting”) seeks approval to merge into publicly traded Delaware corporation Coconut Palm Acquisition Corporation (“Coconut”), resulting in a new Coconut corporation that will be designated “New Coconut Corp.” (“NCC”) for purposes of this exhibit. No one party has positive or negative control of either Equity Broadcasting or NCC. The use of Form 316 is appropriate for this application because all reportable owners of the assignor and assignee are the same, except for one attributable shareholder of the assignee who, because of the size of the other ownership blocks, will have insignificant voting power. Thus this application is for “an assignment...which does not involve a substantial change in ownership or control” and qualifies for *pro forma* treatment under Section 309(c)(2)(B) of the Communications Act.

## PREVIOUS APPROVED OWNERSHIP

Equity Broadcasting has two separate classes of stock, both with voting power. Class B shares as a group has 51 percent of the voting power, and Class A shares have 49 percent of the voting power. The Classes do not vote as blocks; rather, the votes are cast by individual owners and simply weighted according to class. Therefore, the Class B owners could not control the corporation to the exclusion of the Class A owners unless virtually all of them vote together as a single block, which they are under no obligation to do.

At the time of the previous long form series of transfer applications, of which BTCTTL-19990616EA was the lead, Arkansas Media, LLC held 38.25% of the total voting power; and Henry Luken, III, held 30.57% total voting power. Other investors held 31.18% in the aggregate, but no other individual person or entity among the other investors held 5% or more. Since all shareholders voted independently, the FCC approved the company with no entity or person holding positive or negative control.

Currently, Arkansas Media holds 39.13% of the voting power, and Mr. Luken owns 25.44%. Other investors hold 35.43% in the aggregate, but no other person or entity holds 5% or more. Thus the control situation is essentially the same as it was at the time of the previous long form in 1999 -- Arkansas Media and Mr. Luken controlled 69.82% at the time of the previous long form and control 74.56% now; but they are not obligated to vote together, so they are not a control group, and neither has control standing alone.

Arkansas Media, LLC, has at all times since 1999 had three members:

Sandra G. Morton Life Trust, voted by Larry E. Morton	41.70% membership interest
Judith Fess Life Trust, voted by Gregory W. Fess	25 .00% membership interest
Mindy Roberts Hooper Trust, voted by Max W. Hooper	33.30% membership interest

## PROPOSED TRANSACTION

Under the proposed transaction, there will be only one class of voting stock in NCC - Class A shares. Arkansas Media, LLC will dissolve, and its voting members, the three life trusts, will become direct shareholders of NCC, but with different voting percentages than they had

previously. The existing shareholders of Equity Broadcasting taken as a whole will hold in the aggregate 67.03 percent of the voting shares of NCC.

The Fess and Hooper trusts set forth above will fall below 5% in membership voting interest. The Fess trust will continue to be reportable only because its voting trustee will be a corporate officer. The only reportable owners of NCC will be as follows:

Sandra G. Morton Life Trust, voted by Larry E. Morton      5.91 % voting ownership  
#1 Shackelford Drive, Suite 400  
Little Rock, AR 72211

Judith Fess Life Trust, voted by Gregory W. Fess      3.54 % voting ownership  
#1 Shackelford Drive, Suite 400  
Little Rock, AR 72211

Henry Luken, III      16.08 % voting ownership  
900 Fairway Lane  
Soddy-Daisy, TN 37379

RPCP Investments, LLP, voted by Richard C. Rochon      5.89 % voting ownership  
535 Fifth Avenue, 31<sup>st</sup> Floor  
New York, NY 10017  
(Mr. Rochon owns a greater than 50% interest in the general partner of RPCP Investments and thus has positive control.)

Paulson & Co., Inc. ("Paulson"), an investment company (as defined under 15 U.S.C. § 80a-3), will have less than 6 percent voting stock ownership in NCC. NCC certifies that Paulson is not materially involved, directly or indirectly, in the activities of NCC, and no one having an interest in Paulson will serve as an officer or director of NCC. Therefore, Paulson is not a party with a cognizable interest as set forth under Section 73.3555 note 2(c) of the Commission's Rules. All other investors are each below the 5% reporting threshold.

No claim is made that RPCP Investments is a passive investor and subject to attribution at a threshold higher than 5%, because certain officers and/or directors of NCC are affiliated with RPCP Investments. Therefore, the 5.89% interest of RPCP Investments is reportable and attributable, and its officers and directors are being reported:

Richard C. Rochon  
Stephen J. Ruzika  
Jack I. Ruff  
Mario Beau Ferrari  
Robert C. Farenhem  
Address for all: 535 Fifth Ave., 31<sup>st</sup> Floor, New York, NY 10017

The three pre-transfer reportable principals will remain as top management of NCC:

Larry E. Morton, President and CEO  
Gregory W. Fess, Senior Vice President and COO  
Henry G. Luken, III, Chairman of the Board

### **SUMMARY OF JUSTIFICATION FOR FORM 316**

All attributable shareholders of the assignee are approved attributable shareholders of the assignor, except for RPCP Investments, which will have so small a block (5.89%) of votes that it will never be able to dictate any policy or decision to the three approved shareholders. All other new voting owners will be unattributable, as they will be less-than-5% shareholders of a publicly traded corporation. The senior management of the licensee will remain with the three approved shareholders. This retention of de facto control by current "passed upon" owners, notwithstanding the movement of stock among small nonattributable shareholders by virtue of public trading, justifies the use of Form 316 under *Metromedia, Inc.*, 55 RR 2d 1278, at par. 9 (1984) (Form 316 granted because of continuity of management control, where transaction "involve[d] the transfer of over 50 percent of the [publicly traded] corporation's stock").