Before the
Federal Communications Commission
Washington DC 20554

In the Matter of	)	
	)	
Implementation of Declaratory Ruling	)	Docket No. _________
Modernizing FCC Foreign Investment Policies	)	
for Broadcast Licensees Under	)	File No. ___________
Section 310(b)(4) of the Communications Act	)	
	)	
Request for Declaratory Ruling Regarding	)	
Foreign Investment	)	
	)	

To: The Commission

PETITION FOR DECLARATORY RULING
of
Grupo Multimedia LLC
Deportes y Musica Comunicaciones LLC

Grupo Multimedia LLC and its wholly owned subsidiary, Deportes y Musica Comunicaciones LLC (hereinafter "Petitioners"), by their attorneys and pursuant to Sections 1.2 and 1.5000 *et seq.* of the Commission's Rules, 47 C.F.R. §§1.2, 1.5000 *et seq*., hereby request that the Commission grant this Petition for Declaratory Ruling ("Petition").

A. INTRODUCTION

Specifically, this Petition requests that the Commission approve, as not inconsistent with the public interest, 100% foreign ownership of Petitioners by SMG-MX LLC, a Delaware Limited Liability Company, owned 70% by Juan Carlos Rodriguez, a citizen of the Republic of Mexico and a resident of the United States, and 30% by Francisco Gonzales, a citizen of the

Republic of Mexico. The request for relief sought herein will further the Commission's bedrock principles of ownership and viewpoint diversity and, in addition, will implement the objectives underlying the FCC's Report & Order in GN Docket 15-236 (FCC 16-128), released September 30, 2016, 31 FCC Rcd 11272 ("R&O").

B. THE PARTIES

Grupo Multimedia and Deportes are both limited liability companies organized under the laws of the State of Delaware with their principal mailing address (in care of its current President, Roberto Medina, a U.S. citizen) at 947 20th Street, Apt. B, Santa Monica, CA 90403.[1] Co-Petitioner Grupo Multimedia is the 100% parent of Deportes and is currently owned 25% by SMG-MX and 75% by Roberto Medina.[2] Co-Petitioner Deportes is the FCC licensee of radio broadcast stations KRPH(FM), Morristown, AZ (Facility ID 166065) and KQMX(FM), Lost Hills, CA (Facility ID 166070) (the "Stations").

Petitioners acquired the construction permits for the Stations from Magnolia Radio Corporation in 2010. Unknown at the time, the cost of constructing the two stations exceeded the acquisition cost by a factor of two; in fact, to date, more than $5,000,000 has been spent in acquiring, constructing and operating the two radio stations, an amount far in excess of what was anticipated in 2010. For the last several years, both stations have been in danger of failing. Nevertheless, its three principals, Mr. Rodriguez, Mr. Gonzalez and Mr. Medina did not want to deprive Hispanic listeners of what was always planned to be a valuable additional Spanish language program service in the Stations' respective communities and media markets.

[1] Deportes FRN is 0019725225; Mr. Medina can be reached at Tel/Fax 310-998-8290 or robertomedina@verizon.net. Mr. Medina, as President of Grupo Mutimedia and Deportes, certifies the accuracy of the information presented in this Petition.

[2] Three ownership charts are attached: (i) ownership initially formulated in 2010; (ii) a change that took place effective January 1, 2014; and (iii) the prospective ownership following the transfer of control sought by this Petition and the accompanying FCC Form 315.

Mr. Medina, an actor, however, has found it increasingly difficult to devote the time or funds required to bring the Stations to viability and desires to transfer his interest in Grupo Multimedia to SMG-MX LLC which, although a Delaware LLC, is owned by two citizens of Mexico. One, Mr. Rodriguez, resides in Miami, Florida, and has been President of Univision Deportes (the multimedia sports division of Univision Communications, Inc.) since 2012.[3] Mr. Rodriguez not only is a recognized expert in Hispanic oriented sports programming, through his many contacts, he is well placed to turn the Stations around and make them both productive and viable competitors in their respective markets.[4]

C. THE TRANSACTION

This is a simple transaction involving two interrelated privately held companies with only a single class of equity ownership: membership interests in an LLC. Mr. Medina seeks to transfer his 75% ownership in Grupo Multimedia to his long-time partners, Juan Carlos Rodriguez and Francisco Gonzalez as members of SMG-MX LLC (which has been a significant minority owner of the Stations since their acquisition in 2010). The sole reason for the filing of

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[3] Univision is the largest Spanish language broadcast entity in the United States and has been for more than 25 years.

[4] As detailed in Univision-issued press releases: "Recognized as one of the top sports executives in the Americas by the Sports Business Journal in 2015, [Juan Carlos] Rodriguez has an accomplished career in the industry. He joined Univision Deportes from Televisa Deportes Network (TDN) where he held the post of CEO and grew the brand to become Mexico's sports content brand of choice. While at Televisa, he spearheaded the launch of TDN and its sister properties TDN HD, TDN2.0, TDN Centroamérica, and TDW, the No. 1 Mexican sports radio brand in Mexico. In addition, he successfully negotiated and acquired television and radio rights with FIFA, NFL, MLB, NBA, UEFA, RAI, CANAL PLUS and ISO. Previously, Rodriguez was co-founder and CEO of Grupo Estadio. Under his leadership, Grupo Estadio became the leading partner for DIRECTV to produce and distribute the 2002 FIFA World Cup. A precursor to today's TDN, Grupo Estadio was later acquired by Televisa. Prior to that role, he was a senior executive at Calzado Técnico, an Adidas manufacturer in Mexico. Rodriguez is the recipient of the 2015 Navigator Award, a Cynopsis Sports executive of the year recognition, and has been recognized twice by CableFax as "Most Influential Minorities in Cable" and was named the Sports Business Journal "50 Most Influential" list for 2015. He is founder of Con Pelotas, A.C., a non-profit organization which gives away soccer balls to children in southern Mexico. Rodriguez is a graduate of the Advanced Management Program at IPADE Business School and holds a bachelor's degree from Universidad Iberoamericana. In 2016, Rodriguez completed Wharton's Advanced Management Program (AMP) at the University of Pennsylvania, an exclusive and selective program for senior leaders and executives."

this Petition is that the ultimate owners of SMG-MX are citizens of Mexico. A transfer of control application is being filed simultaneously herewith for Commission consent to the proposed new ownership (FCC Form 315, File No. _________________).

D. PUBLIC INTEREST BENEFITS OF GRANT

There can be little doubt that approval of the instant request is entirely appropriate, legal and justified. SMG-MX, as the transferee and prospective 100% controlling stakeholder of Petitioners, presents no national security, law enforcement, foreign policy, trade policy, competitive or other issues of public concern – nor do either of its members. Grant of the instant Petition, moreover, is the direct and clearly anticipated result of last year's Commission's R&O on foreign ownership procedures for broadcast licensees:

> "We also find that adopting a standardized filing and review process for broadcast licensees' requests to exceed the 25 percent foreign ownership benchmark in Section 310(b)(4), as we have done for common carrier licensees, will provide the broadcast sector with greater transparency and more predictability, and reduce regulatory burdens and costs. As is the case with common carrier licensees, this standardized filing and review process will provide a clearer path for foreign investment in broadcast licensees that is more consistent with the U.S. domestic investment process, while continuing to protect important interests related to national security, law enforcement, foreign policy, trade policy, and other public policy goals." [31 FCC Rcd at 11273 ¶2]

This followed a very thorough and correct analysis of the policies underlying future consideration of foreign investment in broadcast licenses under Section 310(b):

> "We reiterated that, with respect to the application of Section 310(b)(4) in broadcast cases, the 25 percent benchmark 'is only a trigger for the exercise of our discretion, which we then exercise based upon a more searching analysis of the circumstances of each case.' Additionally, we acknowledged that 'changes have occurred in the media landscape and marketplace since the foreign ownership restriction was enacted and that limited access to capital is a concern in the broadcast industry, especially for small business entities and new entrants, including minorities and women."[5]

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[5] *Commission Policies and Procedures Under Section 310(b)(4) of the Communications Act, Foreign Investment in Broadcast Licensees*, MB Docket No. 13-50, *Declaratory Ruling,* 28 FCC Rcd 16244 (2013) (*Broadcast Declaratory Ruling*) at 16246 ¶4, 16249-50 ¶¶10, 11.

For nearly two decades, the Commission had concluded that – absent specific, credible and substantial concerns as to national security, foreign policy, law enforcement or competition – the public interest generally would *not* be served by *refusing* to permit complete 100% foreign ownership of AT&T, Verizon, Sprint, T-Mobile, U.S. Cellular, Global Crossing, and a host of other American entities. As experience has proven, the Commission's presumption in favor of controlling foreign investment in telecom companies was wise and correct and has benefited technological innovation, the U.S. economy, and the American consumer. The 2013 *Broadcast Declaratory Ruling* recognized that continuing arbitrary limits on foreign investment in broadcasting could similarly impose substantial costs on U.S. broadcasters, investors, and consumers, both domestically and internationally.[6]

From the perspective of the Commission's interpretation of Section 310(b)(4), the pervasive presence of the Internet casts compelling doubt on any possible justification for the traditionally unique restrictions on broadcast foreign ownership. Compared to two small radio stations out of thousands licensed across the nation and the dozens licensed to the Phoenix and Bakersfield media markets, the Internet is a considerably less costly and far more pervasive mechanism. Yet, a non-U.S. citizen is free to set up as many websites as he sees fit and provide whatever content he desires.[7]

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[6] *Broadcast Declaratory Ruling,* 28 FCC Rcd 16244 (¶¶ 1, 10) (*citing Review of Foreign Ownership Policies for Common Carrier and Aeronautical Radio Licensees under Section 310(b)(4) of the Communications Act of 1934, as Amended*, Second Report and Order, 28 FCC Rcd 5741 (2013) ("*Second Report & Order*")).

[7] As recent news reports suggest, the key critical factor to be considered is the country of origin of the ownership, not the mere fact of non-U.S. citizenship. Furthermore, the Commission is aware that traditional U.S. media is facing new economic and competitive challenges from non-broadcast real-time audio and video competitors, yet outdated foreign ownership restrictions have, in the past, forced broadcasters to compete on a decidedly tilted field. *See*, *e.g.*, Steven Waldman and the Working Group on Information Needs of Communities, *The Information Needs of Communities: The Changing Media Landscape in a Broadband Age*, at 70 (June 2011) ("*Information Needs of Communities*") (citing various sources) (available at www.fcc.gov/infoneedsreport) (concluding that "[r]adio, like other media platforms, is struggling to find a new revenue model ideal for the Digital Age" and citing one expert who believes the current evolution is "the biggest challenge the industry has ever faced"); *id*. at 72.

While video or audio websites and non-broadcasters may seek investment from anywhere in the world, broadcasters alone have been required to compete with strict limits on non-U.S. sources of funding. The Commission has already acknowledged that this will no longer be an acceptable state of affairs.[8] In the instant case, further investment may well be the key to the ultimate success of the Stations and Mr. Medina, their current controlling shareholder, has very limited means to provide it in the amounts required for viability. In contrast, SMG-MX's increased level of participation will permit Deportes to compete more effectively and better serve the public interest by (i) increasing funds available to embrace new technologies and to maximize quality programming available to Hispanic American consumers; (ii) increasing ownership by an experienced broadcaster who has been long accustomed to the value and importance of the "local connection;" and (iii) promoting media investment opportunities for U.S. investors in Mexico – as well as potentially provide opportunities for Americans to broaden competition in other countries.[9]

A speech by Commissioner O'Rielly at the March 28, 2017 Hispanic Radio Conference in Fort Lauderdale, FL, highlights the benefits achieved by Hispanic ownership of U.S. broadcast stations (emphasis added) :

> "When done right, [radio] generates a spark in the soul of listeners and serves to soothe, entertain, inform, enlighten, energize, and so much more. Nowhere is that more evident than in those stations focused on serving our nation's Hispanic population. … the medium of [Hispanic] radio gave a voice to generations of Latino communities starving for native language content and access to news and information of cultural relevance.' While the use of Spanish language may be a common feature, Hispanic radio thrives by using a host of unique formats – Mexican Regional, Spanish Contemporary, Spanish Adult Hits, just to name a few – *in order to combine the particular audience interests with the deep desire of listeners to retain their heritage and cultural identities*. "

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[8] See *Declaratory Ruling, Hemisphere Radio Group, Inc.,* DA 17-79, MB Docket 16-238, *rel'd* January 18, 2017.

[9] To the same effect is the Media Bureau's approval of 100% foreign ownership by two Australian citizens of 15 radio stations in *Memorandum Opinion and Order and Declaratory Ruling Re: Frontier Media, LLC*, DA 17-190, MB Docket 16-212, rel'd Feb. 23, 2017.

This is precisely the objective here.

E. CONCLUSION

Unlike the traditional use of the public interest standard in FCC practice whereby agency action is predicated on a finding that the "public interest, convenience, and necessity would be served," the relevant guiding statutory provision at play in this case reverses the task, authorizing the FCC to deny a request or license application to exceed the 25 percent foreign investment benchmark *only* if "the public interest will be served by the *refusal or revocation* of such license."[10] Certainly, there is no evidence present which could lead the Commission to make such a finding. Accordingly, Petitioners urge the Commission to adopt a declaratory ruling that finds that 100% foreign investment in Petitioners by Messrs. Juan Carlos Rodriguez and Francisco Gonzalez, both Mexican citizens, is consistent with the public interest.

Respectfully submitted,

GRUPO MULTIMEDIA LLC
DEPORTES Y MUSICA COMUNICACIONES LLC

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[10] 47 U.S.C. §310(b)(4) (emphasis added).

OWNERHSIP CHARTS FOLLOW

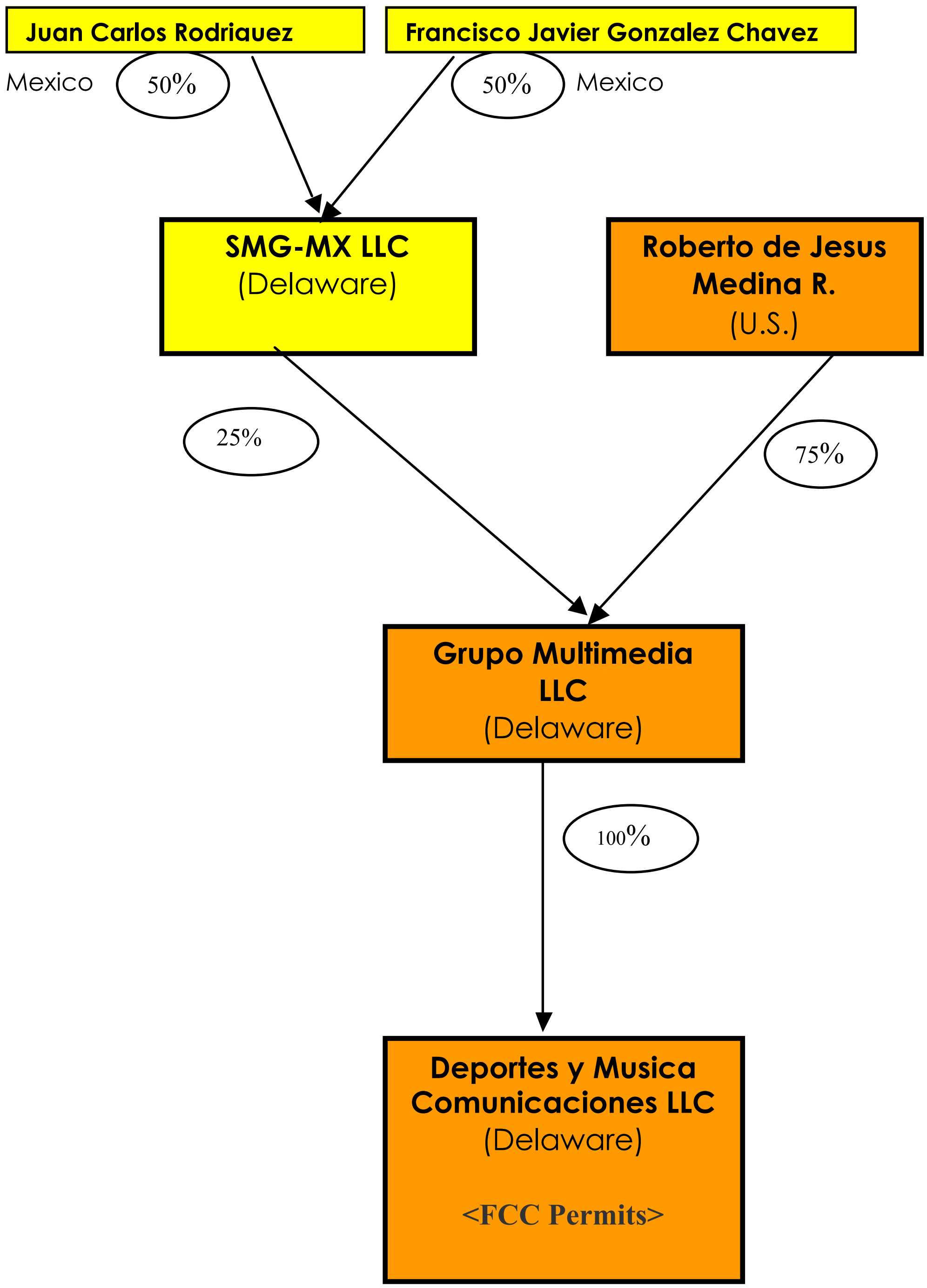
2010

2014

2017

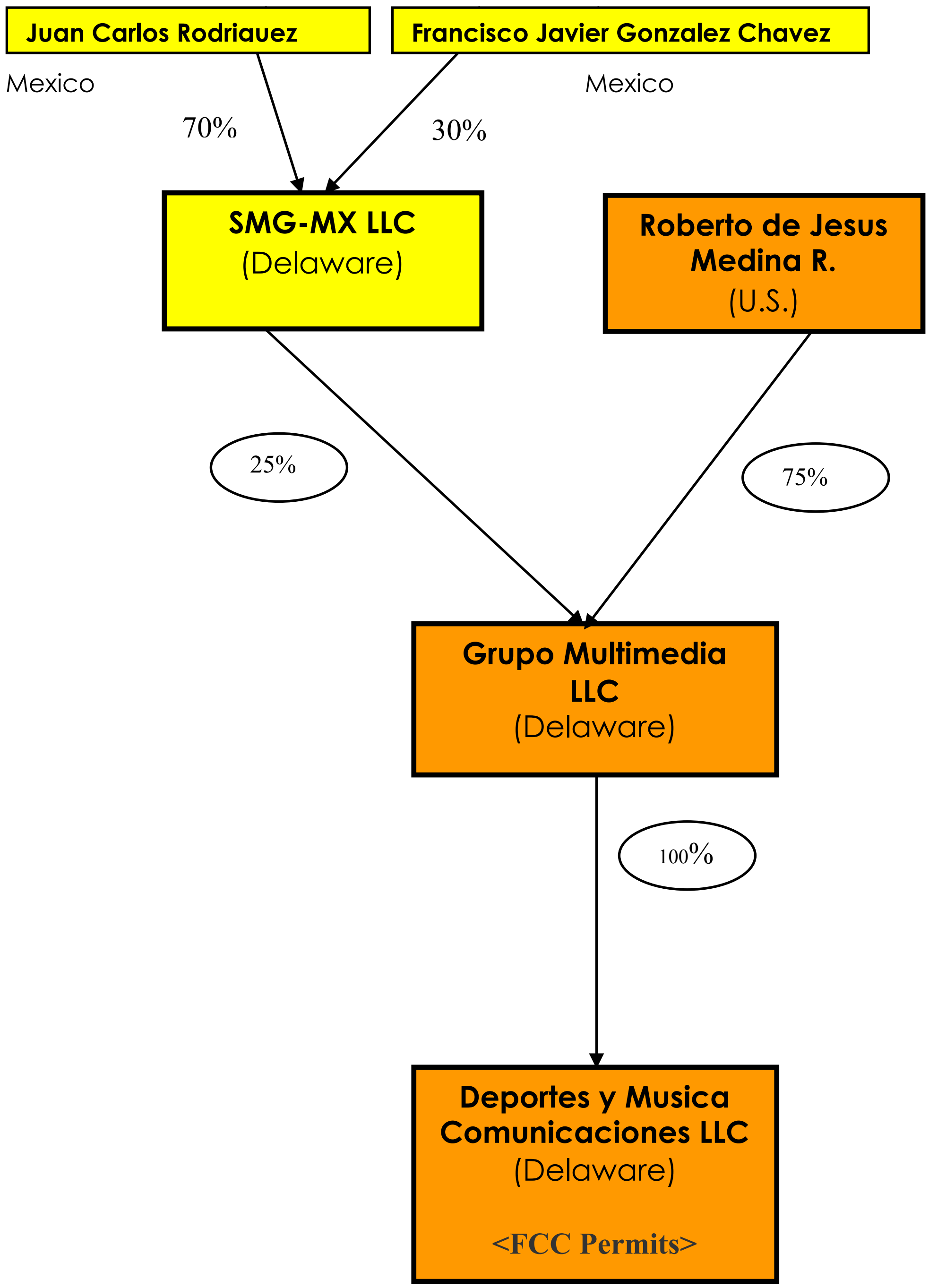
April 9, 2010

Deportes Acquisition Organization Structure



Jan. 1, 2014

Revised Deportes Organization Structure



2017

Prospective Deportes Organization Structure

Upon Grant of Transfer of Control and Petition for Declaratory Ruling