

Statement of Dr. William C. De La Pena

1. My name is William C. De La Pena, MD, and I am a resident of Whittier, CA. I am the Managing Member of Sonia Broadcasting Co., LLC ("SBC"), the proposed Assignee of WBIV (TV), Key West, FL (BALCT-20030515AAL) ("Application"). My wife and I are, through a series of trusts, the ultimate beneficial owners of 100% of the voting and equity interests of SBC. I am a Hispanic-American, fully bilingual in Spanish and English, and I serve the largely Spanish-speaking population of Greater Los Angeles as a practicing ophthalmologist and eye surgeon in our five clinics throughout Southern California. I have traveled extensively throughout Latin America and in South Florida for professional purposes and have had the good fortune to meet many senior government officials, business leaders and communications executives in these areas. I have developed a keen interest in television and the opportunities inherent in TV, especially Spanish-language TV, to educate, to stimulate and to serve important social and civic interests. I also should disclose that I was appointed by the President, confirmed by the Senate and since 2002 have served as a Regent for the Uniformed Services University. I was interviewed in 2001-2 by the White House to be Surgeon General of the United States and I served as a Special Delegate representing the United States at the United Nations Conference on Aging in Madrid in 2002. (A copy of my Curriculum Vitae and a list of my professional publications will be promptly made available to the FCC staff upon request.)

2. I currently am also the Managing Member of WDLP Broadcasting Co., LLC ("WBC"), the licensee of full-power television channel 22, WDLP-TV (formerly WGEN-TV) (Fac. ID 72053), Key West, FL. (I closed on that station in February 2003.) My wife and I are, through a series of trusts, the beneficial owners of 100% of the voting and equity interests of WBC.

3. This statement is given under penalty of perjury in connection with SBC's pending Form 314 application to acquire channel 8, WVIB (TV), Key West, FL from Hispanic Keys Broadcasting Corporation ("HKBC"), and also in connection with the FCC staff's recent telephone request for a Second Amendment, addressing Assignee SBC's compliance with the FCC's previously effective and now temporarily-effective-again TV duopoly rules. I greatly appreciate the opportunity to supplement SBC's pending Application with this information.

4. **Background on WDLP-TV, the "other" Key West TV station.** I was approached in the summer of 2002 by a former executive of Univision about an opportunity to acquire an unprofitable TV station in Key West – channel 22. I quickly learned from the prior licensee of that station the channel 22 was licensed to Key West and part of the Miami DMA but which had been unsuccessful financially and programmatically since its sign on in about 1994. Channel 22, a primarily infomercial station, had essentially never had any local programming and little cable carriage outside of Key West. Moreover, as I investigated channel 22 more thoroughly, I learned that it (and the other Key West TV station, WVIB) had lost a series of Market Modification cases by 1999, which deprived these Key West-licensed stations of Must Carry rights on most cable systems in the

DMA. In addition, channel 22 had only a couple of local employees in Key West, it had no earnings, it had no measureable Nielsen audience share. The Seller's prior attempts to sell the station had been unsuccessful. In November 2002, I as the Managing Member of WBC executed a contract to acquire [then WEYS-TV] channel 22 (and several of the Seller's LPTV's and TX's in South Florida) for approximately \$5 million dollars.

5. **Negotiations for WVIB (TV), Key West.** On or about December 17, 2002, I got an urgent call from Michael Curry, one of HKBC's owners. I had learned from discussions with Mike, a month or so previously, that he and his company HKBC also were trying to sell their full-power Key West TV station, WVIB (TV). In the December 17, 2002 phone call, Mike told me that HKBC urgently needed \$250,000 by December 27th to fund a court settlement. He said that if I was really interested in doing a deal with him, we would have to move quickly, because HKBC was behind on its bills and had to raise \$250,000 from an outside source by December 27th. I immediately discussed that with my FCC lawyer and, the next day, I spoke again with Mike Curry. The lawyers immediately started exchanging drafts of a purchase option agreement. Mike Curry (and his lawyer) and I (and my lawyers in Los Angeles and Washington) worked through the Christmas holidays and eventually agreed upon the terms of and executed a "Purchase Option Agreement" on or about December 26, 2002. That agreement provided that, in exchange for my company's immediate payment of \$250,000 to HKBC, my company would get an option through September 30, 2003, to purchase HKBC's assets (including WVIB and WVEB-CA) for \$8 million. I did immediately wire the \$250,000 to HKBC on or about December 26, 2002. During the early months of 2003, the lawyers were drafting and negotiating an Asset Purchase Agreement that would be used if I exercised the option to purchase HKBC's assets. As HKBC's financial condition continued to worsen, and we began to discuss how to handle the \$4.25 million loan in the Asset Purchase Agreement, I learned that WVIB did not have the cash flow to service the Textron loan (and, in drafting the Asset Purchase Agreement, the Parties considered even escrowing funds for HKBC to pay at least the monthly interest due on the Textron debt). By the time the Asset Purchase Agreement ("APA") was signed with HKBC in May 2003, the Purchase Price for WVIB-TV (and the Class A station) had fallen from \$8 million to \$7.5 million (plus Buyer's pledge to advance up to \$200,000, to pay for WVIB-DT's equipment). In addition, HKBC agreed to carry a Note for \$2,000,000 of the Purchase Price. The drop in effective Purchase Price between December 2002 and May 2003 was due to both HKBC's need to restructure its \$4.25 million Textron indebtedness and also because of WVIB's urgent need for cash to order WVIB-DT's digital equipment. Thus, in Section 5.13 of the APA, SBC agreed to advance up to \$200,000 for HKBC's DTV equipment, even while the parties' Form 314 application was pending at the FCC. SBC funded the first down payment on that DTV equipment (approximately \$14,000) in July 2003 and I have been told by my consulting engineer in Key West that the equipment manufacturer is ready to ship the equipment.

6. **Planned programming for WVIB (TV)** With respect to WVIB (TV)'s current infomercial programming, I intend a complete overhaul -- just as I "re-launched" the

“other” Key West-licensed station, channel 22, on September 29, 2003 -- **with FOUR HOURS of local, live PRIME-TIME Spanish-language programming to serve Key West, Miami, and the entire DMA.** I intend to present primarily Spanish-language programming; however, I also have considered doing some programming aimed at many other of the diverse population groups in the DMA. After months of discussions with local officials and civic leaders in Key West and throughout the DMA, I have tentatively concluded that WVIB would broadcast primarily in Spanish but might also broadcast some “regularly scheduled programming” on WVIB, directed to the needs and interests of other minority populations in the DMA, especially immigrants in Key West and south Florida from Brazil, Haiti and other Latin American/Caribbean countries. In addition, while other TV stations in this DMA are cutting back their production staffs, my affiliate station (WDLP-TV) has hired dozens of numerous local minority employees of outstanding caliber (many who are Emmy nominated and awarded professionals). If my “other” company SBC is allowed to acquire WVIB, we will operationally merge that “failing” infomercial station, which has only marginally served the local needs of Key West since its sign-on, approximately eight years ago. We will explore numerous creative ideas for WVIB so that this non-network owned, independent Spanish-language station [and our WDLP-TV] can fill the “local” gaps in programming left by “giants” Univision/Telefutura/HBC and Telemundo/NBC, the only other full-power, Spanish-language stations in the DMA. In arguably the most culturally diverse DMA in the United States, we believe that the public interest would be further served at this point by merging these two TV failures into two viable local outlets of diverse expression.

With respect to *specific* programming commitments, SBC formally PLEDGES to implement during the first year of operations of WVIB (TV):

a. Local weather information for viewers in Key West and the ability to go “live” in the case of any Hurricane emergency (and live “relief” telethons if the Key West-Miami area suffers another serious storm), concentrating on the needs of Key West and the thousands of viewers throughout the 100-mile-long Florida keys;

b. First-ever LIVE public affairs TV programming, every week, targeted solely to serve the needs and interests of KEY WEST viewers;

c. Tripling the number of PSA’s each week that are devoted to the needs and interests of Key West viewers;

d. Special weekly programming aimed at the health and medical needs of Key West and all of the DMA, particularly aimed at immigrants and HIV victims in Key West and throughout the DMA;

e. Internships at WVIB during the summer of 2004 [WDLP-TV *already* has interns at channel 22]

f. *In addition to the foregoing, if my SEPARATE but commonly owned companies are allowed each to own a TV station in the DMA, I pledge to merge the two*

stations' currently separate operations (eventually having common studios, some common technical employees, etc.) BUT to keep TWO independent programming "voices" available to viewers. One common owner, two voices. One minority owner, two separate Spanish/ethnic programming services. Except in the unusual situation where the public interest would be better served (for example: a possible live, local/national political debate with channel 22 broadcasting in English and channel 8 broadcasting in Portuguese or English), I do not plan ANY simulcasting of channel 8 with WBC's current programming on channel 22. Moreover, I pledge that channel 8 (WVIB) will have its own, fulltime Program Director, a minority individual who will assist the minority General Manager of WVIB in operating WVIB independently from the minority Program Director and minority female General Manager of WDLP-TV, now serving WBC's channel 22, Key West-licensed station.

7. I believe it is essential that I be allowed to merge these two struggling, perennially unprofitable stations into one operation, to re-capitalize each station, and to re-launch them as viable, independent local stations, each broadcasting primarily in Spanish and each serving the diverse populations of South Florida. My acquisition of Channel 22 was not conditioned then, nor is it now, on my being able to acquire Channel 8, WVIB; however, for reasons discussed below, my companies' ability to FULLY maximize the LOCAL programming potential of BOTH of these formerly "infomercial" Key West stations and to transform EACH of these two previously-struggling facilities into STRONG, independently-owned, Spanish-language stations with creative programming that can compete against Univision/Telefutura/HBC and Telemundo/NBC in the Miami DMA is dependent on my other minority-owned company's acquisition of WVIB (TV).

8. Finally, SBC submits that IT ALONE is well positioned to successfully "turnaround" WVIB from a "failing" station into a vibrant independent media "voice." First, we believe that we are assembling a unique, highly inventive group of professionals who want to see Spanish-language programming serve Key West and South Florida in ways that the network-owned stations in the Miami DMA are not. We believe that the same resources and similarly talented professionals can be employed to "turnaround" WVIB. Second, SBC intends to increase WVIB's cable carriage throughout the DMA by using the same resources and relationships that our "sister" company WBC has used since we closed in February 2003 to roughly double DMA cable coverage of WBC's channel 22 (more than 75% cable penetration for WDLP-TV on September 29, 2003). Without increased cable coverage for WVIB, that station cannot be fully transformed into the vibrant local voice in Key West and throughout the DMA that I believe is both possible and highly desirable in the highly competitive South Florida Spanish-language TV market. Competing locally against Univision's two network-owned stations in Miami [channels 23 and 69] (just made stronger with the HBC merger) and Telemundo's channel 57 (backed by NBC) is unlikely to succeed unless one single, committed owner is able to operationally merge these two formerly "failing" Key West-licensed stations into one efficient operation. In re-launching ch. 22 on September 29, 2003, we have been ambitious in offering live, local Spanish-language programming. We have hired the most talented professionals available in the Spanish-language TV business and we are providing them with an absolutely state-of-the-art facility. Nevertheless, I anticipate that

the channel 22 Key West station will incur large “re-launch” losses this Quarter and likely well into 2004. During the next year (and possibly longer) ad revenues for ch. 22 will grow very slowly; and programming expenses ALONE are already exceed \$450,000 monthly. The efficiencies of a joint operation (both ch. 8 and ch. 22) are essential to justify our continued funding of vibrant, local programming that already includes LIVE local talk, live entertainment programming and live, unique variety programming. Without PROMPT action by the FCC on SBC’s May 2003 Form 314 application to acquire WVIB (TV), a “quality” transformation of WVIB (TV) – and the continued ambitious transformation of Channel 22 through LIVE, LOCAL TELEVISION IN SPANISH – is highly unlikely. We need to close on WVIB by the end of this year. Thank you for this opportunity to present my views.

Executed on September 30, 2003.

William C. De La Pena, MD
Managing Member, SBC