

SECTION II, QUESTION 5

On May 25, 2006, Valley Broadcasting Company (“Valley”), the licensee of Station KVVN(TV), timely submitted an application for renewal of its broadcast license on FCC Form 303R. Therein in response to Section III, Question 2(b) of the form, Valley responded that its parent company, Sunbelt Communications Company (“Sunbelt”), had been the subject of character issue allegations. These character issues were not raised against Station KVVN, but instead were the result of allegations made against an application for a new TV station in Idaho Falls, Idaho. The applicant, Meridian Communications of Idaho, Inc., is owned by the adult children of James E. Rogers. James Rogers is the majority shareholder of Sunbelt. The allegations claimed that Meridian and Sunbelt had violated the Commission’s multiple ownership rules because of allegedly prohibited familial ties between James E. Rogers and his children.

In a letter dated July 22, 2003 from Barbara Kreisman, Division Chief, Video Division, Media Bureau to J. Dominic Monahan, Esquire, the FCC staff rejected all of the allegations claiming that no substantial material question of fact had been raised.

Notwithstanding the Commission staff’s favorable letter ruling regarding these allegations, one of the original petitioners filed a Petition of Reconsideration on August 21, 2003. Once again, Sunbelt filed an opposition. Two years later, on July 21, 2005, Barbara Kreisman, Division Chief, Video Division, Media Bureau issued another letter decision denying the Petition for Reconsideration, stating that no new evidence had been raised to support these claims.

Once more, on August 22, 2005, the staff decisions were challenged an Application for Review filed by the petitioner before the full Commission. The pleading cycle on the Application for Review was completed on September 13, 2005 and the matter remains pending although no residual issues exist with regard to character qualifications.

Another Sunbelt’s subsidiary, Beartooth Communications Company (“Beartooth”), the licensee of Station KTVH(TV), Helena, Montana, was challenged with alleged character issues when it filed for certain television translator and booster stations in Montana. These grounds for this challenge was that Sunbelt had made misrepresentations about their financial qualifications and had violated the FCC’s multiple ownership rules. Although the pleading cycle on these matters was completed on May 17, 2004 the matter remains pending before the Commission.

Since the Commission staff has chosen to place the license renewal for Station KVVN on hold pending resolution of the matters raised, the KVVN renewal has not been granted in the ordinary course of business. Thus, the license expiration date of October 1, 2006 has run and the application remains pending before the Commission.

However, the fact that the original license renewal expiration date has run does not mean that the station lacks authority to continue operating the station. Under the Federal Administrative Procedures Act, a station which files a timely renewal of its licensing authority continues to have operating authority until such time as the issuing agency, *i.e.*

the Federal Communications Commission, acts on that renewal application. Thus, even though the FCC has yet to act on the license renewal application the federal statutory authority of the Administrative Procedures Act provides Valley Broadcasting Company with full authority to continue to operate the station.