Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of Application for Assignment of Stations WSTX(AM) and WSTX-FM, Christiansted, U.S. Virgin Islands from Family Broadcasting, Inc., Assignor, to Caledonia Communications Corporation, Assignee and Order to Show Cause Why the Licenses for Stations WSTX(AM) and WSTX-FM, Christiansted, U.S. Virgin Islands, Should Not Be Revoked	)))))))))))))	 FCC File No. BALH-_______________ EB Docket No. 01-39

I. INTRODUCTION

The parties submit this application ("***Application***") to request Federal Communications Commission ("***FCC***" or "***Commission***") consent to assign the licenses for full-power commercial radio stations WSTX(AM) (Facility ID No. 20589) and WSTX-FM (Facility ID No. 20601), Christiansted, U.S. Virgin Islands (collectively, the "***Stations***"), from Family Broadcasting, Inc. ("***Family***") to Caledonia Communication Corporation ("***Caledonia***"). Family is currently a debtor in a Chapter 11 bankruptcy proceeding in the U.S. Virgin Islands.[1] Accordingly, as further set forth below, the parties respectfully request the Commission to grant this Application under the Commission's *Second Thursday Doctrine* and to stay the pending revocation proceeding pursuant to which the Commission has proposed to revoke the Station licenses from Family.[2]

Pursuant to the Commission's policy regarding the *Second Thursday* doctrine, assignment of the Stations to Caledonia is in the public interest. First, grant of the Application will protect the financial interests of Family's innocent creditors without enabling Family, or entities with an ownership interest in Family to obtain any financial benefit from the proposed assignment.

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[1] See In Re Family Broadcasting, Inc., Case No. 1-05-00004-BM (Bankr. D. V.I.).

[2] See Initial Decision on Remand of Chief Administrative Law Judge Richard L. Sippel, FCC 05D-01 (ALJ rel. May 13, 2005). The parties also are filing in the pending revocation proceeding, EB Docket No. 01-39, a request for stay to enable the Commission to review the instant Application under the *Second Thursday* doctrine.

Second, grant of the Application will ensure that the Stations continue to serve the United States Virgin Islands. If the Station licenses are revoked, the Stations are likely to remain dark for several years, at minimum. Finally, grant of the Application is consistent with the Commission's policy of promoting localism in radio broadcasting because the proposed assignee is owned by two local Virgin Island residents who significantly contribute to the social and cultural life of the Virgin Islands.

II. BACKGROUND

A. Commission Proceedings

On February 13, 2001, the Commission released an Order to Show Cause and Notice of Opportunity for Hearing ("***Show Cause Order***") to commence a proceeding to determine whether the Station licenses held by Family should be revoked.[3] In the Show Cause Order, the Commission alleged that Family, under the ownership and control of Mr. G. Luz A. James, violated certain Commission rules and policies in its operation of the Stations. Subsequently, on March 13, 2001, Family filed an application seeking Commission consent to transfer control of Family from Mr. James to his four children ("***Transfer Application***").[4] On August 3, 2001, Administrative Law Judge Richard L. Sippel (the "***ALJ***") issued a summary decision ("***Summary Decision***") denying the transfer of control application and revoking the Station licenses.[5] Based on an Admission of Facts and Genuineness of Documents submitted by Family, the ALJ held in the Summary Decision that "Family [was] not qualified to remain a Commission licensee and that its licenses should be revoked."[6] The ALJ also dismissed Family's transfer of control application because, according to the ALJ, there was "a lack of sufficient evidence" that the proposed transferees, Mr. James' children, "will be independent of their parents' control or influence."[7]

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[3] Family Broadcasting, Inc., Order to Show Cause and Notice of Opportunity for Hearing, 16 FCC Rcd 4330 (2001) ("***Show Cause Order***"). On March 15, 2001, Family filed a petition for reconsideration of the Show Cause Order asking that the order be set aside, and on June 15, 2001 Administrative Law Judge Sippel dismissed the petition on procedural grounds. Family Broadcasting, Inc., Order, FCC 01-188, released June 15, 2001 (dismissing petition for reconsideration of the Show Cause Order filed by Family).

[4] See FCC File No. BTC-20010315AAJ.

[5] Family Broadcasting Inc., Summary Decision of Administrative Law Judge Richard L. Sippel, 6 FCC Rcd 15619, ¶ 4 (ALJ 2001) (noting that Family "cooperated fully in responding to an extensive set of requests for admissions").

[6] Id. at ¶ 34.

[7] Id. at ¶ 40. Citing the pending assignment application, Family argued that the ALJ should refrain from revoking Family's licenses based on three exceptions to the Commission's general policy prohibiting the target of a revocation proceeding from selling or assigning a

On August 28, 2001, Family filed with the Commission exceptions to the Summary Decision. Specifically, Family challenged both the ALJ's revocation of the Station licenses and dismissal of the Transfer Application. On March 22, 2002, the Commission upheld the ALJ's revocation of the Station Licenses but nevertheless remanded the proceeding back to the ALJ to further consider whether the Transfer Application should be dismissed.[8] Holding that summary judgment was not warranted, the Commission found a genuine issue of material fact as to whether Family would continue to be controlled by Mr. James if ownership of Family was transferred to his children.[9] Specifically, the Commission held that a transfer of control of Family should be considered despite the pending revocation proceeding provided that Family could demonstrate that the individuals responsible for Family's violations of the Commission's rules would not benefit from the transfer of control. According to the Commission,

> [i]n circumstances ensuring the future lawful operation of these stations in the public interest at the sole discretion of persons having no responsibility for the licensee's previous violations and lack of candor and in a manner that does not improperly benefit any individual responsible for Family's previous performance, there could be a basis to find that the proposed transfer of control would serve the public interest despite the usual prohibition against a transfer by a licensee involved in a revocation proceeding.[10]

Prior to the commencement of the ALJ's hearing on remand to address the Transfer Application, Family filed, on February 24, 2003, a Petition for Extraordinary Relief requesting the ALJ to suspend the revocation proceeding to permit Family to file and prosecute an application ("***Assignment Application***") seeking Commission consent to assign the Station

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broadcast station license: (1) the Minority Distress Sale Policy; (2) the *Second Thursday Doctrine*; and (3) the holding in Petroleum v. Nashby Corporation, 10 F.C.C. Rcd 6029 (Rev. Bd. 1995), where renewal was granted upon the condition that the disqualified wrongdoer would transfer his stock to an unrelated person. Id. at ¶¶ 35 – 38. Raising doubts about the independence of the proposed transferees, the children of Mr. James, the ALJ rejected Family's arguments. The ALJ held that Family's proffered exceptions to the Commission's general rule against transferring control of broadcast licenses subject to revocation proceedings do not apply where the proposed transfer, in fact, does not constitute a de facto transfer of control. Id. at ¶ 40. The ALJ further noted that the *Second Thursday* doctrine was not applicable because, at the time, Family was not a debtor in a pending bankruptcy proceeding as required by the doctrine. Id. at ¶ 39.

[8] Family Broadcasting, Inc., Memorandum Opinion and Order and Hearing Designation Order, 17 FCC Rcd 6180 (2002).

[9] Id. at ¶ 29.

[10] Id. at ¶ 33.

licenses to Caledonia under the Commission's minority distress sale policy.[11] The ALJ granted the Petition, noting that the Commission's Enforcement Bureau favored "holding the hearing in abeyance to permit Commission review of the transaction and a possible grant of authority to make the assignments."[12] Family subsequently filed the Assignment Application on March 13, 2003, requesting consent to assign the Stations to Caledonia for 75% of their value consistent with the Commission's minority distress sale policy.[13] Explaining that the "distress sale policy is not to be rigidly applied," the Audio Division ("***Division***") dismissed the Assignment Application by letter decision on October 27, 2003.[14] According to the Division, Family failed to demonstrate that "the public interest would be served by permitting it . . . to receive money from the sale of [the Stations]." On November 20, 2003, Family filed with the Commission an application for review of the Division's letter decision. On January 17, 2006, Family and Caledonia withdrew the application for review in preparation for Family's filing of the instant Application. The Commission dismissed Family's application for review on February 6, 2006.[15]

The ALJ continued to hold the revocation proceeding in abeyance at the request of Family while Family's application for review of the Division's dismissal of the Assignment Application was pending. On March 16, 2004, the ALJ resumed consideration of the Transfer Application on remand from the Commission. Subsequently, on May 12, 2005, the ALJ issued an Initial Decision on Remand ("***Initial Decision***") in which the ALJ dismissed the Transfer Application and revoked the Station licenses.[16] The ALJ concluded that the proposed transferees, Mr. James' children, were not capable of operating the Stations independent of Mr. James and thus that transfer of control of Family to the children would not result in a change in *de facto* control of Family warranting dismissal of the Station revocation.[17] On June 9, 2005, Family filed exceptions to the Initial Decision and the Enforcement Bureau ("***Bureau***") filed a reply to Family's exceptions on June 22, 2005. The Commission has not yet acted on Family's exceptions.

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[11] Family Broadcasting, Inc., Order, FCC 03M-09, EB Docket No. 01-39 (ALJ rel. Feb. 26, 2003) (granting Family's Feb. 24 Petition for Extraordinary Relief).

[12] Id. at 1.

[13] FCC File No. BALH-20030304AAW.

[14] Letter from Peter H. Doyle, Chief, Audio Division, Media Bureau, to Daniel A. Huber, Esq., Counsel for Family, dated Oct. 27, 2003.

[15] Family Broadcasting, Inc., Order, DA 06-291 (AD rel. Feb. 6, 2006) (dismissing at Family's request the application for review filed by Family on November 20, 2003 of assignment applications FCC File Nos. BALH-20030304AAW/BAL-20030304AAX).

[16] Family Broadcasting, Inc., Initial Decision on Remand of Chief Administrative Law Judge Richard L. Sippel, FCC 05D-01, EB Docket No. 01-39 (ALJ rel. May 13, 2005).

[17] Id. at ¶¶ 54-60.

B. Bankruptcy Proceeding

Family initially filed for Chapter 11 bankruptcy protection on April 13, 2005 in the United States Bankruptcy Court for the District of St. Croix ("***Court***")[18] and subsequently filed a *pro forma* assignment application on May 13, 2005 seeking Commission consent to assign the Station licenses to Family as debtor-in-possession.[19] Family's *pro forma* assignment application was granted on February 13, 2006.[20]

On December 21, 2005, Family filed its First Amended Plan of Reorganization ("***Plan***") with the Court.[21] The Plan, which has not yet been confirmed by the Court,[22] calls for Family to sell to Caledonia upon Commission approval all tangible and intangible assets related to the Stations. The Plan also calls for Caledonia to operate the Stations pursuant to a time brokerage agreement ("***TBA***") during the pendency of the Commission's consideration of the instant Application. The purchase price paid by Caledonia for the Stations (and 75% of the net proceeds from Caledonia's operation of the Stations under the TBA during the pendency of the

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[18] In re Family Broadcasting, Inc., Case No. 1-05-0004-BM (Bankr. D. V.I.).

[19] FCC File No. BAL-20050513ABQ. See Broadcast Applications, Public Notice, Report No. 25989 (rel. May 20, 2005).

[20] FCC File No. BAL-20050513ABQ. See Broadcast Applications, Public Notice, Report No. 46174 (rel. February 16, 2006).

[21] First Amended Plan of Reorganization Filed by Family Broadcasting, Inc. and First Amended Disclosure Statement to Accompany Plan ("***Disclosure Statement***"), filed Dec. 21, 2005 (Case No. 1-05-0004 BM), In re Family Broadcasting, Inc. (Bankr. D. V.I.). On September 21, 2005, Family submitted its First Plan of Reorganization ("***First Plan***"), pursuant to which Family sought to assume the asset purchase agreement under which Family had agreed to assign the Stations to Caledonia upon FCC approval and the TBA under which Caledonia would operate the Stations pending Commission consideration of the instant Application. See Plan of Reorganization Filed by Family Broadcasting, Inc. and Disclosure Statement to Accompany Plan, filed Sept. 21, 2005 (Case No. 1-05-0004 BM), In re Family Broadcasting, Inc. (Bankr. D. V.I.). The Court required Family to amend and refile the First Plan to provide formal notice to Family's creditors of Family's proposed sale of the Stations to Caledonia. See Order of Court, issued Nov. 21, 2005 (Case No. 1-05-0004 BM), In re Family Broadcasting, Inc. (Bankr. D. V.I.).

[22] Family Broadcasting is currently awaiting Court approval of the Disclosure Statement. Upon approval of the Disclosure Statement, the Court will schedule a hearing to address confirmation of the plan. A copy of the Plan is attached hereto and the applicants will provide the Commission with notice of any additional activity by the Bankruptcy Court with respect to the Plan.

Commission's review of the instant Application) are required to be distributed to Family's creditors by a disbursing agent under the supervision of the Court.[23]

No portion of the purchase price is to be retained by Family, any Family stockholder, any family member of Mr. James, or any business associate of Mr. James (other than the administrative claims of Family's professional advisors, such as Family's bankruptcy counsel). Therefore, consistent with the Commission's *Second Thursday* doctrine, which is further discussed below, no party with an ownership interest in Family will benefit in any way from the proposed assignment of the Stations to Caledonia or have an interest in, or control over, the Stations following consummation of the Plan.[24]

C. Description of Assignee

The proposed assignee, Caledonia, is a corporation organized under the laws of the U.S. Virgin Islands. Kevin Rames, who controls Caledonia, owns and votes 51% of the issued and outstanding shares of Caledonia common stock and serves as Caledonia's President and Chairman of Caledonia's board of directors. Although born in New York, Mr. Rames is a fifth generation Virgin Islands resident. He is a practicing attorney and successful entrepreneur with interests in real estate and a ferry company in the Virgin Islands. He currently is developing a Virgin Islands resort, which will include a hotel, casino, golf course, retail space, and residential homes. Mr. Rames is a former president of the St. Croix Chamber of Commerce and is the President and Chairman of the Beacon Schools of the Virgin Islands Inc., an IRS 501(c)(3) after school program and safe haven that has served the education needs of thousands of children

[23] Specifically, the Plan divides Family's creditors and equity holders into four classes. Class one creditors, which hold allowable administrative claims, will be paid by Caledonia on the thirtieth day after confirmation of the Plan by the Court. Class two creditors, which hold priority tax claims, will be paid a *pro rata* share of 75% of the net proceeds from Caledonia's operation of the Stations on the thirtieth day of each of the first eleven months following confirmation of the Plan. If, on the thirtieth day of any of the first eleven months following confirmation of the Plan, class two creditors have been paid in full, then, on the thirtieth day, class three creditors, which includes all holders of unsecured claims, will be paid a *pro rata* share of the remaining balance of 75% of the net proceeds from Caledonia's operation of the Stations. Any amounts owed to class two and class three creditors upon Commission approval of the instant Application and sale of the Stations to Caledonia will be paid out of the purchase price, which is capped at the outstanding amount owed to the creditors upon consummation of the sale of the Stations to Caledonia. See Plan, Articles I and II, at 1-2. Further, all amounts to be paid to Family's creditors under the Plan will be paid by Caledonia to, and disbursed by, a disbursing agent under the supervision of the Court. See Plan, Article IX, at 3.

[24] In the event that the Commission does not approve the instant Application within one year of the date on which the Court confirms the Plan, Family will acquiesce to the revocation of the Station licenses by the Commission and no Family creditors will receive any further payment in satisfaction of Family's outstanding debt. See Plan, Articles IV, at 2-3.

throughout the Territory during his ten-year tenure. Janis Rames, Mr. Rames's wife, serves as Caledonia's Vice President and Treasurer and as a Director. Mr. and Mrs. Rames's address is 2111 Company Street, Suite 3, Christiansted, St. Croix, Virgin Islands, 00820.

Jonathan Cohen and his wife, Amanda Friedman, each own and vote 24.5% of the issued and outstanding shares of Caledonia common stock. Mr. Cohen is the owner and operator of three Virgin Island commercial radio stations. He is the President, Director, and sole shareholder of Radio 95, Inc., licensee of WJKC(FM), Christiansted, V.I. (Facility ID No. 54468); JKC Communications of the Virgin Islands, Inc., licensee of WVIQ(FM), Christiansted, V.I. (Facility ID No. 74457); and Clara Communications Corporation, licensee of WMNG(FM), Christiansted, V.I. (Facility ID No. 81515).[25] Ms. Friedman also serves as the Secretary and a Director of Caledonia. Mr. Cohen's and Ms. Friedman's address is 5020 Anchor Way, Christiansted, St. Croix, Virgin Islands, 00820. Mr. and Mrs. Rames, Mr. Cohen, and Ms. Friedman are all U.S. citizens and residents of St. Croix. No other individual or entity holds an attributable interest in Caledonia.

On April 12, 2005, Caledonia and Family entered into an Asset Purchase Agreement and a Time Brokerage Agreement. Copies of both agreements are attached to the instant Application as Exhibits 4 and 14, respectively.

III. Grant of the Application is Consistent With and Supported By the *Second Thursday* Doctrine and Other Public Interest Considerations

Grant of the instant Application is in the public interest under the Commission's longstanding *Second Thursday* doctrine, which is intended to protect the innocent creditors of a malfeasant broadcast licensee that causes the Commission to revoke its broadcast station licenses. In *Second Thursday Corp.*, the Commission established the principle that a licensee may be permitted to assign a broadcast station license even if the license is the subject of a pending revocation proceeding,[26] provided that (i) the licensee is in bankruptcy and (ii) the assignment is part of a station sale that is for the benefit of the licensee's innocent creditors and

[25] Please see Exhibit 15 to the instant Application for a demonstration that, when considered in conjunction with his proposed interest in the Stations, Mr. Cohen's other attributable radio interests in the U.S. Virgin Islands will be fully consistent with the Commission's radio contour overlap rule. See 47 C.F.R. § 73.3555(a).

[26] LaRose v. FCC, 494 F.2d 1145, 1148 (D.C. Cir. 1974). In LaRose, as in the present case, the Commission denied an assignment application for failure to satisfy the *Second Thursday* doctrine and effectively revoked the underlying station license. In each case, the applicants refiled their assignment application while an appeal of the revocation was pending and after conforming the assignment application to the Commission's *Second Thursday* policy. The D.C. Circuit held in LaRose that the Commission abused its discretion by refusing to consider the newly filed assignment application.

that does not significantly benefit the licensee or any malfeasor with an attributable interest in the licensee.[27]

The United States Court of Appeals for the District of Columbia ("***D.C. Circuit***"), which has expressly endorsed the *Second Thursday* doctrine, explained that the doctrine is intended to "accommodate[] the policies of the federal bankruptcy law with those of the Communications Act."[28] According to the D.C. Circuit, the doctrine "requires an *ad hoc* balancing of the possible injury to regulatory authority that might flow from wrongdoers' realization of benefits against the public interest in innocent creditors' recovery from the sale and assignment of the license to a qualified party."[29] The D.C. Circuit explained that, consistent with the "public interest in protecting innocent creditors, the Commission will approve the sale and assignment of [a] bankrupt's license" when the assignment does not undermine the Commission's responsibility to ensure that broadcast stations are operated in conformance with the Communications Act.[30]

As demonstrated herein, both of the *Second Thursday* doctrine requirements are fully satisfied by the instant Application thereby obviating the need for the Commission to undertake any type of *ad hoc* balancing of possible regulatory harms caused by application of the *Second Thursday* doctrine to the instant Application. First, Family currently is in the midst of a pending Chapter 11 bankruptcy proceeding under the direct supervision of the Court. Second, neither Family, nor any entity with an ownership interest in Family, stand to benefit from the proposed assignment in any way. Family and its principals will not hold any ownership interest in, or control over, the Stations following the consummation of the proposed assignment and none of the debt that will be repaid as a result of the proposed sale of the Stations is personally guaranteed by the malfeasors.[31]

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[27] Second Thursday Corp., Memorandum Opinion and Order, 22 F.C.C. 2d 515, reconsideration granted, 25 FCC 2d 112 (1970); see also LaRose at 1148 (holding that despite the general rule that an assignment application will not be granted "during the pendency of a hearing involving the character qualifications of a licensee, the Commission will permit such upon a showing that alleged wrongdoers will derive no benefit, either directly or indirectly, from the sale or will derive only a minor benefit which is outweighed by the equities in favor of innocent creditors").

[28] LaRose, at 1147 n.2.

[29] Id. at 1149; see also Second Thursday, 25 FCC 2d 1122, at ¶ 7 (holding that "the public interest considerations favoring a grant [of the assignment] outweigh any unfavorable considerations").

[30] Id. at 1148.

[31] See New South Broadcasting, Inc., Order, 8 F.C.C. Rcd. 1272, ¶ 2 (1993) (granting assignment of a broadcast station license under the *Second Thursday* doctrine to the station's general manager and three percent owner because he was not the malfeasor and the malfeasor would receive "only an incidental benefit from the elimination of his potential liability through the bankruptcy"); Shell Broadcasting Inc., Order , 38 FCC 2d. 929, ¶ 11 (1973) (holding that the

In addition to not causing any regulatory harms, grant of the Application is consistent with the public interest for several additional reasons. First, absent assignment of the Station licenses for value, Family's creditors are likely to receive no significant compensation in Family's bankruptcy proceeding—a result that the *Second Thursday* doctrine was intended to prevent. Other than the Station licenses, Family holds very few assets of any substantial value from which Family's creditors can be repaid. By contrast, upon Commission approval of the instant Application, Family's innocent creditors will be repaid in full by Caledonia. Importantly, Family's two largest creditors are the Internal Revenue Service and the Virgin Islands Bureau of Internal Revenue. The D.C. Circuit previously noted that the government has a special interest in assuring that it is repaid outstanding tax liabilities.[32]

Second, unless the Commission approves the assignment of the Station licenses to a qualified assignee under the *Second Thursday* doctrine, the Stations will go dark for several years, at minimum, and the AM station may never resume operation. The Commission has previously held that assuring the continued operation of a station is a public interest benefit that supports assignment under the *Second Thursday* doctrine of a station subject to a revocation proceeding.[33]

If the Station licenses are revoked, WSTX-FM's allotment will become an unlicensed allotment in the Commission's FM Table of Allotments subject to auction during the Commission's next FM auction. The next FM auction is not likely to be held until 2007 at the earliest and a construction permit is not likely to be issued until 2008.[34] The permittee will then have until some time in 2011 to commence operations of the new FM station in Christiansted.[35]

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indirect benefit to the malfeasor licensee of the discharge of personally guaranteed debt equivalent to approximately 8% of the purchase price of the station was "outweighed by the equities in favor of innocent creditors").

[32] See LaRose 494 F.2d 1145, 1150 n. 5 (noting that one of the innocent creditors is the federal government). Under the Plan, initial payments to Family's class one creditors, which includes the Internal Revenue Service and the Virgin Islands Bureau of Internal Revenue, will commence immediately upon the approval of the Plan by the Court and continue during the pendency of the Commission's review of the instant Application.

[33] Second Thursday Corp., 22 FCC 2d 515 at ¶ 13 (noting that "the resumption of broadcast service … [is a] favorable public interest consideration[] which support[s] a grant" of a *Second Thursday* assignment application).

[34] Although the Commission intends to hold auctions more frequently in the future, the last FM broadcast auction was completed on November 23, 2004, more than four years after the initial public notice regarding the auction. See generally FM Broadcast Auction Scheduled for February 21, 2001, Public Notice, DA 00-2171, Report No. AUC-00-37-A (WTB/MMB rel. Sept. 25, 2000), FM Broadcast Construction Permits Auction Closes, Public Notice, DA 04-3694, Report No. AUC-04-37-P (WTB/MMB rel. Dec. 1, 2004).

[35] See 47 C.F.R. §73.3598 (a).

The outlook for WSTX(AM) resuming service is even bleaker. Upon revocation of WSTX(AM)'s license, the AM allotment effectively will disappear thereby enabling other AM stations operating on adjacent channels to seek Commission consent to modify their operating parameters to fill the spectrum "hole" left by WSTX(AM)'s disappearance. Even if, once adjacent stations have modified their operating parameters, sufficient space remains to license a new AM station to replace WSTX(AM), such a station license is required by Commission rules to be assigned in the context of an AM filing window. Due to the backlog of new station and major modification applications caused by the unanticipated popularity of the most recent AM filing window, it is unclear when the next AM filing window will occur.

By contrast, Caledonia is prepared to continue operation of the Stations uninterrupted and, further, to invest substantial sums to improve the Stations' facilities upon Commission grant of the Application. Caledonia is an ideal licensee for the Stations. Organized under the laws of the U.S. Virgin Islands, Caledonia is a minority-controlled small business.[36] Further, Caledonia is owned entirely by U.S. Virgin Island residents, one of whom, Mr. Cohen, has a long and unblemished track record of successfully operating broadcast radio stations in the U.S. Virgin Islands. Caledonia will continue the news/talk format that has characterized WSTX(AM) for a generation, with programming that focuses on the social, political, economic, and spiritual issues of particular concern to the people of the U.S. Virgin Islands. The music interludes on WSTX(AM) are primarily the "Kaiso" or "Calypso" music native to the Eastern Caribbean, along with the "Quelbe" music that is the indigenous folk music of St. Croix. WSTX-FM will continue its "all reggae" format, which focuses on the positive lyrics of the "roots music" subgenre of reggae, with an emphasis on the exposition of locally grown talent. Thus, Caledonia's ownership of the Stations supports several of the Commission's policy objectives with respect to broadcast station ownership—encouraging minority ownership of broadcast stations, promoting control of broadcast stations by small businesses, and increasing local ownership and control of broadcast stations.[37]

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[36] Kevin A. Rames, Esq. is an African-American with Afro-Caribbean roots who has practiced law exclusively in the Virgin Islands since 1985. Caledonia was organized for the sole purpose of operating the Stations.

[37] See 47 USC § 257(b) (directing the Commission to promote policies favoring diversity of media voices and economic competition), Broadcast Localism, Notice of Inquiry, MB Docket No. 04-233, FCC 04-129 (rel. July 1, 2004) ("As with competition and diversity, localism has been a cornerstone of broadcast regulation for decades."), Commission Policy Regarding the Advancement of Minority Ownership in Broadcasting, Policy Statement, 92 FCC 849, 856 (1982) (reaffirming the commitment to diversifying media ownership as expressed in the 1978 Policy Statement and initiating new programs to increase the representation of minorities in media ownership).

IV. Conclusion

For the reasons set forth herein, the parties respectfully request the Commission to grant the instant Application and dismiss the pending revocation proceeding as moot. Grant of the Application is fully consistent with and supported by the Commission's *Second Thursday* doctrine and further supported by additional public interest considerations.

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ST. CROIX

In re:	)	
FAMILY BROADCASTING, INC.	)	
	)	Case No. 1-05-00004 BM
Debtor	)	(Chapter 11)

FIRST AMENDED PLAN OF REORGANIZATION FILED BY FAMILY BROADCASTING, INC.

(Dated: December 21, 2005)

Family Broadcasting, Inc. ("Family"), the Debtor, proposes the following Plan of Reorganization ("Plan"):

Article I

DIVISION INTO CLASSES

For purposes of this Plan, the claims of creditors and the interests of equity holders of the Debtor are divided into the following classes:

Class 1: Administrative expenses, as allowed and entitled to priority under 11 U.S.C.A. § 507(a)(1).

Class 2: Priority tax claims, as allowed and entitled to priority under 11 U.S.C.A. § 507(a)(7).

Class 3: General unsecured claims, as allowed.

Class 4: Equity interest holders.

Article II

TREATMENT OF CLASSES

Class 1: On the thirtieth (30^{th}) day after confirmation, Class 1 claimants will be paid in full the allowed amount of their claims.

Class 2: On the thirtieth (30^{th}) day of each of the first eleven months following confirmation of the Plan, the Class 2 claimants holding allowed claims will be paid *pro rata* seventy-five percent (75%) of the entire net proceeds from the operation of both stations. Class 2 claimants will be paid in full any remaining balance of their allowed claims on the earlier of (i) the thirtieth (30th) day of the twelfth (12th) month after confirmation of the Plan or (ii) thirty (30) days after grant of Federal Communication Commission ("FCC") approval of the assignment of licenses for WSTX(AM) and WSTX-FM from Family to Caledonia Communication Corporation ("Caledonia") becomes final and non-appealable.

Class 3: If, on the thirtieth (30th) day of any of the first eleven months following confirmation of the Plan, Class 1 and Class 2 claimants have been paid in full under the Plan, then Class 3 claimants will be paid *pro rata* the allowed amount of their claims from any remaining balance of seventy-five percent (75%) of the entire net proceeds from the operation of both stations. In addition, Class 3 claimants will be paid in full on the earlier of (i) the thirtieth (30th) day of the twelfth (12th) month after confirmation of the Plan or (ii) thirty (30) days after grant of FCC approval of the assignment of licenses for WSTX(AM) and WSTX-FM from Family to Caledonia becomes final and non-appealable.

Class 4: Class 4 interest holders shall retain such interests under the Plan.

Article III

CLASSES IMPAIRED BY THE PLAN

No classes of creditors will be impaired under the Plan.

Article IV

MEANS FOR PERFORMING THE PLAN

Family has entered into two agreements with Caledonia: (i) a Time Brokerage Agreement pursuant to which Family allows Caledonia to program the stations; and (ii) an Asset Purchase Agreement pursuant to which Family agrees to sell the stations, including the station's FCC licenses, to Caledonia, and the parties agree to cooperate to obtain FCC approval for such assignment. With the knowledge of the FCC, Caledonia has moved the stations' main studio under the Time Brokerage Agreement from Family's prior highly distressed facilities to a state of the art facility operated by Caledonia. Caledonia continues to operate the stations from this facility. Further, it is unknown when the administrative process attendant to the FCC's review of the proposed assignment of the station licenses from Caledonia to Family will be completed. However, as stated above, if, within one year from the confirmation of the Plan, the FCC approves the assignment, such approval becomes final and non-appealable, and an additional 30 days passes to enable the Caledonia and Family to consummate the assignment of the stations to Caledonia, then all of the creditors of Family will be paid in accordance with the doctrine first enunciated in the matter *Second Thursday Corp.*, 22 FCC 2d 515, recon. granted, 25 FCC 2d 112 (1970). Payments made pursuant to the Plan prior to FCC approval of the assignment shall be made from seventy-five percent (75%) of the net proceeds, if any, from operation of the stations. If, on the other hand, these conditions do not occur within one year from the confirmation of the Plan, then Family will permit the revocation of the station licenses by the FCC to become final and non-appealable and there will be no funds available for distribution to the creditors.

Article V

CORPORATE OF CHARTER OF DEBTOR

The corporate charter of the Debtor will not be amended.

Article VI

CONTEMPLATED COMPENSATION FOR SERVICES, COSTS AND EXPENSES

No compensation has been paid or promised by the Debtor or, to the Debtor's knowledge, by any other entity for services, costs or expenses except the following:

1. The Debtor has agreed to pay such sum to its attorney, Ronald W. Belfon, Esq. and its accountant, Francisco Depousoir, as the court may allow upon application.
2. Caledonia has paid and intends to continue to pay all of the costs for services and expenses incurred to file and prosecute an application seeking FCC approval to assign the station licenses from Family to Caledonia, including any appeals maintained by the Debtor before the FCC.

Article VII

CONTEMPLATED EMPLOYMENT OF INSIDERS

In the reorganized Debtor, Barbara James-Petersen, the present President and Chairman of the Board of Directors, is contemplated to be President and Vice Chairman of the Board.

G. Luz A. James, Esq., the present holder of all of the shares of common stock in the Debtor, will have no management role in the corporation. As reorganized, the debtor will have no assets.

Article VIII

REJECTION OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

All executory contracts not heretofore assumed are hereby rejected, except that the Time Brokerage Agreement and Asset Purchase Agreement will be assumed under the Plan. The Asset Purchase Agreement will be consummated and performed fully by both parties forthwith upon receipt of a final and non-appealable FCC order approving the assignment of the station licenses from Family to Caledonia. All unexpired leases not heretofore rejected are hereby rejected. Rejection claims must be filed within 30 days after confirmation.

Article IX

APPOINTMENT OF DISBURSING AGENT

Francisco Depousoir shall be appointed disbursing agent for any and all funds to be paid to holders of claims and interests pursuant to the Plan. No bond or other indemnification shall be required of the disbursing agent. The disbursing agent will have no other duties or obligations except the orderly, prompt and accurate distribution of the funds available to holders of claims and interests.

Article X

DISCHARGE

Upon confirmation, the Debtor will be discharged of all those debts and claims dischargeable under 11 U.S.C.A. § 1141 and will hold all property of the estate free and clear of all claims and interests, except as otherwise provided in the Plan.

Article XI

RETENTION OF JURISDICTION

This Court shall retain jurisdiction after confirmation of the Plan: (a) to consider (and reconsider if appropriate) claims and objections; (b) to fix expenses of administration and compensation; (c) to hear and determine any dispute arising under or relating to the Plan or arising under or relating to this Chapter 11 reorganization case; (d) to enforce all discharge provisions of the Plan; and (e) to make such orders and directions pursuant to 11 U.S.C.A. § 1127 and 1142 as may be necessary or appropriate.

Dated: December 21, 2005

FAMILY BROADCASTING, INC.

For Debtor, By Its President, Barbara James Peterson

As served

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ST. CROIX

IN RE:	)	
	)	
FAMILY BROADCASTING,	)	Case No. 1-05-00004
	)	(Chapter 11)
Debtor.	)	
	)	

NOTICE OF FILING CERTIFICATE OF SERVICE

PLEASE TAKE NOTICE THAT Certificate of Service of the First Amended Plan of Reorganization Filed by Family Broadcasting was filed on this date. A copy of the certificate of service is attached hereto.

DATED: 1/4/22/05

BELFON & EVERT

Ronald W. Belfon, Esquire
1217 Bjerge Gade
St. Thomas, VI 00802
(340) 774-2830
(340) 774-7101
rbelfon@belfon.vi

IN RE: FAMILY BROADCASTING, INC.

Bankruptcy No. 1-05-00004 - BM

Motion Number N/A

CERTIFICATION OF SERVICE

I, Ronald W. Belfon **of Belfon & Evert, 1217 Bjerge Gade St. Thomas, VI, 00802 certify:

That I am, and at all times hereinafter mentioned was more than 18 years of age;

That on the 22nd day of December, 2005, **I SERVED A COPY OF THE FIRST AMENDED PLAN OF REORGANIZATION FILED BY FAMILY BROADCASTING, INC. on:**

all parties and persons as their names appear on the Clerk's Office mailing matrix [all creditors and parties in interest], a copy of which is attached hereto,

by first-class postage prepaid.

I certify under penalty of perjury that the foregoing is true and correct.

EXECUTED ON 12/22/05
(Date)

(Signature)

** State Mailing Address

Barbara James-Petersen
P.O. Box 224469
Christiansted, VI 00822

Lauren A. Colby
P.O. Box 113
Frederick, MD 21705-0113

G. Luz & Asta James
P.O. Box 224469
St. Croix, VI 00822

Sesac, Inc.
55 Music Square East
Nashville, TN 37203-4362

Virgin Islands Telephone Corp.
P.O. Box 6100
St. Thomas, VI 00801

Tamera L. Keeman
Akin Gump Strauss Hauer & Feld LLP
1333 New Hampshire Avenue, N.W.
Washington, DC 20036

Guy Gebhardt, Esq.
Office of the U. S. Trustee
362 Richard Russell Building
75 Spring Street S. W.
Atlanta, GA 30303

on. Bernard Markovitz,
ankruptcy Judge
.S. Bankruptcy Court for
e Western District of Pennsylvania
uite 5454 USX Tower
0 Grant Street
ttsburgh, PA 15219

ASCAP
One Lincoln Plaza
New York, NY 10133-0043

Dept. of Property & Procurement
Gov't of the Virgin Islands
3274 Estate Richmond
Christiansted, VI 00820

Newton & Associates
P.O. Box 8510
Metarie, LA 70011-8510
Attn: Katie Robins

Richard Dollison, Esq.
Upper Level Drake's Passage
P.O. Box 6785
St. Thomas, VI 00804

James Shook, Esq.
Investigations/Hearing Division
Federal Communication Commission
455 12th Sreet, SW, Rm 3-B443, Enforcement
Washington, DC 20554

Wendy Tien
U.S. Department of Justice
1100 O L Street North West Rm 10060
Washington, DC 20005

Internal Revenue Service
Chief SPS
Mercantil Plaza Building
2 Ave Ponce de Leon Ave, Suite 914
San Juan, Puerto Rico 00818-1693

Maxwell McIntosh, Esq.
Kevin Rames, Esq.

BMI (Broadcast Music, Inc.)
10 Music Square East
Nashville, TN 37203-4399

Daniel A. Huber, Esq.
560 N Street, S.W.
Washington, D.C.

Radio Advertising Bureau, Inc.
1320 Greenway Dr. Ste. 500
Irvin, TX 75038-2510
Attn: Dennis Wingo

V.I. Water & Power Authority
P.O. Box 1009
Christiansted, VI 00821

Dennis Wingo
Radio Advertising Bureau
1320 Greenway Drive, Suite 500
Irving, TX 75038-2510

Office of Reorganization
Securities & Exchange Commission
Suite 100
3475 Lenox Road, N.E.
Atlanta, GA 30326-1232

Bureau of Internal Revenue
9601 Estate Thomas
St. Thomas V. I. 00802

LOCAL BANKRUPTCY FORM NO. 13

IN THE UNITED STATES BANKRUPTCY COURT
DISTRICT OF THE VIRGIN ISLANDS – ST. CROIX

In Re: **FAMILY BROADCASTING, INC.** : **CASE NO. 105-00004**

Debtors : **Judge Barnard L. Markovitz**

FIRST AMENDED DISCLOSURE STATEMENT TO ACCOMPANY PLAN DATED DECEMBER 21, 2005

Debtor furnishes this disclosure statement to creditors in the above-captioned matter pursuant to Bankruptcy Code ' 1125 to assist them in evaluating debtor's proposed Chapter 11 plan, a copy of which is attached hereto. Creditors may vote for or against the plan of reorganization. Creditors who wish to vote must complete their ballots and return them to the following address before the deadline noted in the order approving the disclosure statement and fixing time. The Court will schedule a hearing on the plan pursuant to 11 U.S.C. ' 1129.)

Address for return of ballots:

Ronald W. Belfon, Esquire
Belfon & Evert
1217 Bjerge Gade. K.Q.
St. Thomas, VI 00802

I. Background

1. Name of Debtor

Family Broadcasting, Inc.

2. Type of Debtor (individual, partnership, corporation)

Corporation

3. Debtor's Business or Employment: **Operation of WSTX(AM) and WSTX-FM radio stations**

Debtor operates the AM and FM stations, which have been on the air for fifty-five (55) years under the leadership of G. Luz A. James, Sr., a native Virgin Islander, who was president and remains a shareholder of the debtor. Debtor's FM station is the only one of eight FM stations broadcasting from St. Croix that is owned by native Virgin Islanders. It is the medium of choice for local information, news and music. Its programming format consists of cultural music exclusive of all other music.

4. Date of Chapter 11 Petition – **April 13, 2005**

5. Events that Caused the Filing:

The bankruptcy filing was caused by the threat of imminent revocation of the radio station licenses by the Administrative Law Judge assigned by the Federal Communication Commission ("FCC"). Due to certain legal and regulatory deficiencies of the debtor while it was under the control and management of G. Luz A. James, Sr., the FCC initiated revocation proceedings against Family Broadcasting, Inc. ("Family") due to certain deficiencies in Family's operation of the stations. Under the FCC's *Second Thursday* doctrine, a debtor is permitted, even if there is a pending license revocation proceeding against the debtor, to assign its FCC broadcast licenses to an assignee that is qualified to hold such broadcast licenses, as long as the debtor receives no benefit from the sale and any funds generated from the sale are used to pay the innocent creditors. Consistent with the proposed bankruptcy plan, Family intends to sell and assign its radio station licenses to Caledonia Communications Corporation ("CCC") under the *Second Thursday* doctrine upon obtaining FCC approval for such assignment.

6. Anticipated Future of the Company & Source of this Information and Opinion

Family has entered into two agreements with CCC: (i) a Time Brokerage Agreement pursuant to which Family allows CCC to program the stations; and (ii) an Asset Purchase Agreement pursuant to which Family agrees to sell the stations, including the station's FCC licenses, to CCC, and the parties agree to cooperate to obtain FCC approval for such assignment. With the knowledge of the FCC, Caledonia has moved the stations' main studio under the Time Brokerage Agreement from Family's prior highly distressed facilities to a state of the art facility operated by CCC. CCC continues to operate the stations from this facility. Further, it is unknown when the administrative process attendant to the FCC's review of the proposed assignment of the station licenses from CCC to Family will be completed. However, as stated above, if, within one year from the confirmation of the Plan, the FCC approves the assignment, such approval becomes final and non-appealable, and an additional 30 days passes to enable the CCC and Family to consummate the assignment of the stations to CCC, then all of the creditors of Family will be paid in accordance with the doctrine first enunciated in the matter *Second Thursday Corp.*, 22 FCC 2d 515, recon. granted, 25 FCC 2d 112 (1970). Payments made pursuant to the Plan prior to FCC approval of the assignment shall be made from seventy-five percent (75%) of the net proceeds, if any, from operation of the stations. If, on the other hand, these conditions do not occur within one year from the confirmation of the Plan, then Family will permit the revocation of the station licenses by the FCC to become final and non-appealable and there will be no funds available for distribution to the creditors.

If creditors vote in favor of this Plan, the assignment of the debtor's licenses to CCC will be authorized by this court, subject to the approval of the FCC. If creditors vote against the Plan, the assignment of the licenses will not be authorized by this court.

7. Summarize all Significant Features of the Plan Including When and How Each Class of Creditor Will Be Paid and What, If Any, Liens Will Be Retained By Secured Creditors or Granted to Any Creditor Under the Plan.

There are no liens or secured creditors. On the thirtieth (30th) day after confirmation, administrative claimants will be paid in full. On the thirtieth (30th) day of each of the first eleven months of the Plan, the creditors who hold allowed priority claims will be paid *pro rata* seventy-five percent (75%) of the entire net proceeds from the operation of both stations. Unsecured creditors Such creditors will be paid in full any remaining balance of their allowed claims on the earlier of (i) the thirtieth (30th) day of the twelfth (12th) month after confirmation of the Plan or (ii) thirty (30) days after grant of Federal Communication Commission ("FCC") approval of the assignment of licenses for WSTX(AM) and WSTX-FM from Family to Caledonia Communication Corporation ("Caledonia") becomes final and non-appealable. If the FCC does not approve the transfer of the license from the debtor to CCC, the station licenses will be revoked, the case will be converted to Chapter 7 and liquidation of limited assets or no assets will result. CCC has the financial capability to consummate the sale of the licenses, once approved by the FCC.

8. Are All Monthly Operating Statements Current and on File With The Clerk of Court?

   Yes __X___ No _____

   If Not, Explain:

   Not applicable.

9. Does the plan provided for releases of nondebtor parties? Specify which parties and terms of release.

   Not applicable.

10. Identify all executory contracts that are to be assumed or assumed and assigned.

    Asset Purchase Agreement dated April 13, 2005 by and between Family Broadcasting, Inc. and Caledonia Communication Corporation. If creditors vote in favor of this Plan, the Asset Purchase Agreement will be assumed by the court order which confirms the Plan and therefore the assignment of the debtor's licenses to CCC will be authorized by this court, subject to the approval of the FCC. If creditors vote against the Plan or vote to reject the Plan, the Asset Purchase Agreement will be rejected and therefore the assignment and transfer of the licenses will not be authorized by this court.

    The Time Brokerage Agreement, dated April 12, 2005 by and between Family Broadcasting, Inc. and Caledonia Communication Corporation. Under the Time Brokerage Agreement, CCC currently operates the stations on behalf of Family from CCC's facilities and thereby generates revenue from the station licenses that can be used to pay creditors during the pendency of FCC consideration of an assignment application to assign the stations from Family to CCC.

11. Has a bar date been set? **August 11, 2005 [docket #34]**

    (If not, a motion to set the bar date has been filed simultaneously with the filing of this disclosure statement.)

12. Has an election under 11 U.S.C. ' 1121(e) has been filed with the Court to be treated as a small business?

Yes _____ No __X__

13. Specify property that will be transferred subject to 11 U.S.C. ' 1146(c).

There will be no issuance, transfer, or exchange of a security, or the making or delivery of an instrument of transfer in connection with the implementation of the Plan. Only assets will be transferred, subject to confirmation of the Plan and subject to approval of the FCC.

II. Creditors:

A. Secured Claims: **There are no secured claims**

B. Priority Claims

PRIORITY CLAIMS

Creditor	Total	Type of Collateral	(D)(L)(U)
U.S. Internal Revenue Service	**$127,115.00**	**Corporate Assets**	**L, U**
V.I. Bureau of Internal Revenue	**$ 44,196.62**	**Corporate Assets**	**L, U**
TOTAL	**$171,311.62**		

• Disputed (D), Liquidated (L), or Unliquidated (U)

C. Unsecured Claims

1. Amount Debtor Scheduled (Disputed and Undisputed) **$ 264,018.86**
2. Amount of Unscheduled Unsecured Claims[1] **$ 30, 639.02**
3. Total Claims Scheduled or Filed **$ 312,807.88**
4. Amount Debtor Disputes **$ 223,725.64**
5. Estimated Allowable Unsecured Claims **$ 89,082.24**

[1] Includes a.) unsecured claims filed by unscheduled creditors; b.) that portion of any unsecured claim filed by a scheduled creditor that exceeds the amount debtor scheduled; and c.) any unsecured portion of any secured debt not previously scheduled.

D. Classes of Interest Holders: There is only one class of interest holders

1. Equity Security Holders; Stock in debtor is owned 100% by G. Luz A. James and Asta James.

E. **NO CLASS OF CREDITORS WILL BE IMPAIRED**

III. Assets

ASSETS

Assets	Value	Basis for Value Priority of Lien	Name of Lien Holder (if any) (Fair Market Value/Book Value)	Amount of Debtor's Equity (Value Minus Liens)
FCC Licenses for WSTX - AM & WSTX-FM radio stations	**The value of the FCC Licenses is the equivalent of the value all of the approved Creditor's Claims Under a Chapter 11 Plan.**	**The Asset Purchase Agreement establishes the value of the FCC Licenses.**	**None. There are no lienholders**	**Debtor has no equity in the FCC Licenses in excess of the value of all of the approved Creditor's Claims Under the Chapter 11 Plan**
	$ TOTAL			**$** TOTAL

1. Are any assets which appear on Schedule A or B of the bankruptcy petition not listed above?

   Yes

   If so, identify asset and explain why asset is not in estate:

   There is old and unusable electronic equipment formerly used for the broadcasting of the signal for WSTX(AM). This equipment has been placed in protective storage, but has no market or scrap value. It is expected that the purchaser of the debtor's other assets or a chapter 7 Trustee will abandon these items.

2. Are any assets listed above claimed as exempt? If so attach a copy of Schedule C and any amendments.

No

IV. SUMMARY OF PLAN

1. Effective Date of Plan: **December 19, 2005, as amended**

2. Will cramdown be sought? ___ Yes _X_ No
If Yes. state bar date: ____________________

3. Treatment of Secured Tax Claims:

SECURED TAX CLAIMS

Name of Creditor	Class	Amount Owed	Summary of Proposed Treatment
NONE			
TOTAL			

Treatment of Administrative **Non-Tax** Claims

ADMINISTRATIVE NON-TAX CLAIMS

Name of Creditor *	Amount Owed	Type of Debt	Summary of Proposed Treatment and Date of First Payment
Ronald W. Belfon, Esq.	$7,500.00 (estimated)	Legal professional	**Both administrative claims will be paid in full on the thirtieth (30th day after confirmation.**
Francisco Depousoir	$7,500.00 (estimated)	Accounting Professional	**Same. See above treatment of administrative claim**

8. Treatment of Priority Tax Claims

[2]Include all ' 503(b) administrative claims.

[3]Include dates when any ' 507(a)(7) taxes were assessed.

PRIORITY TAX CLAIMS

Name of Creditor	Class	Amount Owed	Date of Assessment	Summary of Proposed Treatment
U.S. Internal Revenue Service	**Priority**	**$127, 115.42**	**All allowed unsecured claims of governmental units described in 11 USC 507(a)(8) will be paid within six years after the date of assessment an amount equal to the allowed amount of each such claim.**	**From net operating proceeds available after completion of payments to administrative payments, priority claimants will be paid *pro rata* based upon 75% of net income, beginning the first month after confirmation; said claimants will be paid in full on the earliest of the end of the twelfth month after confirmation or 30 days after FCC approval of assignment of licenses becomes final.**
V.I. Bureau of Internal Revenue.	**Priority**	**$44,196.62**		**same treatment as stated above**
TOTAL		**$171,312.04**		

9. Treatment of Unsecured Claims

UNSECURED CLAIMS

Creditor	Total Amount Owed	Percent of Dividend
Stryker, Dunsening, Casner & Dollison	**$30,971.53**	
Broadcast Music International, Inc.	**33,169.80.**	
Radio Advertising Bureau	**1,749.00**	
V.I. Department of Licensing and Consumer Affairs	**18,150.00**	
U.S. Internal Revenue Service	**$3,428.85**	
TOTAL	**$ 87,469.18**	

10. Will periodic payments be made to unsecured creditors?

Yes _X_ No _____ First payment to begin :Upon Approval of the Plan _X_

If so:

Amount of each payment (aggregate to all unsecured claimants): Pro Rata from 75% of net proceeds

Estimated date of first payment:	February 22, 2006
Time period between payments:	Monthly
Estimated date of last payment:	July 31, 2006
Contingencies, if any:	FCC Approval of the Transfer of the Licenses: WSTX(AM) and WSTX(FM)

State source of funds for planned payments, including funds necessary for capital replacement, repairs, or improvements:

Proceeds from the net operating funds will be used to pay the periodic payments pending closing of sale to CCC. Payment of all creditors in full will be made from the proceeds of the Asset Purchase

Agreement following creditors' acceptance of the Plan and the assumption of the Asset Purchase Agreement dated April 13, 2005.

Other significant features of the plan:

All creditors will be paid in full. No class of creditors will be impaired.

Interest holders will receive no compensation upon confirmation of the Plan. This is consistent with the *Second Thursday* doctrine.

Include any other information necessary to explain this plan:

Consummation of the Plan will follow: (i) confirmation of the Plan (ii) assumption of the Asset Purchase Agreement and Time Brokerage Agreeement; (iii) to the passage of 30 days following final and non-appealable FCC approval of the assignment of the licenses to CCC. If creditors vote in favor of this Plan, the assignment of the debtor's licenses to CCC will be authorized by this court, subject to the approval of the FCC. If creditors vote against the Plan, the assignment of the licenses will not be authorized by this court and the case will be converted to Chapter 7 where it is contemplated that no assets will be available for liquidation and payment to creditors.

V. Comparison of Plan with Chapter 7 Liquidation

If debtor's proposed plan is not confirmed, the potential alternatives would include dismissal of the case or conversion of the case to Chapter 7. If this case is converted to Chapter 7, a trustee will be appointed to liquidate the debtor's assets. The likelihood is that a trustee would abandon the scheduled assets and creditors would receive nothing. If the plan is confirmed and consummated, creditors will be paid in full.

Total value of Chapter 7 estate	**$ 0.00**
1. Less secured claims	$ 0.00
2. Less administrative expenses	$ 0.00
3. Less priority claims	$ 0.00
Total Amount Available for Distribution to Unsecured Creditors	$ 0.00
Divided by total allowable unsecured claims of (See Section II C)	$ 87,469.18
Percentage of Dividend to Unsecured Creditors:	Zero $$

Will the creditors fare better under the plan than they would in a Chapter 7 liquidation?

Yes __X__ No _____

Explain:
Absolutely. There will be no payment to the creditors under a Chapter 7 liquidation.

VI. Feasibility

A. Attach Income Statement for Prior 12 Months.

B. Attach Cash Flow Statement for Prior 12 Months.

C. Attach Cash Flow Projections for Next 12 Months.

Estimated amount to be paid on effective date of plan, including administrative expenses.

$ 15,000.00

Show how this amount was calculated.

Administrative Class – Total claims is $15,000.00

What assumptions are made to justify the increase in cash available for the funding of the plan?

CCC will pay administrative claimants on the effective date of the Plan. Additionally, CCC will pay all of Family's creditors in full thirty days from the final, non-appealable FCC approval of the assignment of the licenses to Caledonia pursuant to the Asset Purchase Agreement.

Will funds be available in the full amount for administrative expenses on the effective date of the plan? Yes. **From what source?** Caledonia Communications Corp.

The U.S. Trustee's fees and administrative claimants will be paid in full. Next, the priority creditors will be paid in full: *pro rata* for the first 12 months of the plan and the balance in full thirty days after the final, non-appealable approval of sale of the FCC licenses to Caledonia pursuant to the Asset Purchase Agreement.

Cash on hand $ zero **(Current)** Attach current bank statement

Cash on hand $ zero **(Estimated amount available on date of confirmation).** Debtor relies upon an infusion from Caledonia Communications Corp.

If this amount is less than the amount necessary at confirmation, how will debtor make up the shortfall?

Equity infusion from Caledonia Communication Corporation

VII. Management Salaries

MANAGEMENT SALARIES

Position/Name of Person Holding Position	Salary at Time of Filing	Proposed Salary (Post-Confirmation)
NONE	**The principals of CCC are not taking a salary for the programming of the stations under the Time Brokerage Agreement. The principals of Family are not taking a salary.**	

VIII. Identify the Effect on Plan Payments and Specify Each of the Following:

1. What, if any, Litigation is Pending?

NONE

2. What, if any, Litigation is Proposed or Contemplated?

NONE

IX. Additional Information and Comments

A. All allowed unsecured claims of governmental units described in 11 USC § 507(a)(8) will be paid within six years after the date of assessment an amount equal to the allowed amount of each such claim.

B. There are no conditions to confirmation of the Plan. As a condition to consummation of the Plan, 30 days must pass after the FCC's approval of the assignment of the broadcast licenses to CCC becomes final and non-appealable.

C. The risk posed to creditors is minimal to non-existent. The only hope for creditors to receive any payment on account of their claims is if the Plan is consummated. Absent confirmation and consummation, this debtor will be converted to Chapter 7 and its assets, all of nominal value, most likely will be abandoned by the Chapter 7 Trustee.

D. The confirmation of the Plan will result in the discharge of the debtor under 11 USC § 1141(d)(A)(1). The scope of such discharge is plenary and the impact is of no consequence to creditors since all creditors will receive the full allowed amount of their claims and none will be impaired.

IX. Certification

The undersigned hereby certifies that the information herein is true and correct to the best of my knowledge and belief formed after reasonable inquiry.

FAMILY BROADCASTING, INC.

For Barbara James-Petersen, Its President

1994

HISTORIC SUMMARY

	MONTH ONE	MONTH TWO	MONTH THREE	MONTH FOUR	MONTH FIVE	MONTH SIX	MONTH SEVEN	MONTH EIGHT	MONTH NINE	MONTH TEN	MONTH ELEVEN	MONTH TWELVE
1. TOTAL CASH FLOW FROM OPERATIONS	$10,000	$12,000	$14,000	$9,000	$15,000	$18,000	$14,000	$22,000	$35,000	$30,000	$38,000	$36,000
2.LESS TOTAL ISBURSEMENTS EXCLUDING PAYMENTS TO CREDITORS IN A	$10,000	$14,000	$12,000	$10,000	$12,000	$15,000	$12,500	$16,000	$30,000	$23,000	$30,000	$30,000
3. TOTAL NET CASH FLOW:	0	(2,000)	2,000	(1,000)	3,000	3,000	1,500	6,000	5,000	7,000	8,000	6,000

DEFINITIONS

TOTAL CASH FLOW FROM OPERATIONS: THE TOTAL AMOUNT OF FUNDS COLLECTED IN A SPECIFIC PERIOD FROM CASH SALES, COLLECTION OF ACCOUNTS RECEIVABLE, AND OTHER INCOME, EXCLUDING LOANS PROCEEDS, CASH CONTRIBUTIONS FROM INSIDERS, AND SALES TAXES COLLECTED.

TOTAL DISBURSEMENTS EXCLUDING PAYMENTS TO CREDITORS IN A PLAN: THE TOTAL DISBURSEMENTS IN A SPECIFIC PERIOD FOR PRODUCTION COSTS, GENERAL AND ADMINISTRATIVE COSTS, EXCLUDING PAYMENTS TO CREDITORS TO BE PAID UNDER THE TERMS OF

1994

PROJECTED SUMMARY

POST PETITION PERIODS	MONTH ONE	MONTH TWO	MONTH THREE	MONTH FOUR	MONTH FIVE	MONTH SIX	MONTH SEVEN	MONTH EIGHT	MONTH NINE	MONTH TEN	MONTH ELEVEN	MONTH TWELVE
4 TOTAL PROJECTED CASH FLOW FROM OPERATIONS:	$38,000	$40,000	$41,000	$43,000	$45,000	$45,000	$46,000	$47,000	$48,000	$48,000	$48,000	$50,000
5 LESS TOTAL PROJECTED DISBURSEMENTS EXCLUDING PMTS TO CREDITORS IN A PLAN:	$30,000	$32,000	$32,000	$32,000	$33,000	$33,000	$35,000	$35,000	$38,000	$38,000	$38,000	$39,000
6 ANTICIPATED CASH FLOW AVAILABLE FOR PLAN:	8,000	8,000	9,000	11,000	12,000	12,000	11,000	12,000	10,000	10,000	10,000	11,000

DEFINITIONS	
TOTAL PROJECTED CASH FLOW FROM OPERATIONS:	TOTAL AMOUNT OF PROJECTED FUNDS COLLECTED IN A SPECIFIC PERIOD FROM CASH SALES, COLLECTION OF ACCTS RECEIVABLE, AND OTHER INCOME, EXCLUDING LOAN PROCEEDS, CASH CONTRIBUTIONS FROM INSIDERS, AND SALES TAXES COLLECTED.
TOTAL DISBURSEMENTS EXCLUDING PAYMENTS TO CREDITORS IN A PLAN	TOTAL PROJECTED DISBURSEMENTS IN A SPECIFIC PERIOD FOR PRODUCTION COSTS, GENERAL AND ADMINISTRATIVE COSTS, EXCLUDING PAYMENTS TO CREDITORS TO BE PAID UNDER THE TERMS OF THE PROPOSED PLAN.

1994

PLAN FEASIBILITY

POST PETITION PERIODS	MONTH ONE	MONTH TWO	MONTH THREE	MONTH FOUR	MONTH FIVE	MONTH SIX	MONTH SEVEN	MONTH EIGHT	MONTH NINE	MONTH TEN	MONTH ELEVEN	MONTH TWELVE
ANTICIPATED RECEIPTS AVAILABLE FOR PLAN: (SEE LINE 6, ABOVE)	$8,000	$8,000	$9,000	$11,000	$12,000	$12,000	$11,000	$12,000	$10,000	$10,000	$10,000	$11,000
LESS PROPOSED PLAN PAYMENTS: (SEE SECTION IV)	$5,000	$5,000	$5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,500	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000
OVERAGE/(SHORTAGE)OF CASH FLOW AVAILABLE TO FUND PLAN:	3,000	3,000	4,000	6,000	7,000	7,000	5,500	7,000	5,000	5,000	5,000	6,000

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ST. CROIX

IN RE:	)	
	)	
FAMILY BROADCASTING,	)	Case No. 1-05-00004
	)	(Chapter 11)
Debtor.	)	
	)	

NOTICE OF FILING CERTIFICATE OF SERVICE

PLEASE TAKE NOTICE THAT Certificate of Service of the First Amended Disclosure Statement to Accompany Plan Dated December 21, 2005 was filed on this date. A copy of the certificate of service is attached hereto.

DATED: 12/22/05

BELFON & EVERT

Ronald W. Belfon, Esquire
1217 Bjerge Gade
St. Thomas, VI 00802
(340) 774-2830
(340) 774-7101
rbelfon@belfon.vi

IN RE: FAMILY BROADCASTING, INC.

Bankruptcy No. 1-05-00004 - BM

Motion Number N/A

CERTIFICATION OF SERVICE

I, Ronald W. Belfon **of Belfon & Evert, 1217 Bjerge Gade St. Thomas, VI, 00802 certify:

That I am, and at all times hereinafter mentioned was more than 18 years of age;

That on the 22nd day of December, 2005, **I SERVED A COPY OF THE FIRST AMENDED DISCLOSURE STATEMENT TO ACCOMPANY PLAN DATED DECEMBER 21, 2005 on:**

all parties and persons as their names appear on the Clerk's Office mailing matrix [all creditors and parties in interest], a copy of which is attached hereto,

by first-class postage prepaid.

I certify under penalty of perjury that the foregoing is true and correct.

EXECUTED ON 12/22/05 (Date)

(Signature)

** State Mailing Address

Barbara James-Petersen
P.O. Box 224469
Christiansted, VI 00822

Lauren A. Colby
P.O. Box 113
Frederick, MD 21705-0113

G. Luz & Asta James
P.O. Box 224469
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