

# AMERICAN FAMILY ASSOCIATION

*Office of General Counsel*

**PATRICK J. VAUGHN**

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July 31, 2008

Ms. Marlene H. Dortch, Secretary  
Office of the Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

Ref: Relationship Between Salt and Light Communications, Inc. and  
American Family Association, Inc. (AFA)

Dear Secretary Dortch:

On September 8, 1999, I met with Audio Division Chief Linda Blair to seek guidance regarding how to report the relationship of AFA to Abundant Life Broadcasting, Inc., Bright Light Broadcasting, Inc., Educational Opportunity, Inc., Optimum Impact, Inc., Salt & Light Communications, Inc., Solid Rock, Inc., and Southpoint Educational Radio, Inc.

None of these entities share common officers or directors with one another or with AFA. However, the officers and directors of the entities are AFA supporters and most of them are AFA employees. As we explained, the entities were a response to parties such as Broadcasting For the Challenged who followed AFA for over a year, filing a mutually exclusive application on every AFA application. We met with the Commission and made full disclosure of these relationships to ensure that AFA would in no way be misleading the FCC. AFA's disclosure of these relationships was alluded to at ¶ 79 of the *Report and Order* announcing the new attribution standards. FCC 00-120 (April 4, 2000) ("We are already receiving applications for NCE stations, disclosing that, pursuant to an agreement between the applicant and an existing broadcast licensee, the existing licensee will finance construction of the new station in exchange for a commitment to air a majority of that licensee's programming.").

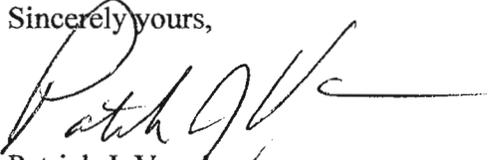
The various entities filed applications with full intention of building and operating the proposed stations unless, after full disclosure, the Commission granted approval for assignment of the construction permit to AFA. The entities are legally free to build and operate the stations themselves. However, their financial ability to build and operate the stations is based on a line of credit provided to each by AFA. Under the terms of the line of credit, if the entity uses AFA financing to build a station, it will be obligated to air at least 60% AFA network programming. The entities are legally free to assign a construction permit to someone other than AFA or to obtain an outside source of financing, build the station and play any programming it chooses.

Chief Blair advised that the new attribution standards that were being developed would

squarely address these relationships. Based on our conversation with Chief Blair, AFA immediately added the broadcast interests of the various entities to all its reports to the Commission of other broadcast interests. The entities likewise have listed disclosed AFA's broadcast interests in each of their filings.

Neither AFA and the entities did not file competing applications against one another. They did not file any applications acting in concert, which AFA could not have legitimately filed in its own name.

Sincerely yours,



Patrick J. Vaughn  
General Counsel  
American Family Association, Inc.

cc: Taft Snowden (by email)

## FINANCING COMMITMENT

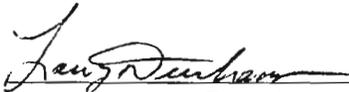
This Agreement is made between American Family Association, Inc. (AFA) and Salt and Light Communications, Inc. (Salt) as of June 1, 1998.

AFA agrees to lend Salt up to \$500,000.00 to cover reasonable and prudent expenses to apply for, construct and operate various noncommercial educational radio stations. Parties acknowledge that this amount will not be funded in a lump sum, but rather as FCC construction permits are granted and construction costs are incurred.

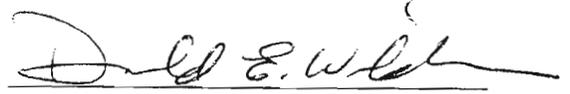
Salt agrees that any station it acquires through the use of funds advanced by AFA will broadcast AFA's programming.

Salt agrees that in the event it elects to carry less than sixty percent of the daytime programming offered by AFA, Salt will offer AFA the right to purchase the station for an amount equal to Salt's actual cost to obtain the license and construct the station.

**Salt and Light Communications, Inc.**

  
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Larry Durham, President

**American Family Association, Inc.**

  
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Donald E. Wildmon, President