

# NEWS

Federal Communications Commission  
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Report No. 15484

ACTION IN DOCKET CASE

January 24, 1980-BC

FCC DENIES RKO GENERAL RENEWAL OF LICENSE FOR WNAC-TV, CHANNEL 7, BOSTON  
(DOCKETS 18759-61)

The Commission today found RKO General, Inc. unqualified to remain the licensee of WNAC-TV, Boston, Mass., and denied its application for renewal of Channel 7.

The Commission also decided that its decision disqualified RKO from retaining its television licenses in New York for WOR-TV and in Los Angeles for KHJ-TV. Those cases had been conditioned on the outcome of the Boston case, and all parties there participated in the Boston proceeding.

Under FCC rules a television station licensee must be found qualified to hold a license before a transfer or assignment may be granted. In finding RKO not qualified, the FCC therefore was required to deny the application for assignment of the WNAC-TV license to New England Television Corporation.

The FCC's action was based on a record developed by hearing as well as a special report that RKO had prepared in response to a complaint by the Securities and Exchange Commission (SEC), and a consent decree entered in U.S. District Court. That special report was prepared under the supervision of directors of General Tire and Rubber Co., the parent corporation of RKO, and was submitted to the Commission by RKO for admission into the Boston record.

The FCC concluded that the nature and scope of misconduct by RKO and its parent corporation, General Tire, was so extensive and serious and so unlike any other situation it previously faced that the FCC could not be assured that RKO could be trusted in the future to operate WNAC-TV in a manner consistent with FCC standards.

(over)

The FCC found a close relationship between General Tire and RKO in assessing the record of misconduct. The same person is chairman of the board of directors of both corporations. The two corporations also acted together in improper activities.

Of particular concern was a trade relations program involving reciprocal dealings. The FCC found that General Tire and RKO tried to pressure companies into placing advertising with RKO stations as a condition of doing business with General Tire. The Department of Justice filed a civil complaint against General Tire and RKO in 1967 and in 1970 General Tire and RKO entered into a consent decree to settle the lawsuit. Although the consent decree required the termination of the trade relations program, the FCC decision was based on the nature of the misconduct and its reflection on the close relationship between General Tire and RKO.

The special report disclosed that General Tire had engaged in other serious improper activities, including improper domestic political contributions, improper overseas payments and defrauding of affiliate companies.

Both the structure of the General Tire corporation and past practices between it and RKO, such as reciprocal dealings, demonstrated that RKO was closely tied to its parent and that it was effectively controlled by General Tire and hence General Tire's wrongdoing had a direct bearing on RKO's qualifications.

Further, the FCC found that RKO had knowingly filed financial reports (FCC Form 324) with the FCC which contained information regarding trade and barter transactions, which information RKO knew to be inaccurate, and that RKO intentionally concealed from the Commission the inaccuracies in the reports. The Commission also found that RKO failed to notify the FCC promptly about a formal SEC investigation into the alleged improprieties of its parent corporation and that RKO filed pleadings with the FCC designed to mislead the FCC. These additional activities were even more serious, the FCC noted, because they were part of an attempt by General Tire and RKO to prevent the Commission from gaining full knowledge of the illegal activities undertaken by General Tire at a time when the FCC was actively considering the renewal of RKO's license.

In addition to Los Angeles and New York television stations, RKO's other broadcast holdings could be affected by the FCC's action in the Boston case. The FCC decided that it would request further pleadings from RKO, and other interested parties, as to the impact of the Boston decision on RKO's other radio and television stations.

Action by the Commission January 24, 1980. Commissioners Ferris (Chairman), Fogarty, Brown and Jones, with Commissioners Lee, Quello and Washburn dissenting. Commissioners Quello, Washburn and Jones will be issuing statements.

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This is an unofficial announcement of the Commission's action. Release of the full text of the Commission's order constitutes official action. See MCI v. FCC, 515 F. 2d 385 (D.C. Circ. 1975).

January 24, 1980

DISSENTING COMMENT BY COMMISSIONER ABBOTT WASHBURN

RE: RKO General, Inc. (WNAC-TV)

In an unprecedented and extreme action the majority (4-3) today voted to find RKO General, a pioneer in the broadcasting industry and owner of 16 broadcast stations, unqualified to be a licensee -- largely because of the non-broadcasting misdeeds of its parent corporation, General Tire.

This is an unfortunate result. It derails a very good solution to the contested ownership of WNAC-TV (Channel 7) in Boston, where agreement had been reached for a fine group of citizens, New England Television, to take over the station and upgrade its programming. Sadly, too, this action of the Commission does little but assure many more years of litigation in a proceeding that has already dragged on for 11 years.

Dissenting Statement of  
FCC Commissioner James H. Quello

In re: RKO General, Inc. (WNAC-TV), Boston, Massachusetts,  
Comparative Renewal Proceeding (Docket Nos. 18759-61)

I believe the Commission is indulging in gross bureaucratic overkill in denying the license renewal for WNAC-TV. This type of charge and record couldn't possibly warrant even an indictment let alone conviction in a criminal proceeding. Yet the potential fine could be over \$600,000,000.

The record does not warrant such harsh, criminal-like punishment.

The sole judicial decision rendered in the eleven year proceeding was by the FCC Administrative Law Judge who found the licensee qualified. The Administrative Law Judge wisely rejected adding issues to already embarrassingly long and damaging litigation. There was no judicial finding of guilt or violation in either the Justice Dept. or SEC proceedings.

The Justice Dept. allegations were settled by a consent decree; the SEC action by a settlement.

None of the allegations against the parent company, General Tire, impacted the broadcast subsidiary or affected broadcast service. RKO stations have a long history of renewal in the public interest. They are broadcast pioneers with over 25 years of meritorious broadcast service to the public.

I believe the license renewal of WNAC-TV was legally correct and morally mandated. The reversal of the Administrative Law Judge's decision by this Commission based on unproven charges and unsupported staff conclusions represents the type of bureaucratic oppression that is causing a public outcry for reform.