

FEDERAL COMMUNICATIONS COMMISSION

WASHINGTON, D.C. 20554

OFFICE OF COMMISSIONER
JAMES H. QUELLO

January 28, 1976

Honorable John O. Pastore
United States Senate
Washington, D. C. 20510

Dear Senator Pastore:

I wish to correct for the record the inaccurate statements and questionable inferences made by Mr. Nicholas Johnson in his testimony before your Committee on January 21, 1976.

First, Mr. Johnson implied that I had improperly participated in an FCC vote to withhold conglomerate study data from public scrutiny. Secondly, he stated that I was receiving benefit compensation while on the Commission from my former employer, Capital Cities Communications. The implications and statements are incorrect.

On page 10 of the transcript, Mr. Johnson implied that my participation in the vote to withhold certain documents from a Freedom of Information request was somehow unethical since information regarding Capital Cities was included in those documents. I want to state for the record that I was unaware that any data from Capital Cities appeared in the conglomerate study. The study was initiated in 1969, five years before I joined the Commission. I had never seen it. I had a relatively minor role in the 1968 transaction appearing in the study and the transaction complied with FCC rules and regulations. Then, too, my vote, like all other Commissioners, was based solely on maintaining good faith of those who provided us confidential information. I was informed the Commission had given assurances that the material requested would be treated in a confidential manner. I joined in the unanimous vote to withhold documents in the sincere belief that the Commission was ethically committed to confidentiality. In fact, I had initially advocated prompt release of documents for public scrutiny and so stated in the Commission meeting. I changed my mind when the "breach of faith" question was called to my attention. I had nothing to gain or lose by my decision and I believe I acted responsibly and ethically.

Also, Mr. Johnson is misinformed or misinterpreted the record regarding his allegations on page 10---that I continue to benefit from a financial arrangement with Capital Cities.

I do not receive compensation in any form from Capital Cities or any other licensee of the Commission. I stated in the 1974 confirmation hearing record that I would promptly sell all communications-related stocks upon confirmation and I did. I also terminated both my retirement arrangement and my Capital Cities profit sharing fund by taking a lump sum payment. The only remaining fund is a static pension fund established by the Goodwill Stations, Inc. which is not affected by the profitability or operations of Capital Cities. The Goodwill Stations ceased operations in 1964 when they were acquired by Capital Cities. Retention of this fund was cleared prior to my confirmation with the General Counsel of the FCC, a legal counsel for the Justice Department and the legal counsel for the Communications Subcommittee. Checks from this static pension fund are received annually from the trustee, National Bank of Detroit, not from Capital Cities.

Retention of a list of non-communications related stocks was also approved at time of confirmation. I wish to state for the record that should a company in which I hold stock suddenly or surprisingly become a party to any Commission deliberation, I will abstain from voting and promptly sell the stock.

I regret that Mr. Johnson has again cluttered the record with inaccurate information and innuendo under the guise of protecting public interest. I believe public interest would be better served by a more responsible, reasoned approach.

In the interest of fairness and accuracy, I would appreciate having this letter included in the hearing record of January 21, 1976.

Sincerely,

James A. Quello
James H. Quello