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**RECEIPT**

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May 11, 2004

VIA MESSENGER

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

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MAY 11 2004

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

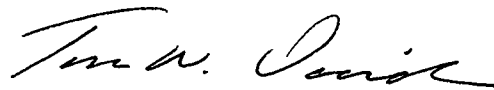
Re: Request for Issuance of Order to Show Cause Why Licenses and Construction  
Permit Should Not be Revoked

Dear Ms. Dortch:

Attached please find an original and four copies of a Request for Issuance of Order to Show Cause Why Licenses and Permits Should Not be Revoked that is being filed by KGO-AM Radio, Inc., KABC-AM Radio, Inc., and Owens One Company, Inc. with respect to KCHC(FM), Willows, California, KJDJ(AM), San Luis Obispo, California, and KURS(AM), San Diego, California.

Please direct any inquiries to the undersigned.

Sincerely,



Tom W. Davidson, Esq.  
Natalie G. Roisman, Esq.

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In re Original Construction Permit of  
PACIFIC SPANISH NETWORK, INC.

For KCHC(FM), Willows, California  
Facility ID 83886;

License of

PADRE SERRA COMMUNICATIONS, INC.

For KJDJ(AM), San Luis Obispo, California  
Facility ID 29795; and

License of

QUETZAL BILINGUAL  
COMMUNICATIONS, INC.

For KURS(AM), San Diego, California  
Facility ID 54257

To: Media Bureau

FCC File No. \_\_\_\_\_

**REQUEST FOR ISSUANCE OF ORDER TO SHOW CAUSE WHY LICENSES AND  
CONSTRUCTION PERMIT SHOULD NOT BE REVOKED**

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May 11, 2004

## EXECUTIVE SUMMARY

KGO-AM Radio, Inc., KABC-AM Radio, Inc., and Owens One Company, Inc. (collectively, “Petitioners”) hereby respectfully request the Media Bureau (“Bureau”) of the Federal Communications Commission (“Commission”) to issue an order to show cause, pursuant to Section 312(c) of the Communications Act of 1934, as amended (the “Act”), 47 U.S.C. § 312(c), why the licenses and construction permit (collectively, the “Licenses”) controlled by Jaime Bonilla Valdez should not be revoked.

Mr. Bonilla is the 100% owner of Pacific Spanish Network, Inc. (“PSN”), which was granted a Section 325(c) Permit (“325(c) Permit”) to provide programming to three AM broadcast stations in Mexico (the “Mexican Stations”). The Mexican Stations, which have not been coordinated as required under the applicable U.S.-Mexico treaty, are causing interference to an estimated 50 million U.S. listeners who should be receiving interference-free service. More than 23 million of these listeners are located within the protected contours of the Petitioners’ stations. In the pending Enforcement Bureau proceeding regarding the 325(c) Permit, it has become patently clear that Mr. Bonilla, though PSN, has provided programming to the Mexican Stations in clear violation of the express terms and conditions of PSN’s 325(c) Permit.

It also has become apparent that Mr. Bonilla, through PSN, is the financier and driving force behind the Mexican Stations’ uncoordinated and interfering new facilities authorized by the Mexican government. Mr. Bonilla (i) financed the upgrades to the Mexican Stations’ facilities, (ii) has an oral time brokerage arrangement entitling PSN to program the Mexican Stations and retain all of their advertising revenues, (iii) is charged with procuring programming for the Mexican Stations in his role as General Director of the company that manages the Mexican Stations, and (iv) is married to the 98% owner of the company that manages the Mexican

Stations, which is seeking to acquire the Mexican Stations. Mr. Bonilla did not cease the provision of programming to the Mexican Stations from U.S. studios until he was required to do so by the Enforcement Bureau and did not reveal his stewardship of the Mexican Stations' upgrades until the question was posed so directly by the Enforcement Bureau that it could no longer be evaded.

Mr. Bonilla's actions and admissions with respect to the 325(c) Permit demonstrate that he is unfit to control any Commission license or authorization. His apparent knowing and willful participation in a scheme to cause uncoordinated Mexican stations to operate in violation of an international treaty, thereby causing substantial, harmful, and lasting interference to U.S. stations, clearly warrants revocation of the Licenses under Section 312(a) of the Act, 47 U.S.C. § 312(a). Mr. Bonilla has demonstrated an utter lack of respect for the protections afforded to broadcast licensees under the Commission's rules and the applicable U.S.-Mexico treaty. By misrepresenting key facts and demonstrating a lack of candor before the Commission, Mr. Bonilla has shown that he lacks truthfulness and reliability, the necessary character traits for licensee fitness. In addition, Mr. Bonilla has a lengthy history of cavalier treatment of the Commission's rules, including unauthorized transfers of control, violations of the Commission's public inspection file rule, false certifications on license renewal applications, and violations of the Commission's emergency alert system testing rules. Based on Mr. Bonilla's actions and admissions with respect to the 325(c) Permit and his history of non-compliance as the owner of broadcast licensees, the Bureau should issue an order to show cause why the Licenses should not be revoked.

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**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
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In re Original Construction Permit of  
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QUETZAL BILINGUAL  
COMMUNICATIONS, INC.

For KURS(AM), San Diego, California  
Facility ID 54257

To: Media Bureau

FCC File No. \_\_\_\_\_

**REQUEST FOR ISSUANCE OF ORDER TO SHOW CAUSE WHY LICENSES AND  
CONSTRUCTION PERMIT SHOULD NOT BE REVOKED**

KGO-AM Radio, Inc. ("KGO"), KABC-AM Radio, Inc. ("KABC") and Owens One Company, Inc. ("Owens" and, together with KGO and KABC, "Petitioners") hereby respectfully request the Media Bureau ("Bureau") of the Federal Communications Commission ("Commission") to issue an order to show cause why the above-captioned licenses and

construction permit (collectively, the “Licenses”) controlled by Jaime Bonilla Valdez should not be revoked.<sup>1</sup>

As the Commission is aware, Mr. Bonilla is the 100% owner of Pacific Spanish Network, Inc. (“PSN”), which was granted a Section 325(c) Permit (“325(c) Permit”) to Supply Programming Material to Foreign Broadcast Stations XEDD, Ensenada, Mexico (“XEDD”); XESS, Ensenada, Mexico (“XESS”); and XEKTT, Tecate, Mexico (“XEKTT” and, collectively with XEDD and XESS, the “Mexican Stations”). The 325(c) Permit currently is the subject of an Enforcement Bureau proceeding to which Petitioners, along with AMFM Radio Licenses, LLC and Capstar TX Limited Partnership (collectively, with Petitioners, the “Joint Petitioners”), are parties. Specifically, the Joint Petitioners filed a petition (“Petition”) requesting the Commission to rescind the 325(c) Permit based on violation of an express condition of the grant of the 325(c) Permit.<sup>2</sup> Joint Petitioners demonstrated that the Mexican Stations, which have not been coordinated as required under the applicable U.S.-Mexico treaty, are causing interference to

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<sup>1</sup> See 47 U.S.C. § 312(c).

<sup>2</sup> In re Section 325(c) Permit of Pacific Spanish Network, Inc. to Supply Programming Material to Foreign Broadcast Stations XEDD, Ensenada, Mexico; XESS; Ensenada, Mexico; and XEKTT, Tecate, Mexico, FCC File No. 325-NEW20030519-00004, Petition to Rescind Authorization (Jan. 16, 2004) (“Petition”).

On April 7, 2004, PSN tendered the 325(c) Permit for cancellation. See Letter from Henry A. Solomon to Kathryn Berthot, Deputy Chief, Spectrum Enforcement Division (Apr. 7, 2004) (“Permit Cancellation Letter”). Nonetheless, the enforcement proceeding remains a pending matter. See *id.* at 2. Joint Petitioners believe it is doubtful that PSN had any further need for the 325(c) Permit, because Joint Petitioners’ information is that the Mexican Stations are now being programmed from studios inside Mexico. PSN essentially admitted this fact in its March 29, 2004 letter. See Letter from Henry A. Solomon to Joseph P. Casey, Chief, Spectrum Enforcement Division (Mar. 29, 2004) (“March 29 Response”) at 3, Response to Question 5 (“Then (*as now*), XEKTT operated from a studio in downtown Tecate”) (emphasis added). Mr. Bonilla was thus able to swear under penalty of perjury that PSN had ceased programming the Mexican Stations under the 325(c) Permit, as required by the Enforcement Bureau, although he was continuing to perform the requirements of PSN’s “oral time brokerage arrangement with the Mexican Stations.” *Id.* at 7.

an estimated 50 million U.S. listeners who should be receiving interference-free service from Joint Petitioners' stations. More than 23 million of these listeners are located within the protected contours of the Petitioners' stations. In the pending proceeding regarding Joint Petitioners' Petition, it has become patently clear that Mr. Bonilla, through PSN, has provided programming to the Mexican Stations in clear violation of the express terms and conditions of PSN's 325(c) Permit.

It also has become apparent that Mr. Bonilla is more than just a provider of programming to the Mexican Stations. Rather, Mr. Bonilla, through PSN, is the financier and driving force behind the Mexican Stations' uncoordinated and interfering new facilities authorized by the Mexican government. As further described herein, Mr. Bonilla (i) financed the upgrades to the Mexican Stations' facilities, (ii) has an oral time brokerage arrangement entitling PSN to program the Mexican Stations and retain all of their advertising revenues, (iii) is charged with procuring programming for the Mexican Stations in his role as General Director of the company that manages the Mexican Stations, and (iv) is married to the 98% owner of the company that manages the Mexican Stations, which is seeking to acquire the Mexican Stations. Purely and simply, the uncoordinated upgrade of the Mexican Stations' facilities has been a Bonilla enterprise – totally financed by Mr. Bonilla, for Mr. Bonilla's economic benefit. Mr. Bonilla thus knowingly and willfully participated in a scheme to cause uncoordinated Mexican stations to operate in violation of an international treaty, thereby causing substantial, harmful, and lasting interference to U.S. stations. Given this misconduct, it is no surprise that Mr. Bonilla did not cease the provision of programming to the Mexican Stations from U.S. studios until he was required to do so by the Enforcement Bureau. Moreover, Mr. Bonilla did not reveal his stewardship of the Mexican Stations' upgrade in the application for the 325(c) Permit, as

required, nor in any of PSN's filings in the Enforcement Bureau proceeding, until the question was posed so directly by the Enforcement Bureau that it could no longer be evaded. In concealing such information from the Commission throughout the Enforcement Bureau proceeding, Mr. Bonilla has misrepresented key facts and has demonstrated a lack of candor before the Commission.<sup>3</sup> Mr. Bonilla thus lacks truthfulness and reliability, the necessary character traits for licensee fitness. Without question, if PSN had not tendered the 325(c) Permit for cancellation, it should have been rescinded.

Further, Mr. Bonilla's actions and admissions with respect to the 325(c) Permit demonstrate that he is unfit to control any Commission license or authorization. As further explained herein, Mr. Bonilla owns the licensees of the above-captioned Licenses. His apparent knowing and willful participation in a scheme to cause uncoordinated Mexican stations to operate in violation of an international treaty, thereby causing substantial, harmful, and lasting interference to U.S. stations, clearly warrants revocation of the Licenses under Section 312(a) of the Communications Act.<sup>4</sup> Mr. Bonilla has demonstrated an utter lack of respect for the protections afforded to broadcast licensees under the Commission's rules and the applicable U.S.-Mexico treaty; he should not benefit from the privileges afforded to Commission licensees. Mr. Bonilla also lacks truthfulness and reliability, the necessary character traits for licensee fitness. Mr. Bonilla has a lengthy history of cavalier treatment of the Commission's rules,

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<sup>3</sup> For example, Mr. Bonilla did not disclose until March 29, 2004 – more than two months after the Petition was filed – that he is charged with procuring programming for the Mexican Stations and that, through the concept of spousal attribution, he effectively holds a 98% interest in the Mexican Stations. See March 29 Response at 7.

<sup>4</sup> 47 U.S.C. § 312(a) (“The Commission may revoke any station license . . . because of conditions coming to the attention of the Commission which would warrant it in refusing to grant a license or permit on an original application . . . [or] for willful or repeated violation of, or willful or repeated failure to observe any provision of this Act . . .”).

including unauthorized transfers of control, violations of the Commission's public inspection file rule, false certifications on license renewal applications, and violations of the Commission's emergency alert system ("EAS") testing rules. Based on Mr. Bonilla's actions and admissions with respect to the 325(c) Permit and his history of non-compliance as the owner of broadcast licensees, the Bureau should issue an order to show cause why the Licenses should not be revoked.

## **I. BACKGROUND**

The Petitioners are the licensees of three domestic AM broadcast stations impacted by the operation of the Mexican Stations.<sup>5</sup> Beginning in late November 2003, the Petitioners' stations and those of the other Joint Petitioners received numerous listener complaints of interference to reception of their stations by one of the Mexican Stations. Joint Petitioners learned that the Mexican Stations' current or intended parameters of operation were not approved by the Commission as required by the applicable U.S.-Mexico treaty. This uncoordinated operation has caused and continues to cause substantial prohibited interference to Joint Petitioners' stations and other affected U.S. broadcasters. Specifically, operation of XEKT on 560kHz causes objectionable interference, as defined by the applicable U.S.-Mexico agreement, to a total of an estimated 29 million people within the protected service contours of the Joint Petitioners' affected stations. XEKT causes interference to nearly 5 million people within the KSFO nighttime interference-free contour and more than 3 million people within the

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<sup>5</sup> KGO, the licensee of station KSFO(AM), 560 kHz, San Francisco, California, is wholly-owned by ABC Holding Company, Inc., which also wholly owns KABC, the licensee of station KABC(AM), 790 kHz, Los Angeles, California. Owens is the licensee of station KUZZ(AM), 550 kHz, Bakersfield, California.

KUZZ daytime protected contour.<sup>6</sup> Similarly, XESS causes interference to more than 15 million people within the KABC daytime protected contour.<sup>7</sup> Thus, the uncoordinated Mexican Stations are causing interference to more than 23 million U.S. listeners who should be receiving interference-free service from Petitioners' stations.

On January 16, 2004, the Joint Petitioners filed the Petition, requesting that the Commission rescind the 325(c) Permit. In the Petition, the Joint Petitioners demonstrated that the 325(c) Permit is expressly conditioned "upon the Mexican stations['] operation in full compliance with applicable treaties and related provisions concerning electrical interference to U.S. broadcast stations" and that such condition clearly was not met.<sup>8</sup> On February 11, 2004, the Enforcement Bureau sent a letter to PSN, requesting information regarding PSN's provision of programming to the Mexican Stations.<sup>9</sup> As a condition of an extension of time for PSN to respond to such letter, the Enforcement Bureau required PSN to submit a sworn declaration that PSN had ceased provision of programming to the Mexican Stations pursuant to the 325(c) Permit and would not resume such programming pending the outcome of the proceeding.<sup>10</sup> PSN submitted such declaration on February 24, 2004<sup>11</sup> and responded to the Enforcement Bureau's

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<sup>6</sup> Petition, Exhibit B.

<sup>7</sup> In re Section 325(c) Permit of Pacific Spanish Network, Inc. to Supply Programming Material to Foreign Broadcast Stations XEDD, Ensenada, Mexico; XESS; Ensenada, Mexico; and XEKTT, Tecate, Mexico, FCC File No. 325-NEW20030519-00004, Supplement to and Motion for Expedious Grant of Petition to Rescind Authorization (Jan. 28, 2004) ("Motion") at 4.

<sup>8</sup> Petition at 2-4.

<sup>9</sup> Letter from Joseph P. Casey, Chief, Spectrum Enforcement Division to Henry A. Solomon, File No. EB-04-SE-020 (Feb. 11, 2004) ("February 11 Enforcement Bureau Letter")

<sup>10</sup> Letter from Joseph P. Casey, Chief, Spectrum Enforcement Division to Henry A. Solomon, File No. EB-04-SE-020 (Feb. 24, 2004)

<sup>11</sup> Declaration of Jaime Bonilla Valdez (Feb. 24, 2004).

inquiry letter on March 8, 2004.<sup>12</sup> Subsequently, on March 19, 2004, the Enforcement Bureau sent a second inquiry letter to PSN.<sup>13</sup> PSN responded to the second letter on March 29, 2004.<sup>14</sup> Copies of each of these letters and responses are attached collectively hereto as Exhibit A.

Through the course of the Enforcement Bureau proceeding, Joint Petitioners have maintained that the 325(c) Permit may and should be summarily rescinded for failure to adhere to an express condition of the authorization, and that the Enforcement Bureau was not required to initiate an investigatory proceeding prior to rescinding the 325(c) Permit. Nevertheless, in that proceeding, it has been undisputed that Mr. Bonilla, through PSN, provided programming to the Mexican Stations operating in one case on a frequency and in all cases at locations other than those specified in the 325(c) Permit. It also has been undisputed that these operations were not coordinated with the U.S. government in accordance with the applicable U.S.-Mexico treaty. Such operations, therefore, were in clear violation of the express terms and conditions of PSN's 325(c) Permit. Although PSN has now tendered the 325(c) Permit for cancellation, such action does not prevent Mr. Bonilla from programming the Mexican Stations from within Mexico. Nor does the tendering of the 325(c) Permit for cancellation in any way erase or mitigate Mr. Bonilla's misrepresentation of key facts and lack of candor before the Commission.

## **II. LICENSES AND PERMITS CONTROLLED BY JAIME BONILLA VALDEZ**

To the best of Petitioners' knowledge, Mr. Bonilla is the indirect owner of one broadcast construction permit and two broadcast licenses. PSN is the permittee of station KCHC(FM),

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<sup>12</sup> Response of Pacific Spanish Network, Inc. Re File No. EB-04-SE-020 (Mar. 8, 2004) ("March 8 Response").

<sup>13</sup> Letter from Joseph P. Casey, Chief, Spectrum Enforcement Division to Henry A. Solomon, File No. EB-04-SE-020 (Mar. 19, 2004) ("March 19 Enforcement Bureau Letter").

<sup>14</sup> See March 29 Response.

