

sales on WSCI's ability to subsidize the *Star's* operations with other revenues," the pleading said. It also said WSCI decided to keep the paper in view of a wage moratorium to which the newspaper's unions had agreed "and the overriding importance of the continued survival" of the newspaper.

The local groups involved in the dispute are the Adams Morgan Organization, the Washington-area chapters of the National Organization for Women and the D.C. Media Task Force. They have been joined by the National Black Media Coalition. The petition was filed after talks on whether WSCI was complying with its commitments to the local groups reached what they regarded as an impasse.

## Oak Knoll admits to the acts, but denies wrongdoing

**KRLA licensee says acts charged in FCC's bill of particulars are normal business practice**

Oak Knoll Broadcasting Corp., which is struggling to hang on to its interim authorization to operate KRLA (AM) Los Angeles,

is not disputing many of the allegations made against it by the FCC Broadcast Bureau in the revocation proceeding ordered by the commission (BROADCASTING, June 27). But it is taking issue with the bureau's "conclusory assignments of malfeasance."

And it flatly denies the basic charge—that it failed to keep its promise, made in seeking the interim authority in 1964, to use 100% of KRLA's profits for educational and other charitable purposes. It points to the \$1,141,775 it says was made available for those purposes as proof.

The profit flow ceased in 1972, when the station's fortunes took a nearly disastrous turn. However, the station, under new management, is said to have made a strong recovery this year, and Oak Knoll expects its charitable contributions—most of them earmarked for noncommercial KCET(TV) Los Angeles—to resume.

The Broadcast Bureau's allegations principally involve charges that payments were made or benefits given improperly to station and Oak Knoll officials, including Frank Bäxter, chairman, and Lawrence Webb, a former director and general manager of the station, who in 1975 left the station and joined the personal staff of Commissioner Robert E. Lee. Mr. Webb resigned his post with Mr. Lee after the commission issued its order to Oak Knoll

to show cause why its authorization to operate the station should not be revoked.

Oak Knoll waived its right to a hearing (BROADCASTING, Aug. 8). But it is waging its fight through a 121-page statement filed with the commission last week, backed up with exhibits and affidavits. A basic argument is that the bill of particulars is based on "erroneous assumptions."

The statement notes that the commission order granting Oak Knoll's application for interim authority contains a footnote stating that "the officers, directors, and trustees of Oak Knoll and Broadcast Foundation [the parent concern] would serve without compensation, and the only salaries would be those of full-time employees of the station." This also was cited in the bill of particulars.

But, Oak Knoll contends, the statement is in error. Its application did not represent that the officers and directors would not be paid for services they provided KRLA. "To the contrary," it adds, its bylaws "explicitly authorized compensation to directors and committee members..."

Oak Knoll says the "misstatement" in the footnote was not significant at the time it was made. But, it adds, "the error" has assumed importance now, 13 years later, "because the bureau has elected to make it a focal point of its bill of particulars."

Oak Knoll also contends that KRLA was to be operated in the same manner as any other commercial station. And on that basis it defends some of the benefits provided Mr. Webb. For instance, he was allowed to keep \$4,500 he received in 1975 for the sale of a country club membership which had been bought in his name several years earlier by Oak Knoll (for \$10,000). The reason, according to the statement, was that Mr. Webb, who was then leaving KRLA, had served the station "faithfully and well for 10 years," and merited the money "as a part of his severance compensation."

Similarly, other expenses—from \$150 a week for a man servant for Mr. Webb to promotional trips to Las Vegas, Nassau and Mexico City—were defended as legitimate business expenses. The servant was used to aid in the entertaining Mr. Webb did for business purposes, and the trips helped boost business. And trade-outs in which station executives obtained the use of expensive automobiles were defended as a means of enhancing KRLA's image. ("It must always be remembered," the statement said, "that the locale was southern California and the season was late 60's and early 70's.")

Furthermore, Oak Knoll says the propriety of the expenditures involved must be considered in light of Oak Knoll's accounting methods. And these have been approved by IRS, the statement says. "None of the expenses specified in the bill of particulars were disallowed as ordinary and necessary business expenses."

Oak Knoll blames its troubles with the commission on two "disgruntled former directors of Oak Knoll"—Hal Mathews, who also served as station manager and then general manager, and Mel Ross, whose advertising agency, Continental



HOWARD J. STASEN

We are pleased to announce the addition of Howard J. Stasen to our Midwest office. Headquartered in Chicago, Howard brings years of media brokerage and broadcast expertise to our organization and will give your needs his personal attention. Stop by or give Howard a call in Chicago.

## BLACKBURN & COMPANY, INC.

RADIO • TV • CATV • NEWSPAPER BROKERS / NEGOTIATIONS • FINANCING • APPRAISALS

WASHINGTON D.C.  
20006  
1725 K Street, N.W.  
(202) 331-9270

James W. Blackburn, Sr.  
Jack V. Harvey  
Joseph M. Sitrick  
James W. Blackburn Jr.  
Richard Blackburn

CHICAGO 60601  
333 N. Michigan Ave  
(312) 346-6460

Wendell W. Doss  
Hub Jackson  
Howard J. Stasen

ATLANTA 30309  
400 Colony Square  
(404) 892-4655

Robert A. Marshall  
Clifford B. Marshall

BEVERLY HILLS 90212  
9465 Wilshire Blvd  
(213) 274 8151

Roy Rowan  
Colin M. Selph

9/19