

Media Contact:

Will Wiquist, (202) 418-0509
will.wiquist@fcc.gov

For Immediate Release**FCC SETTLES INVESTIGATION INTO VIOLATIONS OF
UNDERWRITING RULES*****Radio Stations Impermissibly Advertised For-Profit Products and Services in
Violation of Noncommercial Broadcasting Rules***

WASHINGTON, February 1, 2018—The Federal Communications Commission today announced a settlement with Cesar Chavez Foundation for violations of the Commission’s underwriting rules for noncommercial educational broadcasters. Although such stations are not permitted to broadcast advertisements in exchange for consideration from for-profit entities, the underwriting rules allow these broadcasters to air acknowledgements of for-profit donors in specific, limited ways. The underwriting rules thus permit noncommercial educational stations to obtain financial support while also protecting the public’s use and enjoyment of commercial-free broadcasts.

Between August 2016 and March 2017, Foundation-owned radio stations KNAI-FM in Phoenix, Arizona, and KUFW-FM in Woodlake, California, aired promotional announcements in violation of the underwriting rules. These promotions ran afoul of the underwriting rules in various ways, by, for instance, including comparisons between an underwriter’s product or service to those of its competitors (“There are times that we fear going to see cars because we don’t know who to trust. You can trust the Bill Luke car dealership”); information on prices, savings, or value (“Additional holiday bonus savings on select models”); calls to consumers to take action (“Are you ready to buy a house? Want to know if you qualify?”); menu listing of products or services (“Cell phones from companies such as Verizon Wireless, Cricket, T-Mobile, Virgin Mobile, Trac-Fone”); and excessive length (between 30 and 60 seconds in duration). To settle the investigation, the Foundation agreed to pay a \$115,000 penalty, adopt a rigorous compliance plan to prevent future violations of FCC rules, and observe a one-year moratorium on seeking or accepting underwriting from for-profit entities.

Noncommercial educational broadcast stations, which pay lower regulatory fees and may utilize reserved spectrum, are prohibited from airing commercial advertisements. The Commission has emphasized that permissible announcements in adherence to the underwriting rules typically cannot promote a donor’s business or service. Impermissible promotional announcements include calls to action; inducements to buy, sell or lease the donor’s products or services; price information; or qualitative or comparative descriptions of the donor’s products or services.

Today’s settlement represents the largest penalty for violations of the Commission’s underwriting rules. The FCC continues to take enforcement action as necessary where rule violations threaten to upset the reasonable balance between the financial needs of noncommercial educational stations and their obligation to provide an essentially

noncommercial service.

The settlement, formally known as a Consent Decree, is available at:
https://apps.fcc.gov/edocs_public/attachmatch/DA-18-74A1.pdf

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Office of Media Relations: (202) 418-0500
ASL Videophone: (844) 432-2275
TTY: (888) 835-5322
Twitter: @FCC
www.fcc.gov/office-media-relations

This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action. See MCI v. FCC, 515 F.2d 385 (D.C. Cir. 1974).