

Remember--Reorganizations May Require Prior FCC Approval

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On February 8, 2011, the Federal Communications Commission (FCC) entered into a Consent Decree with Turner Broadcasting Systems, Inc. (Turner) relating to Turner's failure to seek prior FCC approval before consummating an internal restructuring. The Consent Decree reminds parties that it is important to comply with all pre-approval requirements relating to the assignments or transfers of control of Commission licenses.

In late 2006, Turner underwent an internal reorganization. For FCC purposes, that reorganization resulted in the *pro forma* transfer of control of one of Turner's subsidiaries, which held 49 licenses in various wireless and international radio services, immediately followed by a *pro forma* assignment of those licenses to a different Turner subsidiary. Turner undertook this restructuring without seeking prior FCC consent. Indeed, Turner did not file the required applications until almost three years later.

When the Commission granted the late-filed applications, the Enforcement Bureau commenced an investigation into the unauthorized transfer of control. The investigation resulted in the Consent Decree, pursuant to which Turner was required to implement a detailed compliance plan to ensure future compliance with the relevant requirements. The compliance plan required Turner to designate a compliance officer, create a detailed compliance manual, administer a compliance training program for relevant Turner employees, and submit compliance reports to the FCC every 90 days. Turner is bound to comply with these requirements for a period of three years. In addition, Turner agreed to make a voluntary contribution to the U.S. Treasury in the amount of \$16,000.

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The Consent Decree should serve as a reminder to parties that are contemplating a restructuring. It is important to determine whether or not the transaction will require Commission approval and, if it does, to obtain such approval before completing the reorganization. Failure to do so likely will result in significant penalties and new obligations imposed by the agency.