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PAYOLA AND SPONSORSHIP IDENTIFICATION RULES

Payola is receiving renewed interest from the Federal Communications Commission ("FCC"), which recently committed itself to vigilant enforcement of the current rules. This memorandum and the attached affidavit remind all on-air personnel of their obligations under "payola" and related "sponsorship identification" rules. These rules encompass activities that range from outright bribery to personal conflicts of interest.

The Communications Act requires broadcast stations to tell the public when a matter is "sponsored," that is when it is broadcast in exchange for something of value. Stations airing sponsored material must air a "sponsorship identification announcement" which discloses the identity of the sponsor. The FCC has authority to punish broadcast stations with fines of up to \$10,000 per violation. In addition, the Department of Justice can bring criminal actions against companies and *individuals* involved in payola schemes. Criminal violations are punishable by up to one-year in prison, in addition to fines.

To avoid violations of the payola rules:

- Do not accept money, services or other thing of value from any person, including independent music promoters, for broadcasting anything on the station. Inform station management when you are made any such offers.
- Do not use air time to promote any outside business or economic activity in which you are involved without clearing the matter with station management.

Every broadcast station has a duty to ensure that the FCC's payola and sponsorship identification rules are followed. Stations carry out this duty by advising their on-air personnel, including volunteer announcers, of the payola and sponsorship identification rules and asking personnel to execute statements concerning their understanding of and compliance with these rules.

Attached to this memorandum is a declaration for you to sign after reading the attached copies of Sections 317 and 508 of the Communications Act and the FCC's Sponsorship Identification Rule.

**DECLARATION OF COMPLIANCE WITH "PAYOLA" AND
SPONSORSHIP IDENTIFICATION LAWS AND REGULATIONS**

I, _____, an employee or volunteer on Station _____, under penalty of perjury, hereby declare that I have complied with the requirements of Sections 317 and 508 of the Communications Act, and the FCC's Sponsorship Identification Rule, copies of which are attached. I have reported to management any potential violations of which I am aware.

I will comply with station policies that prohibit anyone who has any voice in the selection of broadcast matter from: (a) accepting any money, favor, loan, travel or entertainment, benefits, or other thing of value, from any person who seeks in exchange the airing of any broadcast matter; or (b) promoting over the air any activity in which I have any direct or indirect financial interest. Potential conflicts of interest have been reported to management.

Neither I, nor any member of my family, has any ownership interest in, or serves, with or without compensation, as an officer or director of any company or organization engaged in:

- a. the publishing of music;
- b. the production, distribution (including wholesale and retail sales outlets), manufacture or exploitation of music, tapes, CDs, recordings or electrical transcriptions of any program material intended for broadcast use;
- c. the exploitation, promotion, or management of persons rendering artistic, production and/or other services in the entertainment field;
- d. the ownership or operation of one or more radio or television stations;
- e. the wholesale or retail sale of recordings intended for public purchase;

OR

If any such interests exist, the facts and circumstances relating to such are as follows:

(NAME)

(SIGNATURE)

(DATE)

