

Public Law 86-752

AN ACT

September 13, 1960
[S. 1898]

To promote the public interest by amending the Communications Act of 1934, to provide a pre-grant procedure in case of certain applications; to impose limitations on payoffs between applicants; to require disclosure of payments made for the broadcasting of certain matter; to grant authority to impose forfeitures in the broadcast service; and to prohibit deceptive practices in contests of intellectual knowledge, skill, or chance; and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Communications Act Amendments, 1960".

REPEAL OF PROVISION PERMITTING ACCEPTANCE OF HONORARIUMS

SEC. 2. The third sentence of subsection (b) of section 4 of the Communications Act of 1934 (47 U.S.C. 154(b)) is amended by striking out the following: "; but this shall not apply to the presentation or delivery of publications or papers for which a reasonable honorarium or compensation may be accepted".

48 Stat. 1066.

SHORT-TERM GRANTS

SEC. 3. Subsection (d) of section 307 of the Communications Act of 1934 (47 U.S.C. 307) is amended by adding at the end thereof a new sentence as follows: "Consistently with the foregoing provisions of this subsection, the Commission may by rule prescribe the period or periods for which licenses shall be granted and renewed for particular classes of stations, but the Commission may not adopt or follow any rule which would preclude it, in any case involving a station of a particular class, from granting or renewing a license for a shorter period than that prescribed for stations of such class if, in its judgment, public interest, convenience, or necessity would be served by such action."

PRE-GRANT PROCEDURE

SEC. 4. (a) Section 309 of the Communications Act of 1934 (47 U.S.C. 309) is amended to read as follows:

"ACTION UPON APPLICATIONS; FORM OF AND CONDITIONS ATTACHED TO
LICENSES

"SEC. 309. (a) Subject to the provisions of this section, the Commission shall determine, in the case of each application filed with it to which section 308 applies, whether the public interest, convenience, and necessity will be served by the granting of such application, and, if the Commission, upon examination of such application and upon consideration of such other matters as the Commission may officially notice, shall find that public interest, convenience, and necessity would be served by the granting thereof, it shall grant such application.

47 USC 308.

"(b) Except as provided in subsection (c) of this section, no such application—

"(1) for an instrument of authorization in the case of a station in the broadcasting or common carrier services, or

"(2) for an instrument of authorization in the case of a station in any of the following categories:

"(A) fixed point-to-point microwave stations (exclusive of control and relay stations used as integral parts of mobile radio systems),

"(B) industrial radio positioning stations for which frequencies are assigned on an exclusive basis,

"(C) aeronautical en route stations,

"(D) aeronautical advisory stations,

"(E) airdrome control stations,

"(F) aeronautical fixed stations, and

"(G) such other stations or classes of stations, not in the broadcasting or common carrier services, as the Commission shall by rule prescribe,

shall be granted by the Commission earlier than thirty days following issuance of public notice by the Commission of the acceptance for filing of such application or of any substantial amendment thereof.

"(c) Subsection (b) of this section shall not apply—

"(1) to any minor amendment of an application to which such subsection is applicable, or

"(2) to any application for—

"(A) a minor change in the facilities of an authorized station,

47 USC 310.

"(B) consent to an involuntary assignment or transfer under section 310(b) or to an assignment or transfer thereunder which does not involve a substantial change in ownership or control,

47 USC 319.

"(C) a license under section 319(c) or, pending application for or grant of such license, any special or temporary authorization to permit interim operation to facilitate completion of authorized construction or to provide substantially the same service as would be authorized by such license,

"(D) extension of time to complete construction of authorized facilities,

"(E) an authorization of facilities for remote pickups, studio links and similar facilities for use in the operation of a broadcast station,

47 USC 325.

"(F) authorizations pursuant to section 325(b) where the programs to be transmitted are special events not of a continuing nature,

"(G) a special temporary authorization for nonbroadcast operation not to exceed thirty days where no application for regular operation is contemplated to be filed or pending the filing of an application for such regular operation, or

"(H) an authorization under any of the proviso clauses of section 308(a).

47 USC 308.

Petition to deny application.

"(d) (1) Any party in interest may file with the Commission a petition to deny any application (whether as originally filed or as amended) to which subsection (b) of this section applies at any time prior to the day of Commission grant thereof without hearing or the day of formal designation thereof for hearing; except that with respect to any classification of applications, the Commission from time to time by rule may specify a shorter period (no less than thirty days following the issuance of public notice by the Commission of the acceptance for filing of such application or of any substantial amendment thereof), which shorter period shall be reasonably related to the time when the applications would normally be reached for processing. The petitioner shall serve a copy of such petition on the applicant.

The petition shall contain specific allegations of fact sufficient to show that the petitioner is a party in interest and that a grant of the application would be prima facie inconsistent with subsection (a). Such allegations of fact shall, except for those of which official notice may be taken, be supported by affidavit of a person or persons with personal knowledge thereof. The applicant shall be given the opportunity to file a reply in which allegations of fact or denials thereof shall similarly be supported by affidavit.

“(2) If the Commission finds on the basis of the application, the pleadings filed, or other matters which it may officially notice that there are no substantial and material questions of fact and that a grant of the application would be consistent with subsection (a), it shall make the grant, deny the petition, and issue a concise statement of the reasons for denying the petition, which statement shall dispose of all substantial issues raised by the petition. If a substantial and material question of fact is presented or if the Commission for any reason is unable to find that grant of the application would be consistent with subsection (a), it shall proceed as provided in subsection (e).

Finding s.

“(e) If, in the case of any application to which subsection (a) of this section applies, a substantial and material question of fact is presented or the Commission for any reason is unable to make the finding specified in such subsection, it shall formally designate the application for hearing on the ground or reasons then obtaining and shall forthwith notify the applicant and all other known parties in interest of such action and the grounds and reasons therefor, specifying with particularity the matters and things in issue but not including issues or requirements phrased generally. When the Commission has so designated an application for hearing the parties in interest, if any, who are not notified by the Commission of such action may acquire the status of a party to the proceeding thereon by filing a petition for intervention showing the basis for their interest at any time not less than ten days prior to the date of hearing. Any hearing subsequently held upon such application shall be a full hearing in which the applicant and all other parties in interest shall be permitted to participate. The burden of proceeding with the introduction of evidence and the burden of proof shall be upon the applicant, except that with respect to any issue presented by a petition to deny or a petition to enlarge the issues, such burdens shall be as determined by the Commission.

Hearing.

“(f) When an application subject to subsection (b) has been filed, the Commission, notwithstanding the requirements of such subsection, may, if the grant of such application is otherwise authorized by law and if it finds that there are extraordinary circumstances requiring emergency operations in the public interest and that delay in the institution of such emergency operations would seriously prejudice the public interest, grant a temporary authorization, accompanied by a statement of its reasons therefor, to permit such emergency operations for a period not exceeding ninety days, and upon making like findings may extend such temporary authorization for one additional period not to exceed ninety days. When any such grant of a temporary authorization is made, the Commission shall give expeditious treatment to any timely filed petition to deny such application and to any petition for rehearing of such grant filed under section 405.

Temporary au-
thorization.

“(g) The Commission is authorized to adopt reasonable classifications of applications and amendments in order to effectuate the purposes of this section.

47 USC 405.

“(h) Such station licenses as the Commission may grant shall be in such general form as it may prescribe, but each license shall contain, in addition to other provisions, a statement of the following conditions

License provi-
sions.

to which such license shall be subject: (1) The station license shall not vest in the licensee any right to operate the station nor any right in the use of the frequencies designated in the license beyond the term thereof nor in any other manner than authorized therein; (2) neither the license nor the right granted thereunder shall be assigned or otherwise transferred in violation of this Act; (3) every license issued under this Act shall be subject in terms to the right of use or control conferred by section 606 of this Act."

(b) Section 319(c) of the Communications Act of 1934 (47 U.S.C. 319(c)) is amended by striking out "and (c)" and inserting in lieu thereof "(c), (d), (e), (f), and (g)".

(c) Section 405 of the Communications Act of 1934 (47 U.S.C. 405) is amended—

(1) by striking out "and party" in the first sentence and inserting in lieu thereof "any party", and

(2) by inserting after the fourth sentence a new sentence as follows: "The Commission shall enter an order, with a concise statement of the reasons therefor, denying a petition for rehearing or granting such petition, in whole or in part, and ordering such further proceedings as may be appropriate: *Provided*, That in any case where such petition relates to an instrument of authorization granted without a hearing, the Commission shall take such action within ninety days of the filing of such petition."

Effective dates.

(d) (1) Subsections (a) and (b) of this section shall take effect ninety days after the date of the enactment of this Act.

47 USC 309.

(2) Section 309 of the Communications Act of 1934 (as amended by subsection (a) of this section) shall apply to any application to which section 308 of such Act applies (A) which is filed on or after the effective date of subsection (a) of this section, (B) which is filed before such effective date, but is substantially amended on or after such effective date, or (C) which is filed before such effective date and is not substantially amended on or after such effective date, but with respect to which the Commission by rule provides reasonable opportunity to file petitions to deny in accordance with section 309 of such Act (as amended by subsection (a) of this section).

47 USC 308.

(3) Section 309 of the Communications Act of 1934, as in effect immediately before the effective date of subsection (a) of this section, shall, on and after such effective date, apply only to applications to which section 308 of such Act apply which are filed before such effective date and not substantially amended on or after such effective date and with respect to which the Commission does not permit petitions to deny to be filed as provided in clause (C) of paragraph (2) of this subsection.

(4) The amendment made by paragraph (2) of subsection (c) of this section shall only apply to petitions for rehearing filed on or after the date of the enactment of this Act.

LOCAL NOTICE AND LOCAL HEARINGS; PAY-OFFS

SEC. 5. (a) Section 311 of the Communications Act of 1934 (47 U.S.C. 311) is amended to read as follows:

"SPECIAL REQUIREMENTS WITH RESPECT TO CERTAIN APPLICATIONS IN THE BROADCASTING SERVICE

"SEC. 311. (a) When there is filed with the Commission any application to which section 309(b)(1) applies, for an instrument of authorization for a station in the broadcasting service, the applicant—

"(1) shall give notice of such filing in the principal area which is served or is to be served by the station; and

"(2) if the application is formally designated for hearing in accordance with section 309, shall give notice of such hearing in such area at least ten days before commencement of such hearing. The Commission shall by rule prescribe the form and content of the notices to be given in compliance with this subsection, and the manner and frequency with which such notices shall be given.

"(b) Hearings referred to in subsection (a) may be held at such places as the Commission shall determine to be appropriate, and in making such determination in any case the Commission shall consider whether the public interest, convenience, or necessity will be served by conducting the hearing at a place in, or in the vicinity of, the principal area to be served by the station involved.

Location of hearings.

"(c) (1) If there are pending before the Commission two or more applications for a permit for construction of a broadcasting station, only one of which can be granted, it shall be unlawful, without approval of the Commission, for the applicants or any of them to effectuate an agreement whereby one or more of such applicants withdraws his or their application or applications.

Agreement between applicants.

"(2) The request for Commission approval in any such case shall be made in writing jointly by all the parties to the agreement. Such request shall contain or be accompanied by full information with respect to the agreement, set forth in such detail, form, and manner as the Commission shall by rule require.

"(3) The Commission shall approve the agreement only if it determines that the agreement is consistent with the public interest, convenience, or necessity. If the agreement does not contemplate a merger, but contemplates the making of any direct or indirect payment to any party thereto in consideration of his withdrawal of his application, the Commission may determine the agreement to be consistent with the public interest, convenience, or necessity only if the amount or value of such payment, as determined by the Commission, is not in excess of the aggregate amount determined by the Commission to have been legitimately and prudently expended and to be expended by such applicant in connection with preparing, filing, and advocating the granting of his application.

"(4) For the purposes of this subsection an application shall be deemed to be 'pending' before the Commission from the time such application is filed with the Commission until an order of the Commission granting or denying it is no longer subject to rehearing by the Commission or to review by any court."

(b) Section 313 of such Act (47 U.S.C. 313) is amended—

Refusal of licenses and permits in certain cases.

(1) by inserting after the word "LAWS" in the heading of such section the following: "; REFUSAL OF LICENSES AND PERMITS IN CERTAIN CASES"; and

(2) by inserting "(a)" after "SEC. 313." and adding at the end of such section the following subsection:

"(b) The Commission is hereby directed to refuse a station license and/or the permit hereinafter required for the construction of a station to any person (or to any person directly or indirectly controlled by such person) whose license has been revoked by a court under this section."

REVOCATION AND CEASE AND DESIST ORDERS

SEC. 6. Subsections (a) and (b) of section 312 of the Communications Act of 1934 (47 U.S.C. 312) are amended to read as follows:

"ADMINISTRATIVE SANCTIONS

"SEC. 312. (a) The Commission may revoke any station license or construction permit—

47 USC 308.

"(1) for false statements knowingly made either in the application or in any statement of fact which may be required pursuant to section 308;

"(2) 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;

"(3) for willful or repeated failure to operate substantially as set forth in the license;

"(4) for willful or repeated violation of, or willful or repeated failure to observe any provision of this Act or any rule or regulation of the Commission authorized by this Act or by a treaty ratified by the United States;

"(5) for violation of or failure to observe any final cease and desist order issued by the Commission under this section; or

"(6) for violation of section 1304, 1343, or 1464 of title 18 of the United States Code.

62 Stat. 763.

"(b) Where any person (1) has failed to operate substantially as set forth in a license, (2) has violated or failed to observe any of the provisions of this Act, or section 1304, 1343, or 1464 of title 18 of the United States Code, or (3) has violated or failed to observe any rule or regulation of the Commission authorized by this Act or by a treaty ratified by the United States, the Commission may order such person to cease and desist from such action."

FORFEITURE PROVISIONS RELATING TO BROADCAST LICENSEES

SEC. 7. (a) Section 503 of the Communications Act of 1934 (47 U.S.C. 503) is amended (1) by striking out the center heading and inserting in lieu thereof "Forfeitures"; (2) by inserting "(a)" after "SEC. 503."; and (3) by adding at the end thereof the following subsection:

"(b) (1) Any licensee or permittee of a broadcast station who—

"(A) willfully or repeatedly fails to operate such station substantially as set forth in his license or permit,

"(B) willfully or repeatedly fails to observe any of the provisions of this Act or of any rule or regulation of the Commission prescribed under authority of this Act or under authority of any treaty ratified by the United States,

"(C) fails to observe any final cease and desist order issued by the Commission,

"(D) violates section 317(c) or section 509(a)(4) of this Act,

or

"(E) violates section 1304, 1343, or 1464 of title 18 of the United States Code,

shall forfeit to the United States a sum not to exceed \$1,000. Each day during which such violation occurs shall constitute a separate offense. Such forfeiture shall be in addition to any other penalty provided by this Act.

Post, pp. 896, 897.

Notice of apparent liability.

"(2) No forfeiture liability under paragraph (1) of this subsection (b) shall attach unless a written notice of apparent liability shall have been issued by the Commission and such notice has been received by the licensee or permittee or the Commission shall have sent such notice by registered or certified mail to the last known address of the licensee or permittee. A licensee or permittee so notified shall be granted an

opportunity to show in writing, within such reasonable period as the Commission shall by regulations prescribe, why he should not be held liable. A notice issued under this paragraph shall not be valid unless it sets forth the date, facts, and nature of the act or omission with which the licensee or permittee is charged and specifically identifies the particular provision or provisions of the law, rule, or regulation or the license, permit, or cease and desist order involved.

"(3) No forfeiture liability under paragraph (1) of this subsection (b) shall attach for any violation occurring more than one year prior to the date of issuance of the notice of apparent liability and in no event shall the forfeiture imposed for the acts or omissions set forth in any notice of apparent liability exceed \$10,000."

Forfeiture liability.
Limitation.

(b) Section 504(a) of the Communications Act of 1934 (47 U.S.C. 504) is amended by inserting after "Provided," in the first sentence thereof the following: "That any suit for the recovery of a forfeiture imposed pursuant to the provisions of this Act shall be a trial de novo: *Provided further*."

Recovery of forfeitures.

(c) Section 504(b) of such Act is amended by striking out "section 507" and inserting in lieu thereof "sections 503(b) and 507".

(d) Section 504 of such Act is further amended by adding a new subsection to read as follows:

"(c) In any case where the Commission issues a notice of apparent liability looking toward the imposition of a forfeiture under this Act, that fact shall not be used, in any other proceeding before the Commission, to the prejudice of the person to whom such notice was issued, unless (i) the forfeiture has been paid, or (ii) a court of competent jurisdiction has ordered payment of such forfeiture, and such order has become final."

PROVISIONS REQUIRING ANNOUNCEMENTS AND DISCLOSURE OF CERTAIN PAYMENTS WITH RESPECT TO MATTER BROADCAST

SEC. 8. (a) Section 317 of the Communications Act of 1934 (47 U.S.C. 317) is amended to read as follows:

"ANNOUNCEMENT WITH RESPECT TO CERTAIN MATTER BROADCAST

"SEC. 317. (a) (1) All matter broadcast by any radio station for which any money, service or other valuable consideration is directly or indirectly paid, or promised to or charged or accepted by, the station so broadcasting, from any person, shall, at the time the same is so broadcast, be announced as paid for or furnished, as the case may be, by such person: *Provided*, That 'service or other valuable consideration' shall not include any service or property furnished without charge or at a nominal charge for use on, or in connection with, a broadcast unless it is so furnished in consideration for an identification in a broadcast of any person, product, service, trademark, or brand name beyond an identification which is reasonably related to the use of such service or property on the broadcast.

"(2) Nothing in this section shall preclude the Commission from requiring that an appropriate announcement shall be made at the time of the broadcast in the case of any political program or any program involving the discussion of any controversial issue for which any films, records, transcriptions, talent, scripts, or other material or service of any kind have been furnished, without charge or at a nominal charge, directly or indirectly, as an inducement to the broadcast of such program.

Infra.

"(b) In any case where a report has been made to a radio station, as required by section 508 of this Act, of circumstances which would have required an announcement under this section had the consideration been received by such radio station, an appropriate announcement shall be made by such radio station.

"(c) The licensee of each radio station shall exercise reasonable diligence to obtain from its employees, and from other persons with whom it deals directly in connection with any program or program matter for broadcast, information to enable such licensee to make the announcement required by this section.

"(d) The Commission may waive the requirement of an announcement as provided in this section in any case or class of cases with respect to which it determines that the public interest, convenience, or necessity does not require the broadcasting of such announcement.

Rules and regulations.

"(e) The Commission shall prescribe appropriate rules and regulations to carry out the provisions of this section."

47 USC 501 et seq.

(b) Title V of the Communications Act of 1934 (47 U.S.C., subchapter V) is amended by adding at the end thereof the following section:

"DISCLOSURE OF CERTAIN PAYMENTS

"SEC. 508. (a) Subject to subsection (d), any employee of a radio station who accepts or agrees to accept from any person (other than such station), or any person (other than such station) who pays or agrees to pay such employee, any money, service or other valuable consideration for the broadcast of any matter over such station shall, in advance of such broadcast, disclose the fact of such acceptance or agreement to such station.

"(b) Subject to subsection (d), any person who, in connection with the production or preparation of any program or program matter which is intended for broadcasting over any radio station, accepts or agrees to accept, or pays or agrees to pay, any money, service or other valuable consideration for the inclusion of any matter as a part of such program or program matter, shall, in advance of such broadcast, disclose the fact of such acceptance or payment or agreement to the payee's employer, or to the person for whom such program or program matter is being produced, or to the licensee of such station over which such program is broadcast.

"(c) Subject to subsection (d), any person who supplies to any other person any program or program matter which is intended for broadcasting over any radio station shall, in advance of such broadcast, disclose to such other person any information of which he has knowledge, or which has been disclosed to him, as to any money, service or other valuable consideration which any person has paid or accepted, or has agreed to pay or accept, for the inclusion of any matter as a part of such program or program matter.

"(d) The provisions of this section requiring the disclosure of information shall not apply in any case where, because of a waiver made by the Commission under section 317(d), an announcement is not required to be made under section 317.

"(e) The inclusion in the program of the announcement required by section 317 shall constitute the disclosure required by this section.

Supra.
"Service or other valuable consideration".

"(f) The term 'service or other valuable consideration' as used in this section shall not include any service or property furnished without charge or at a nominal charge for use on, or in connection with, a broadcast, or for use on a program which is intended for broadcasting over any radio station, unless it is so furnished in consideration for an identification in such broadcast or in such program of any person, product, service, trademark, or brand name beyond an identification

which is reasonably related to the use of such service or property in such broadcast or such program.

“(g) Any person who violates any provision of this section shall, for each such violation, be fined not more than \$10,000 or imprisoned not more than one year, or both.”

Penalty.

DECEPTIVE CONTESTS

SEC. 9. Title V of the Communications Act of 1934 (47 U.S.C., subchapter V), as amended by section 7(b) of this Act, is further amended by adding at the end thereof the following section:

“PROHIBITED PRACTICES IN CASE OF CONTESTS OF INTELLECTUAL KNOWLEDGE, INTELLECTUAL SKILL, OR CHANCE

“SEC. 509. (a) It shall be unlawful for any person, with intent to deceive the listening or viewing public—

“(1) To supply to any contestant in a purportedly bona fide contest of intellectual knowledge or intellectual skill any special and secret assistance whereby the outcome of such contest will be in whole or in part prearranged or predetermined.

“(2) By means of persuasion, bribery, intimidation, or otherwise, to induce or cause any contestant in a purportedly bona fide contest of intellectual knowledge or intellectual skill to refrain in any manner from using or displaying his knowledge or skill in such contest, whereby the outcome thereof will be in whole or in part prearranged or predetermined.

“(3) To engage in any artifice or scheme for the purpose of prearranging or predetermining in whole or in part the outcome of a purportedly bona fide contest of intellectual knowledge, intellectual skill, or chance.

“(4) To produce or participate in the production for broadcasting of, to broadcast or participate in the broadcasting of, to offer to a licensee for broadcasting, or to sponsor, any radio program, knowing or having reasonable ground for believing that, in connection with a purportedly bona fide contest of intellectual knowledge, intellectual skill, or chance constituting any part of such program, any person has done or is going to do any act or thing referred to in paragraph (1), (2), or (3) of this subsection.

“(5) To conspire with any other person or persons to do any act or thing prohibited by paragraph (1), (2), (3), or (4) of this subsection, if one or more of such persons do any act to effect the object of such conspiracy.

“(b) For the purposes of this section—

“(1) The term ‘contest’ means any contest broadcast by a radio station in connection with which any money or any other thing of value is offered as a prize or prizes to be paid or presented by the program sponsor or by any other person or persons, as announced in the course of the broadcast.

“‘Contest’.”

“(2) The term ‘the listening or viewing public’ means those members of the public who, with the aid of radio receiving sets, listen to or view programs broadcast by radio stations.

“‘Listening or viewing public’.”

“(c) Whoever violates subsection (a) shall be fined not more than \$10,000 or imprisoned not more than one year, or both.”

Penalty.

Approved September 13, 1960.