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21 January 2013

Mr. Sukhdev S. (Dave) Dhillon
President, Satnam Media Group (BC) Ltd.
207 – 8334 128 Street
Surrey, BC
V3W 4G2

**Re: Salt Spring Island Radio Corp.
Transfer of Shares - Change in effective control
Application No: 2012-1404-8 – Approved**

Mr. Dhillon,

The Commission has examined the above-mentioned application for authority to effect a change of effective control of Salt Spring Island Radio Corp. (Salt Spring) pursuant to subsection 11(4) of the *Radio Regulations, 1986*.

Salt Spring is the licensee of the English-language specialty radio programming undertaking CFSI-FM Saltspring Island, and its retransmitter, CFSI-FM-1 Mount Bruce, both in British Columbia.

Salt Spring is a corporation wholly owned and controlled by Gary Stephen Brooks.

The transaction would be effected through the transfer of all the issued and outstanding shares in the capital of Salt Spring to Satnam Media Group (BC) Ltd. (Satnam BC).

Following the proposed transaction, Satnam BC, a corporation wholly owned and controlled by Sukhdev Singh (Dave) Dhillon, would become the sole shareholder of Salt Spring and would exercise effective control.

Pursuant to the 27 September 2012 Share Purchase Agreement, the purchase price is \$205,000. The Commission has determined the value of the transaction according to the principles set out in Broadcasting Public Notice CRTC 2008-57. The assumed leases (\$130,200) were added to the purchase price so that the value of the transaction for the purpose of calculating the tangible benefits will be \$335,200.

Pursuant to its benefits policy set out in Public Notice CRTC 1998-41 and reaffirmed in Broadcasting Public Notice CRTC 2006-158, the Commission requires that parties seeking to

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acquire ownership or control of profitable radio undertakings make commitments to Canadian talent development in the form of tangible benefits of no less than 6% of the value of the transaction, as determined by the Commission.

The applicant has requested an exemption to the requirement of that policy based on the unprofitability of the undertaking.

Also in Public Notice 1998-41, the Commission indicated that it will forgo benefits requirements for unprofitable undertakings, but that it will not, however, systematically apply this exemption to stations in the first five years of operation, recognizing that stations are typically unprofitable during their initial few years of operations.

The Commission notes that CFSI-FM is in its first five years of operation and that its licence was awarded as part of a competitive process in Broadcasting Decision CRTC 2007-0387. Although the station has had a negative average PBIT over the last three years, the Commission notes that the licensee did manage to have a positive PBIT in its second year of operation. In light of the above, the Commission requires the payment of tangible benefits corresponding to a minimum direct financial contribution of \$20,112 (representing 6% of \$335,200). The Commission requires that this contribution be spread equally over a seven-year period as follows:

- 3% (\$10,056) to the Radio Starmaker Fund;
- 1.5% (\$5,028) to FACTOR or MUSICACTION;
- 1 % (\$3,352) at its discretion, to any eligible Canadian Content Development initiative; and,
- 0.5% (\$1,676) to the Community Radio Fund of Canada.

The Commission notes that the licensee is in non-compliance with section 9(2) of the *Radio Regulations, 1986* (the Regulations) relating to the filing of annual returns for the 2009-2010 and 2010-2011 broadcast years. The Commission also notes that CFSI-FM is in non-compliance with its condition of licence with respect to its yearly Canadian content development (CCD) contributions, set out in Broadcasting Decision CRTC 2007-387, for the 2009-2010 and 2010-2011 broadcast years and with section 15 of the Regulations for the 2010-2011 broadcast year, resulting in an apparent shortfall of \$5,500.

The Commission notes the licensee's admission that the non-compliance is the result of a lack of oversight on its part, and also notes its commitment to paying the shortfall by no later than 15 January 2013. The Commission notes the licensee's statement that it has since assigned a bookkeeper to manage all financial data in order to ensure regulatory compliance and the applicant's assurances that it will be responsible for instructing staff on the rules and regulations regarding the operations of CFSI-FM.

Accordingly, the Commission requires that the licensee file with the Commission documentation supporting the fact that the CCD shortfall of \$5,500 was paid to an eligible CCD initiative no later than 90 days following the Commission's decision.

The Commission reminds Satnam BC that it will be responsible for ensuring future compliance with all regulatory requirements. The Commission will examine the possible imposition of further sanctions at CFSI-FM's next licence renewal.

The Commission **approves** the above-mentioned application to effect a change of effective control of Salt Spring Island Radio Corp. to Satnam Media Group (BC) Ltd.

The Commission's files will be updated and will reflect the information stipulated in this letter of approval.

All letters of approval issued by the Commission are made available upon request for public examination at the Commission's central and regional offices. The Commission also requires you to append this letter to your licence.

Sincerely,

Original signed by/

John Traversy
Secretary General