



Broadcasting Decision CRTC 2005-473

Ottawa, 30 September 2005

SF Partners Inc., on behalf of a corporation to be incorporated Across Canada

Application 2005-0170-2

Public Hearing in the National Capital Region

15 August 2005

High School Television Network – Acquisition of assets

*The Commission **approves** the application by SF Partners Inc., on behalf of a corporation to be incorporated, to acquire the assets of the national Category 2 specialty service known as High School Television Network.*

The application

1. The Commission received an application by SF Partners Inc., on behalf of a corporation to be incorporated, for authority to acquire the assets of the Category 2 specialty programming undertaking known as High School Television Network (HSTN). The applicant also requested a broadcasting licence to operate HSTN under the same terms and conditions as those set out in *The High School Television Network*, Decision CRTC 2001-311, 4 June 2001 (Decision 2001-311).

Background

2. In Decision 2001-311, the Commission licensed HSTN to provide a national service devoted to the lifestyle of high school students across Canada. HSTN's programming was to focus on high school sports (non-professional), drama, music, concerts within the school system, talk and panel shows and news coverage of events pertaining to or affecting the student population. This service was also to provide a medium for the broadcast of student films or videos completed as class projects or as individual student ventures.
3. In *Temporary management of High School Television Network Inc. by a receiver*, Broadcasting Decision CRTC 2003-78, 28 February 2003, the Commission authorized SF Partners Inc. to temporarily manage High School Television Network Inc. (HSTN Inc.), the licensee of HSTN. In its role as the receiver, SF Partners Inc. was initially authorized to operate this service for a period of nine months. In *Ownership applications granted approval*, Broadcasting Public Notice CRTC 2005-31, 13 April 2005, the Commission granted SF Partners Inc. a final extension of this authority to 30 September 2005. The purpose of this final extension was to allow the Commission sufficient time to process the current application.

The proposed transaction

4. The new corporation to be formed would be owned by four shareholders. Mr. Aaron Goldman, the controlling shareholder, would hold a 65% voting interest. Mrs. Janice Goldman and Mr. David Goldman would each hold a 15% voting interest and Mr. Irwin Archinoff would hold the remaining 5% voting interest. All of the proposed four shareholders are Canadian citizens who reside in Canada.
5. Mr. Aaron Goldman was previously involved in the operation of HSTN as an investor and service provider through his ownership of Freedom Studio Inc., a production company.
6. The applicant estimated that the value of the transaction would be \$200,000. Consistent with *Building on Success, A Policy framework for Canadian television*, Public Notice CRTC 1999-97, 11 June 1999, the applicant made a commitment to expend \$20,000 on the production of Canadian programming as a tangible benefit of the proposed transaction.
7. The applicant also made a commitment to develop apprenticeship programs for Aboriginal peoples and visible minorities. Such programs would include co-op production programs with other Canadian programming services.

Interventions

8. The Commission received interventions in support of this application as well as interventions in opposition by Mr. Frank Rogers, the sole shareholder of HSTN Inc., Mrs. Rosemary Lynn Murphy, a former employee of HSTN, and Mr. Dennis Warner.
9. The supporting interveners contended that Mr. Aaron Goldman has demonstrated his commitment to youth, especially Aboriginal youth. These interveners submitted that Mr. Goldman's efforts to re-launch HSTN would be beneficial to the Canadian broadcasting system.
10. In her supporting intervention, Ms. Elaine Bomberry stated that Mr. Aaron Goldman has shown great support for the Aboriginal community, in general, and for programming that stimulates and empowers Aboriginal youth, in particular. In Ms. Bomberry's view, HSTN would be operated more effectively under the control of a new company directed by Mr. Goldman.
11. Mr. Rogers strongly opposed the proposed transaction. Mr. Rogers contended that, since HSTN Inc. had been placed under temporary management, it has been impossible for him to resolve certain issues he has with the management of HSTN, or to recoup any investments made in HSTN because he is no longer in management control of the service. He further argued that HSTN's licence should be returned to the original licensee of HSTN.

12. According to Mrs. Murphy and Mr. Warner, SF Partners Inc. has not made enough effort to re-launch HSTN and should therefore not be awarded a licence for the service. In their view, HSTN's licence should be returned to the original licensee, HSTN Inc.

Applicant's response

13. In response to the opposing intervention by Mr. Rogers, the applicant maintained that HSTN Inc. had failed to comply with a direct court order to produce its financial books and records so that the receiver, SF Partners Inc., could secure new financing for the re-launch of the service. Among other reasons, the purpose of the present application is to seek the Commission's approval for a broadcasting licence to operate HSTN under the same terms and conditions as those set out in Decision 2001-311.

Commission's analysis and determination

14. The Commission has considered all of the interventions to this application as well as the applicant's response. The Commission acknowledges the strong opposing position of Mr. Rogers, the sole shareholder of HSTN Inc.
15. The Commission considers that the re-launch of the HSTN service, which will be enabled by the proposed ownership structure, represents an important benefit to the community HSTN was licensed to serve and is therefore in the public interest.
16. The Commission notes the applicant's commitment to develop apprenticeship programs for Aboriginal peoples and visible minorities, and that these programs will include co-op production ventures with other Canadian programming services. In addition, the Commission notes the applicant's commitment to invest \$20,000 towards the production of Canadian programming as a tangible benefit of this transaction.
17. In the circumstances, the Commission finds that the value of the transaction of \$200,000 ascribed by the prospective purchaser and the related tangible benefits of \$20,000 are satisfactory and acceptable.
18. In light of the above, the Commission **approves** the application by SF Partners Inc., on behalf of a corporation to be incorporated, for authority to acquire the assets of High School Television Network and for a broadcasting licence to operate this service under the same terms and conditions as those set out in Decision 2001-311.
19. The licence will expire 31 August 2007, the current expiry date, and will be subject to the same terms and **conditions** as those set out in Decision 2001-311.

Issuance of the licence

20. The licence will be issued once the applicant has satisfied the Commission, with supporting documentation, that the following requirements have been met:
- the current licence has been surrendered to the Commission;
 - an eligible Canadian corporation has been incorporated in accordance with the application in all material respects;
 - the applicant has entered into a distribution agreement with at least one licensed distributor; and
 - the applicant has informed the Commission in writing that it is prepared to commence operations. In light of the applicant's commitment to implement the service as soon as possible, the undertaking must be operational at the earliest possible date and in any event no later than twelve months from the date of this decision, unless a request for an extension of time is approved by the Commission before 30 September 2006. In order to ensure that such a request is processed in a timely manner, it should be submitted at least 60 days before that date.

Secretary General

This decision is to be appended to the licence. It is available in alternative format upon request, and may also be examined in PDF format or in HTML at the following Internet site: <http://www.crtc.gc.ca>