



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, DC 20554

Brendan Carr
Chairman

February 24, 2025

Robert Pittman
Chairman and Chief Executive Officer
iHeartMedia, Inc.
125 W 55th St. New York, NY 10019

Re: iHeartCountry Festival '25—FCC Sponsorship Identification Requirements

Dear Mr. Pittman:

The FCC's Enforcement Bureau recently issued an Enforcement Advisory regarding a concerning trend in the radio industry. In particular, it appears that certain owners of federally licensed radio stations are effectively compelling musicians to perform at radio station events or festivals for free (or for reduced compensation) in exchange for more favorable airplay. When unreported, these schemes can violate federal "payola" laws.¹ Indeed, as the FCC's Enforcement Advisory states:

In issuing this Enforcement Advisory, we remind broadcast licensees that a practice known as "payola" is not only a violation of the United States Criminal Code, but may also subject broadcasters to sanctions under the Communications Act of 1934, as amended (Act). In particular, this Enforcement Advisory addresses payola in connection with the covert manipulation of radio airplay by a broadcast station licensee or broadcast station personnel based on an artist's agreement to participate in a broadcast station's promotion or event, often without receiving any compensation or expense reimbursement for the appearance.

The FCC is continuing to focus its enforcement efforts on the issues addressed in the Enforcement Advisory. To the extent that radio industry executives believe that the FCC has looked the other way on "payola" violations in recent years, I want to assure you that this FCC will not be doing that. It is within this context that I am writing you today.

Specifically, it has come to my attention that the iHeartCountry Festival '25 will be held in Austin, Texas, on May 3, 2025 (the Festival). As iHeart finalizes its approach to this particular music festival, I want to ensure that it does so in a way that complies with federal payola requirements.

¹ A copy of the Advisory is provided as an attachment.

It would be particularly concerning to me if, on the heels of the FCC's Enforcement Advisory, iHeart is proceeding in a manner that does not comply with federal "payola" requirements. Indeed, I want to know whether iHeart is effectively and secretly forcing musicians to choose between, one, receiving their usual, ordinary, and full scale compensation for performing or, two, receiving less favorable airplay on iHeart radio stations.

This upcoming iHeart event provides the Commission with a real-world example of how such events are put together—including artist solicitation and compensation—and the procedures that are in place to ensure compliance with the relevant statutes and regulations regarding sponsorship identification and to ensure that the concerns raised in the Enforcement Advisory are being appropriately addressed.

Accordingly, in order to further the Commission's ongoing consideration of these issues, please provide responses to the following questions:

1. Please provide a list of all of the musicians, artists, and acts that are scheduled to appear at the Festival, including those that are confirmed, tentative, or invited. Please indicate any compensation (financial or otherwise) that each of these musicians, artists, and acts will receive for participating in the event.
2. For each of the musicians, artists, and acts identified in response to question 1, please indicate what their ordinary or usual, typical, and full scale compensation would be for a performance. In other words, outside the context of this Festival or similar events, what would be the normal compensation for a performance like the one they are giving at the Festival.
3. Please state whether or not any musician, artist, or act will receive better or worse airplay on iHeart radio stations based on their participation in the Festival or the compensation they receive for performing at the Festival. In answering this question, please explain how iHeart's position has been conveyed to musicians, artists, and acts and how iHeart plans to ensure the relevant outcome.
4. Please explain why iHeart believes that musicians, artists, or acts perform for free or for reduced fees at the Festival and at iHeart events similar to the Festival?
5. Please provide a list of any musicians, artists, or acts that were invited to appear or perform at the Festival but declined to do so. To the extent you have such information, please indicate why they declined to appear.
6. Please discuss iHeartMedia's corporate policy regarding payola and its sponsorship identification obligations, including how such policies are conveyed to individual stations and station employees.

7. Please discuss the extent to which iHeartMedia shared the Enforcement Advisory with its station licensees and company personnel prior to the date of this letter, including any special trainings that were conducted in response to the Enforcement Advisory.
8. Please discuss any specific training given to any iHeartMedia employees (including station personnel) that are involved in the Festival concerning compliance with the Commission's rules, including all procedures and policies in place for the Festival to ensure compliance with the sponsorship identification requirements and to avoid the covert manipulation of radio airplay as discussed in the Advisory.

Thank you very much for your attention to this important issue. Please respond to these questions within 10 days. Doing so will help the FCC ensure that licensees operate in compliance with their federal obligations.

Sincerely,

A handwritten signature in blue ink, appearing to read 'B. Carr', with a long horizontal flourish extending to the right.

Brendan Carr

Attachment

ATTACHMENT



PUBLIC NOTICE

Federal Communications Commission
45 L Street NE
Washington, DC 20554

News Media Information 202-418-0500
Internet: www.fcc.gov
TTY: 888-835-5322

DA 25-104

Enforcement Advisory No. 2025-02

Released: February 6, 2025

FCC ENFORCEMENT ADVISORY

COVERT MANIPULATION OF RADIO AIRPLAY BASED ON ARTIST PARTICIPATION IN PROMOTIONS OR EVENTS VIOLATES FCC PAYOLA RULES

The Enforcement Bureau (Bureau) of the Federal Communications Commission issues this Enforcement Advisory to ensure that radio broadcasters do not violate federal law when they have artists perform at radio station events or festivals. As detailed below, neither broadcast licensees nor their personnel can compel or accept unreported free or unreported reduced fee performances by musicians in exchange for more favorable airplay.

In issuing this Enforcement Advisory, we remind broadcast licensees that a practice known as “payola” is not only a violation of the United States Criminal Code, but may also subject broadcasters to sanctions under the Communications Act of 1934, as amended (Act). In particular, this Enforcement Advisory addresses payola in connection with the covert manipulation of radio airplay by a broadcast station licensee or broadcast station personnel based on an artist’s agreement to participate in a broadcast station’s promotion or event, often without receiving any compensation or expense reimbursement for the appearance.

Payola is the unreported payment to—or acceptance by—employees of broadcast stations, program producers, or program suppliers of any money, service, or valuable consideration to achieve airplay for any programming. Section 507 of the Act requires those persons who have paid, accepted, or agreed to pay or accept such payments to report that fact to the station licensee before the involved matter is broadcast. In turn, section 317 of the Act requires the licensee to announce that the matter contained in the program is paid for, and to disclose the identity of the person furnishing the money or other valuable consideration.

Both section 317(c) of the Act and section 73.1212(b) of the Commission’s rules require that each licensee “exercise reasonable diligence to obtain from its employees, and from other persons with whom it deals” information to enable the licensee to comply with the sponsorship identification requirements of section 317 of the Act. The “reasonable diligence” standard can require a higher duty of care by stations whose formats or other circumstances make them more susceptible to payola. Thus, for example, we would expect stations that report to record charting services to demonstrate greater diligence to prevent improper conduct by its principals and

employees than would a station with an all-news format. It may fall short of “reasonable diligence” if the licensee of such a reporting station does nothing more than require its employees to execute affidavits stating that they will not violate laws and regulations prohibiting payola.

Moreover, broadcast stations that host promotions or events that include artists (whether or not the artists are compensated for the appearance) must take appropriate steps to ensure that all such promotions or events comply with the payola requirements and general public interest components in the Act and the FCC’s rules and avoid agreements that covertly increase the amount of airplay based on an artist’s performance or appearance at a station’s promotion or event. As the Commission has previously stated, “[w]hen payola causes stations to broadcast programming based on their financial interests at the expense of community responsiveness, the practice is inconsistent with localism.”² It is important to note, however, that an artist’s decision to appear at a station’s promotion or event without compensation is permissible, provided that the appearance and any associated station broadcasts otherwise satisfy the requirements of the Act and the FCC’s rules, including but not limited to section 317 of the Act and section 73.1212 of the Commission’s rules.

Failure to make the reports required by section 507 of the Act can subject the violator to criminal penalties of a fine of up to \$10,000 or imprisonment of up to one year, or both.

The Commission notes that licensees play a critical role in preventing payola, and the Commission’s enforcement staff will consider investigating substantive allegations of payola that come to its attention. In many situations a station may be a victim of payola practices. The Commission emphasizes, however, that a broadcaster’s failure to comply with section 317 of the Act and 47 CFR section 73.1212(b) of the Commission’s rules may result in the imposition of administrative sanctions, including monetary forfeiture.

Media inquiries should be directed to 202-418-0500 or MediaRelations@fcc.gov.

For additional information about this Advisory, send an e-mail to EnforcementAdvisories@fcc.gov.

To file a payola complaint with the FCC, send an e-mail to PayolaComplaints@fcc.gov. In addition, you may visit <https://consumercomplaints.fcc.gov> or call 1-888-CALL-FCC. To report a crime, contact your local law enforcement office or the FBI. To request materials in accessible formats for people with disabilities (Braille, large print, electronic files, audio format), send an e-mail to fcc504@fcc.gov or call the Consumer & Governmental Affairs Bureau at (202) 418-0530 (voice).

Issued by: Acting Chief, Enforcement Bureau

² *Broadcast Localism*, Notice of Inquiry, 19 FCC Rcd 12425, 12437, para. 33 (2004).