

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of
Applications of LightSquared Subsidiary LLC,
Debtor-in-Possession, and LightSquared Subsidiary
LLC
For Consent to Assign and Transfer Licenses and
Other Authorizations
IB Docket No. 15-126

ORDER

Adopted: February 8, 2019

Released: February 8, 2019

By the Chief, International Bureau:

I. INTRODUCTION

1. In this Order we find that JPMorgan Chase & Co. (JPMorgan) has demonstrated that it possesses the requisite qualifications, including those of character, to exercise directly its ownership interests in Ligado Networks, LLC, (Ligado), a mobile-satellite service provider, without further need of a voting proxy. Accordingly, we hold that the conditions set forth in paragraph 42 of the Memorandum Opinion and Order in this proceeding have been met, and we approve termination of the Proxy Agreement referenced therein.

II. BACKGROUND

2. In 2015, LightSquared Subsidiary LLC, Debtor-in-Possession (LightSquared)—the predecessor of Ligado—sought Commission consent to the transfer of licenses and authorizations as it emerged from bankruptcy under new ownership. JPMorgan was proposed to indirectly control 21.25% of the common units of the emerged company, and to nominate one member of its seven-member governing board.

3. During the period when the Commission was considering the LightSquared application, JPMorgan was subject to domestic and international investigations regarding its participation in a conspiracy to manipulate the price of the euro/U.S. dollar currency pair in the foreign exchange market. JPMorgan had reached a plea agreement with the Department of Justice regarding this conduct, in which it agreed to plead guilty to a felony antitrust violation, to accept a three-year period of probation, and to pay a \$550 million fine. At the time that the Memorandum Opinion and Order was adopted, however, the

1 See Applications of LightSquared Subsidiary LLC, Debtor-in-Possession, and LightSquared Subsidiary LLC, For Consent to Assign and Transfer Licenses and Other Authorizations, Memorandum Opinion and Order, 30 FCC Rcd 13988, 14006, para. 42 (2015) (Memorandum Opinion and Order); see also id. at 13995-96, para. 17 (stating that the Proxy Agreement provides that it "will terminate only upon a Commission finding that JPMorgan possesses the requisite qualifications, including those of character, to hold its [Ligado] interest without such restrictions on its permitted voice in the company's affairs, or otherwise with the Commission's approval").

2 Id. at 13990-91.

3 See id. at 13993-94.

plea agreement was pending before but had not yet been accepted by the U.S. District Court for the District of Connecticut.

4. A Commission licensee or a party controlling or with significant ownership of such a licensee, must possess a character sufficient to demonstrate that it will deal truthfully with the Commission and comply with its rules and policies.⁴ In the *Memorandum Opinion and Order*, the Commission noted the pendency of the JPMorgan guilty plea but approved the transfers of control sought by LightSquared to allow the company to emerge from bankruptcy. Because it was not then able to determine whether JPMorgan held the requisite character to exercise directly its ownership interests in Ligado, the Commission conditioned its approval on JPMorgan not participating in the management of the new company. This was effected through the implementation of a voting proxy. Under paragraph 42 of the *Memorandum Opinion and Order*, the voting proxy must continue until the Commission is able to find that JPMorgan holds the requisite character to directly exercise its interests in Ligado.

5. On January 5, 2017, after adoption of the *Memorandum Opinion and Order*, the U.S. District Court for the District of Connecticut accepted JPMorgan's guilty plea.⁵ On October 30, 2018, JPMorgan requested a Commission finding that it possesses the minimum qualifications necessary to hold attributable interests in Ligado and other FCC licensees and to allow the proxy agreement to end by its terms.⁶ JPMorgan avers that the misconduct of one of its traders was wholly unrelated to its FCC interests, that it has taken significant remedial action since discovering the misconduct, and that it has a proven history of compliance with FCC rules and policies.⁷

III. DISCUSSION

6. When evaluating the character qualifications of a party, like JPMorgan, with significant ownership interests in an FCC licensee, we focus on misconduct that demonstrates a proclivity to deal truthfully with the Commission and to comply with our rules and policies.⁸ We consider certain violations of the Communications Act of 1934, as amended, or of the Commission's rules or policies, as well as certain types of adjudicated, non-Commission-related misconduct, including felony convictions and violations of antitrust laws.⁹ Where misconduct calls into question an applicant's character qualifications, we also consider certain "mitigating factors."¹⁰ These include the frequency of the misconduct; the nature of the participation, if any, of the managers and owners; any remedial action taken

⁴ See *id.* at 13993-97; *Policy Regarding Character Qualifications in Broadcast Licensing*, Report, Order and Policy Statement, 102 FCC 2d 1179 (1986) (*1986 Character Policy Statement*), modified, Policy Statement and Order, 5 FCC Red 3252 (1990) (*1990 Character Policy Statement*), recon. granted in part, Memorandum Opinion and Order, 6 FCC Red 3488 (1991), modified in part, Memorandum Opinion and Order, 7 FCC Red 6564 (1992). We look to the Commission's character policy initially developed in the broadcast area as guidance in resolving similar questions in common carrier license assignment proceedings. See, e.g., *Applications of Cellco Partnership d/b/a Verizon Wireless and Atlantis Holdings LLC for Consent to Transfer Control of Licenses, Authorizations, and Spectrum Manager and de facto Transfer Leasing Arrangements*, Memorandum Opinion and Order and Declaratory Ruling, 23 FCC Rcd 17444, 17464, para. 32 (2008) (*Verizon Wireless-ALLTEL Order*). See also *Memorandum Opinion and Order*, 30 FCC Rcd at 13997, para. 18.

⁵ Letter from Richard E. Wiley, Counsel to JPMorgan Chase & Co., to Thomas Sullivan, Chief, International Bureau, FCC, at 2 (Oct. 30, 2018) (*Letter*).

⁶ *Id.* at 11.

⁷ *Id.* at 5-10.

⁸ *1990 Character Policy Statement*, 5 FCC Rcd at 3252, para. 3.

⁹ See, e.g., *Verizon Wireless-ALLTEL Order*, 23 FCC Rcd at 17464-65, para. 32.

¹⁰ See *1990 Character Policy Statement*, 5 FCC Rcd at 3252, para. 5.

to curb the conduct and/or dismiss the perpetrator; and the applicant's past record of compliance with Commission rules and policies.¹¹

7. As the Commission noted in the *Memorandum Opinion and Order*, this matter involves “[s]erious allegations of misconduct” that “must be addressed” before JPMorgan acquires any cognizable interest in Ligado.¹² Given the acceptance of JPMorgan's plea agreement by the District Court, we are now in a position to determine whether JPMorgan possesses the requisite character qualifications to hold directly its interests in Ligado pursuant to the Commission's foregoing criteria.¹³ While JPMorgan has been convicted of an antitrust felony, the criminal acts did not pertain to its Commission activities or involve personnel directly related to its Commission activities. Among the “mitigating factors,” the criminal conduct was limited to a small part of JPMorgan's operations based in London, and the trader involved in the misconduct was not a member of JPMorgan's senior management.¹⁴ His responsibilities were unrelated to JPMorgan's interests in Ligado or other Commission-regulated businesses, and the individuals responsible for those Ligado interests (and the individual who supervises them) have resided in the United States office of JPMorgan and were not part of the foreign exchange spot market business or involved in the foregoing conspiracy.¹⁵ The trader is no longer employed at JPMorgan, having been suspended and then terminated in 2014.¹⁶ Further, the District Court concluded that JPMorgan did not “appear to have condoned conduct at any high-ranking level.”¹⁷ As part of its plea agreement, JPMorgan is required to implement remedial measures to prevent the reoccurrence of the criminal conduct, including implementing a compliance program designed to prevent and detect the types of conduct that were at issue in its felony conviction, and further strengthening its compliance and internal controls as required by the U.S. Commodity Futures Trading Commission and any other regulatory or enforcement agencies that have addressed the conduct in the plea agreement.¹⁸ In addition, JPMorgan has made efforts to pay restitution to potential victims by settling certain private actions relevant to this matter, including agreeing to a settlement with U.S. plaintiffs in the amount of \$105,500,000.¹⁹ In light of this record and the acceptance of JPMorgan's plea agreement by the District Court, we conclude that JPMorgan's felony conviction concerning trading on the foreign exchange market does not disqualify it from exercising directly its interests in Ligado or from holding other Commission licenses or authorizations.

IV. ORDERING CLAUSE

8. Accordingly, pursuant to Section 0.261 of the Commission's rules, 47 C.F.R. § 0.261, and in accordance with paragraph 18 of the *Memorandum Opinion and Order*, IT IS ORDERED that the

¹¹ See *1986 Character Policy Statement*, 102 FCC 2d at 1227-28, para. 102.

¹² *Memorandum Opinion and Order*, 30 FCC Rcd at 13995, para. 16.

¹³ We note that no other issues have been raised concerning JPMorgan's basic qualifications, and we find no reason to reevaluate or further discuss those qualifications beyond the character issue discussed herein.

¹⁴ *Letter* at 3-4 (quoting sentencing memorandum). See also *id.*, Declaration of Cyrus Amir-Mokri (Declaration), para. 6.

¹⁵ *Letter* at 6-7; Declaration, paras. 6-7.

¹⁶ *Letter* at 6; Declaration, para. 6.

¹⁷ *Letter* at Exhibit 3, 29-30 (sentencing transcript).

¹⁸ *Id.* at 7 & n.34.

¹⁹ *Id.* at Exhibit 2, 11. JPMorgan has also settled the two class action litigations in Canada that were pending at the time of the *Memorandum Opinion and Order*, and these settlements have received judicial approval. JPMorgan Chase & Co., SEC Form 10-Q (Aug. 2, 2017) at 157; *Memorandum Opinion and Order*, 30 FCC Rcd at 13995, n.53.

conditions in paragraph 42 of the *Memorandum Opinion and Order*, FCC 15-164, ARE SATISFIED and the JPMorgan Proxy Agreement may terminate.

FEDERAL COMMUNICATIONS COMMISSION

Thomas P. Sullivan
Chief, International Bureau