

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

In the Matter of)
iHeartMedia, Inc.)
Petition for Declaratory Ruling Under Section) MB Docket No. 20-51
310(b)(4) of the Communications Act of 1934, as)
Amended)

DECLARATORY RULING

Adopted: November 5, 2020

Released: November 5, 2020

By the Chief, Audio Division, Media Bureau:

I. INTRODUCTION

1. In this Declaratory Ruling, the Media Bureau (Bureau) addresses a petition for declaratory ruling (Petition) filed by iHeartMedia, Inc. (iHeart or Petitioner) on July 25, 2019. The Petition asks the Commission to exercise its discretion to permit iHeart to exceed the 25% benchmark for foreign investment set out in section 310(b)(4) of the Communications Act of 1934, as amended, (the Act), pursuant to section 310(b)(4) and sections 1.5000 et seq. of the Commission's rules. iHeart filed the Petition on behalf of itself and each of its direct and indirect subsidiaries which hold Commission broadcast licenses. As discussed below and consistent with the input we received from the U.S. Department of Justice on behalf of itself and other executive branch agencies, we find that it will serve the public interest to grant the Petition, subject to the conditions specified below.

1 Petition for Declaratory Ruling of iHeartMedia, Inc., MB Docket No. 20-51 (filed July 25, 2019), https://ecfsapi.fcc.gov/file/1072565422151/iHeart%20Petition%20for%20Declaratory%20Ruling.pdf (Petition); Supplement to Petition for Declaratory Ruling of iHeartMedia, Inc., MB Docket No. 20-51 (filed Jan. 28, 2020), https://ecfsapi.fcc.gov/file/10128659912282/iHM%20-%20Supplement%20to%20Petition%20for%20Declaratory%20Ruling%20FINAL.pdf (Supplement).

2 47 U.S.C. § 310(b)(4) (section 310(b)(4)).

3 47 CFR §§ 1.5000 et seq.; Review of Foreign Ownership Policies for Broadcast, Common Carrier, and Aeronautical Radio Licensees Under Section 310(b)(4) of the Communications Act of 1934, as Amended, GN Docket No. 15-236, Report and Order, 31 FCC Rcd 11272 (2016) (2016 Foreign Ownership Order), pet. for recon. dismissed, 32 FCC Rcd 4780 (2017).

4 See Petition at 2 & Exh. A, Subsidiaries and Licensees. iHeart owns and operates 857 full power radio broadcast stations, together with translator and booster stations and other ancillary facilities licensed by the Commission. Specifically, iHeart, a Delaware corporation, indirectly holds Commission licenses through the following eight Commission licensees: (1) AMFM Broadcasting Licenses, LLC; (2) AMFM Radio Licenses, LLC; (3) AMFM Texas Licenses, LLC; (4) Capstar TX LLC; (5) CC Licenses, LLC; (6) Citicasters Licenses, Inc.; (7) Clear Channel Broadcasting Licenses, Inc.; and (8) Los Angeles Broadcasting Partners, LLC. iHeart holds an indirect, controlling 51% interest in Los Angeles Broadcasting Partners, LLC, through a series of intermediary entities. iHeart holds an indirect, controlling 100% interest in each of the other seven licenses through a series of intermediary entities. In the case of all eight licensees, the intermediary corporations, partnerships, and limited liability companies are all U.S. entities. Id., Exhs. B & C-1; Supplement, Exhs. B & C-1. Exhibit B contains details on the ownership and attributable interests of iHeart and its subsidiaries. Exhibit C-1 contains a chart detailing the entire ownership structure between iHeart and the eight licensees.

II. BACKGROUND

2. *Foreign Investment in iHeart.* iHeart, a Delaware publicly traded corporation, filed the Petition in connection with the recent bankruptcy reorganization of iHeart and all of its subsidiaries which hold broadcast licenses.⁵ Specifically, to facilitate its emergence from bankruptcy, iHeart issued to certain debtholders, equity holders, and other creditors “(i) new common stock, including voting Class A Common Stock and/or limited voting Class B Common Stock, and/or (ii) Special Warrants, which are exercisable for common stock of iHeart subject to certain conditions, including compliance with the Communications Act and the FCC’s rules.”⁶ Petitioner’s reorganization plan also required iHeart to seek FCC approval to exceed the 25% benchmark for foreign investment in section 310(b)(4) to permit foreign entities that hold Special Warrants to exercise the warrants in return for Class A or Class B Common Stock.⁷ iHeart estimates that if the Commission grants the Petition, and the Special Warrants are fully exercised, iHeart would have aggregate foreign equity interests of approximately 63.9% and aggregate foreign voting interests of approximately 70.5%.⁸ Although the aggregate foreign investment (equity and voting) which would result from exercise of the Special Warrants is expected to be less than 100%, iHeart seeks authorization for up to 100% aggregate direct and/or indirect foreign voting and equity investment. iHeart also requests specific approval, pursuant to section 1.5001 of the rules,⁹ for the two groups of foreign entities named below that will hold more than 5% of iHeart’s voting or 10% of iHeart’s equity interests.¹⁰

⁵ Petition at 3. iHeart emerged from bankruptcy on May 1, 2019. *Id.* at 3. *See also iHeart Media, Inc., Debtor-in-Possession Seeks Approval to Transfer Control of and Assign FCC Authorizations and Licenses*, File No. BALH-20181009AAX et al., Memorandum Opinion and Order, 34 FCC Rcd 2409 (MB 2019).

⁶ Petition at 3. iHeart explains that these instruments were intended to reduce its aggregate foreign voting and equity interests below the 25% benchmark in section 310(b)(4) and to no more than 22.5%.

⁷ *Id.* at 2-3. iHeart states that it also seeks this approval to address concerns that public trading of its stock may result in additional foreign investment (equity and/or voting) that would exceed the 25% statutory benchmark.

⁸ These estimates also assume the exchange of all Special Warrants for common stock pursuant to the Warrant Agreement that governs the Special Warrants. Petition at Exhibit E. Exhibit D to the Petition also contains information about foreign investment that does not exceed the threshold requiring specific approval. iHeart included a redacted version of Exhibit D with the Petition as filed electronically in the Commission’s electronic comment filing system. iHeart submitted a confidential version of Exhibit D to staff with a request for confidential treatment. Letter from Eve Klindera Reed, Counsel for iHeart, to Albert Shuldiner, Chief, Audio Division, Media Bureau, FCC (July 26, 2019); *see* 47 CFR §§ 0.457(d), 0.459(b). This ruling does not disclose material in Exhibit D to the Petition that the Petitioner has identified as confidential; we defer ruling on the Petitioner’s confidentiality request unless and until necessary. *See* 47 CFR § 0.459(d)(3) (the Commission may defer acting on requests for confidential treatment of materials submitted to the Commission until a request for inspection has been made pursuant to § 0.460 or § 0.461; such materials will be accorded confidential treatment until the Commission acts on the confidentiality request and all subsequent appeal and stay proceedings have been exhausted).

⁹ 47 CFR § 1.5001. Under section 1.5001(i)(1) of the Commission’s rules, petitioners for a declaratory ruling are required to identify and seek specific approval for any foreign individual, entity, or group that holds, or would hold, directly and/or indirectly, more than 5% of equity and/or voting interests, or a controlling interest, in the petitioner’s controlling U.S. parent, subject to certain exemptions, including an exemption that increases the specific approval threshold to 10% for certain institutional investors.

¹⁰ Other than the entities discussed below, iHeart states that it has not identified any other foreign investor or group of investors that will receive a voting or equity interest in iHeart that requires specific approval under the Commission’s rules. Petition at 11 (citing 47 CFR § 1.5001(i)); *see also id.*, Exhibit E (explaining that iHeart’s aggregate foreign investment (equity and voting) estimates assume the exchange of all Special Warrants for common stock pursuant to the Warrant Agreement that governs the Special Warrants). Given this assumption, we need not and do not make any determination as to whether the terms of the Special Warrants are such as to constitute “capital stock” for purposes of 47 U.S.C. § 310(b).

3. PIMCO Group. Petitioner seeks authorization for the PIMCO Group to hold up to 19.99% of the voting interest and 32.99% of the equity interest in iHeart.¹¹ The PIMCO Group consists of PIMCO Global Investors Series plc, Income Fund (PIMCO Global), an Irish private limited company, and other funds and accounts managed by Pacific Investment Management Company LLC (PIMCO LLC), an entity ultimately controlled by Allianz SE (Allianz), a Germany entity. PIMCO Global and the other PIMCO funds will own stock in iHeart on behalf of individual investors in those funds.¹² Although PIMCO Global is the only PIMCO fund that owns a large enough interest in iHeart to require specific approval, iHeart seeks specific approval for the other PIMCO funds in the aggregate because collectively they will exceed the threshold for specific approval under section 1.5001(i) of the Commission's rules.¹³

4. Because PIMCO LLC is the investment advisor and will control the voting in iHeart for PIMCO Global and the other PIMCO funds, iHeart also seeks specific approval for the 19.99% voting interests that would be deemed held, under the rules, indirectly by four foreign-organized entities in PIMCO LLC's vertical chain of control: (i) Allianz, a European public company organized in Germany; (ii) Allianz Asset Management GmbH (AAM GmbH), a German limited liability company; (iii) Allianz Europe B.V. (AEBV), a Netherlands non-public limited liability company; and (iv) Allianz Finanzbeteiligungs GmbH (AF GmbH), a German limited liability company.¹⁴

5. Four entities and a number of current and former employees of PIMCO LLC own membership interests in PIMCO LLC: (i) Allianz Asset Management US Holding II LLC (AAM US), a Delaware limited liability company, holds a 2.5% non-voting equity interest; (ii) Allianz Asset Management of America LLC (AAM LLC), a Delaware limited liability company, holds an 11.9% non-voting equity interest; (iii) Allianz Asset Management of America L.P. (AAM LP), a Delaware limited partnership, holds an 81% equity interest and a 100% voting interest; (iv) Newport Trust Company, a Delaware corporation, holds a 2.1% non-voting equity interest; and (v) current and former employees hold a 2.5% non-voting equity interest.¹⁵

6. AAM GmbH owns a 100% direct interest in AAM US. AAM GmbH and AEBV indirectly own AAM LLC and AAM LP. AF GmbH owns 25.53% of AAM GmbH. Allianz owns the remaining 74.47% of AAM GmbH as well as 100% of AF GmbH and 100% of AEBV.¹⁶

7. Invesco Group. Petitioner also seeks authorization for the Invesco Group to hold up to a 19.99% voting and equity interest in iHeart.¹⁷ The Invesco Group interest in iHeart is owned by a series

¹¹ Petition at 8-9.

¹² iHeart anticipates that foreign and domestic funds and accounts managed by PIMCO LLC will together hold up to an aggregate 19.99% voting interest, and a 32.99% equity interest, in iHeart. Supplement at 1, n.2.

¹³ 47 CFR 1.5001(i).

¹⁴ Petition at 12; Supplement at 1 & n.1.

¹⁵ PIMCO LLC periodically grants certain employees the ability to acquire "M Units" in PIMCO LLC as a form of compensation. Some of these individuals may be non-U.S. citizens. Petitioner asserts that, while the M Unit holders are not technically insulated, as defined under FCC rules, the PIMCO LLC Agreement significantly restricts the rights of M Unit holders, and none of the current M Unit holders would acquire indirectly an equity interest in iHeart greater than 0.0252%. See Supplement, Exh. F, Attach. A. Consequently, iHeart believes the M Unit holders should be treated as insulated members of PIMCO LLC and, thus, as having a voting interest in iHeart that is the same as their respective equity interests, which, in each case, are below the 5% amount that would require prior specific approval. *Id.*

¹⁶ The full PIMCO Group ownership and control structure is set out in Exhibit C-2 to the Supplement. *Id.*, Exh. C at C-2. The Supplement also contains detailed information about the attributable interests in the PIMCO Group entities. See *id.*, Exh. F at F1-12.

¹⁷ Petition at 9.

of Invesco funds (Invesco Funds) and a separate set of Oppenheimer funds (Oppenheimer Funds).¹⁸ The various funds will hold stock in iHeart on behalf of individual investors in the funds. Although iHeart anticipates that the Invesco and Oppenheimer Funds that are foreign-organized will hold far less than 10% of iHeart's equity if all Special Warrants are exchanged for Class A Common Stock, iHeart seeks advance approval for the Invesco and Oppenheimer Funds to hold collectively up to a 19.99% equity interest in iHeart.¹⁹

8. In addition, iHeart seeks specific approval for two foreign-organized entities within the funds' vertical chain of control: Invesco Ltd., a Bermuda limited company with exempt status, and Invesco Holding Company Limited (IHC), a United Kingdom private limited company.²⁰ Specifically, iHeart requests that these entities be permitted to hold up to a 19.99% voting interest in iHeart. iHeart explains that Invesco Senior Secured Management, Inc. (ISSM), a Delaware corporation, is the investment advisor for the Invesco Funds and controls the Invesco Funds' voting in iHeart. ISSM is a wholly owned subsidiary of Invesco Advisers, Inc. (IA), a Delaware corporation. IA, which is the investment advisor for the Oppenheimer Funds and controls the Oppenheimer Funds' voting in iHeart, is an indirect, wholly owned subsidiary of IHC. IHC, in turn, is a wholly owned subsidiary of Invesco Ltd.²¹ Thus, Invesco Ltd. and IHC would each hold indirectly up to a 19.99% non-controlling voting interest in iHeart.

9. *Public Interest.* In support of the Petition, iHeart asserts that grant of the Petition will serve the public interest "by enabling iHeart to better compete in the already diverse and ever-expanding media marketplace, incentivizing foreign investment in broadcasting, and promoting U.S. trade policy by encouraging reciprocal investment opportunities for U.S. companies in foreign markets, while avoiding any risks to national security, law enforcement, or foreign or trade policy."²² iHeart explains that grant of the Petition would foster the purposes of the U.S. bankruptcy laws.²³ Finally, iHeart emphasizes that the only entities requiring specific approval are German- and Bermuda-organized companies and/or their subsidiaries, and iHeart states that these two countries are among our nation's closest and strongest allies and engage in robust, reciprocal trade with the United States.²⁴

¹⁸ The Petition does not provide details about the individual funds within the Invesco Funds or the Oppenheimer Funds. All the funds are under the control of the Invesco entities. *See* Supplement, Exh. C at C-2.

¹⁹ Petition at 13, n.32.

²⁰ The Petition contains detailed information about the attributable interests in IHC and Invesco Ltd. *See* Petition, Exh. F at F1-F4. The full Invesco Group ownership and control structure is set out in Exhibit C to the Supplement, Supplement, Exh. C at C-2.

²¹ In its initial calculation of aggregate foreign voting and equity investment, iHeart classified the Oppenheimer controlled Class A Common Stock shares as held by U.S. entities. Upon Invesco assuming voting control of the Oppenheimer Fund shares, iHeart determined that the shares should be considered foreign for purposes of calculating its foreign voting ownership under section 310(b)(4). Accordingly, on July 3, 2019, iHeart informed the Commission of this development. *See* Letter from Eve Klindera Reed, Counsel for iHeart, to Marlene H. Dortch, Secretary, FCC, MB Docket No. 20-51 (filed July 5, 2019). iHeart filed the present remedial Petition within thirty days of the letter, as required by section 1.5004(f)(3) of the rules. *See* 47 CFR § 1.5004(f)(3). The Media Bureau deemed iHeart to be in compliance with the Commission's foreign ownership reporting rules on an interim basis pending a final decision on the Petition. *See* Letter from Albert Shuldiner, Chief, Audio Division, Media Bureau, FCC, to Eve Klindera Reed, Counsel for iHeart, MB Docket No. 20-51 (July 9, 2019).

²² Petition at 2, 14-22.

²³ *Id.* at 18-20.

²⁴ *Id.* at 22.

10. *Comments.* Greg Donahoe filed comments opposing the Petition on March 4, 2020.²⁵ In his comments, Donahoe asserts that grant of the Petition “would have potentially grave consequences for the public welfare and national security aspects of broadcast outlet regulation.”²⁶ In reply comments, iHeart counters that its Petition demonstrates that its grant will provide public interest benefits without raising any national security concerns and that the Commission’s rules specifically authorize the relief sought in the Petition.²⁷

11. *DOJ Review.* On March 2, 2020, the Commission received a submission from the U.S. Department of Justice (DOJ), with the concurrence of the U.S. Department of Defense and U.S. Department of Homeland Security (collectively, the Agencies).²⁸ In that filing, the Agencies requested that the Commission defer action on the Petition pending completion of their review of the petition and related materials for any national security, law enforcement, or public safety issues. Subsequently, on June 29, 2020, the DOJ submitted a Petition to Adopt Conditions.²⁹ The filing states that the DOJ has no objection to grant of the Petition provided that the Commission condition its approval on the assurance of iHeart to abide by the commitments and undertakings set forth in the June 29, 2020, Letter of Agreement (LOA) between iHeart and the DOJ.³⁰

12. *Section 310(b)(4) Foreign Ownership Review.* We review the proposed foreign investment in iHeart under section 310(b)(4) of the Act, which states that “[n]o broadcast . . . license shall be granted to or held by . . . any corporation directly or indirectly controlled by any other corporation of which more than one-fourth of the capital stock is owned of record or voted by aliens, their representatives, or by a foreign government or representative thereof, or by any corporation organized under the laws of a foreign country, if the Commission finds that the public interest will be served by the refusal or revocation of such license.”³¹ This section of the Act also grants the Commission discretion to allow higher levels of foreign investment in a licensee’s controlling U.S.-organized parent unless the Commission finds that the public interest would be served by refusing to permit such foreign investment.³²

13. In the *2016 Foreign Ownership Order*, the Commission modified the broadcast licensee foreign ownership review process by extending the streamlined rules and procedures developed for review of foreign investment in common carrier and certain aeronautical licensees under section 310(b)(4) to the broadcast context, with certain limited exceptions.³³ Further, in evaluating petitions

²⁵ Greg Donahoe Comments (rec. Mar. 4, 2020) (Donahoe Comments). On February 25, 2020, the Bureau released a Public Notice seeking comment on the Petition. *See iHeartMedia, Inc. Seeks Foreign Ownership Ruling*, MB Docket No. 20-51, Public Notice, 35 FCC Rcd 1512 (MB 2020). iHeart filed Reply Comments on March 30, 2020. iHeart Reply Comments (rec. Mar. 30, 2020).

²⁶ Donahoe Comments at 1.

²⁷ iHeart Reply Comments at 1-2. iHeart emphasizes that the foreign investment at issue largely involves U.S. subsidiaries of Germany and Bermuda, which iHeart states have long been allies of, and reciprocal investors, in the United States. *Id.* at 1.

²⁸ Letter from Lee Licata, Attorney Advisor, National Security Division, DOJ, to Marlene H. Dortch, Secretary, FCC, MB Docket No. 20-51 (March 2, 2020).

²⁹ Petition to Adopt Conditions to Authorizations and Licenses of the U.S. Department of Justice, MB Docket No. 20-51 (filed June 29, 2020) (Petition to Adopt Conditions).

³⁰ Petition to Adopt Conditions, Attach., Letter from Paul McNicol, Executive Director and General Counsel, iHeart, to John Demers, Assistant Attorney General for National Security, DOJ (June 29, 2020) (LOA).

³¹ 47 U.S.C. § 310(b)(4).

³² *Id.*

³³ *2016 Foreign Ownership Order*, *supra* note 3.

relating to foreign ownership, the Commission affords appropriate deference to the expertise of the Executive Branch agencies on issues related to national security, law enforcement, foreign policy, and trade policy.³⁴

14. The *2016 Foreign Ownership Order* expressly provides for processing of petitions requesting advance approval for up to and including 100% aggregate foreign voting and/or equity investment by unnamed and future foreign investors in the controlling U.S. parent of a broadcast licensee.³⁵ It also requires that broadcasters obtain specific approval for foreign investors that, “hold or would hold, directly or indirectly, more than 5 percent, and in certain circumstances, more than 10 percent of the U.S. parent's voting and/or equity interests, or a controlling interest in the U.S. parent.”³⁶ To exercise in a meaningful way the discretion conferred by statute, the Commission must receive detailed information from the applicant sufficient for the Commission to make the public interest finding the statute requires.³⁷

III. DISCUSSION

15. We find that grant of this Petition is in the public interest, subject to the conditions discussed below. Specifically, we find that grant of the Petition is likely to: (1) enable iHeart to be in a stronger financial condition post-bankruptcy and provide the company greater flexibility to access foreign investment capital, thereby allowing iHeart to better compete with other media companies, enhance its programming, and better serve the public interest;³⁸ and (2) potentially encourage reciprocal investment opportunities for U.S. companies in foreign markets.³⁹ We reject Donahoe’s claim that grant of the Petition “would have potentially grave consequences for the public welfare and national security aspects of broadcast outlet regulation.”⁴⁰ We agree with iHeart that its Petition demonstrates that this grant will provide public interest benefits and that the Act and the Commission’s rules specifically authorize the Commission to grant the relief sought in the Petition if the Commission finds that such grant is in the

³⁴ See *2016 Foreign Ownership Order*, 31 FCC Rcd at 11277, para. 6.

³⁵ *2016 Foreign Ownership Order*, 31 FCC Rcd at 11282, para. 15.

³⁶ *Id.* at 11282, para. 16.

³⁷ Subsequent to the *2016 Foreign Ownership Order*, the Bureau has granted petitions for declaratory ruling allowing aggregate foreign investment of 49% in the controlling U.S. parent companies of two broadcast licensees, as well as petitions for declaratory ruling permitting 100% foreign ownership of the controlling U.S. parent company of a broadcast licensee. See *Univision Holdings, Inc.*, MB Docket No. 16-217, Declaratory Ruling, 32 FCC Rcd 6 (2017) (permitting aggregate foreign ownership of 49% voting and equity interests); *Hemisphere Media Group, Inc.*, MB Docket No. 18-134, Declaratory Ruling, 32 FCC Rcd 718 (2017) (permitting up to 49.99% aggregate foreign ownership); *Frontier Media*, MB Docket No. 16-212, Memorandum Opinion and Order and Declaratory Ruling, 32 FCC Rcd 1427 (2017) (permitting 100% foreign ownership of the licensee’s parent company); *Corvex Master Fund LP*, MB Docket No. 16-253, Declaratory Ruling, 32 FCC Rcd 1352 (2017) (permitting Corvex to increase its non-controlling voting and equity interest in Pandora up to 14.99%); *Grupo Multimedia LLC*, MB Docket No. 17-360, Declaratory Ruling and Memorandum Opinion and Order, 33 FCC Rcd 4465 (2018) (permitting 100% foreign ownership in the licensee’s parent company); *Border Media Licenses*, MB Docket No. 18-66, Declaratory Ruling and Memorandum Opinion and Order, 33 FCC Rcd 8324 (2018) (same); *Zoo Communications LLC*, MB Docket No. 17-359, Declaratory Ruling and Memorandum Opinion and Order, 34 FCC Rcd 25 (2019) (same); *Terrier Media Buyer*, MB Docket No. 19-196, Declaratory Ruling, 34 FCC Rcd 10544 (2019) (permitting foreign investors to own up to 100% of company’s voting and equity interests). Most recently, the Bureau granted a petition for declaratory ruling permitting a 100% aggregate direct and/or indirect foreign investment (voting and equity) in Cumulus Media Inc. See *Cumulus Media Inc.*, MB Docket No. 19-143, Declaratory Ruling, 35 FCC Rcd 5461 (2020).

³⁸ See Petition at 14-17.

³⁹ See *id.* at 11316, para. 98.

⁴⁰ See Donahoe Comments at 1.

public interest.⁴¹ With respect to issues related to national security, the Petition has been reviewed by the relevant Executive Branch agencies for any national security and law enforcement concerns, and they have no objection to the Commission approving the Petition provided it conditions the grant on compliance with the LOA, as discussed below.

16. As explained above, iHeart requests approval to permit up to and including 100% aggregate direct and/or indirect foreign investment (voting and equity) to (1) enable holders of Special Warrants to exercise those warrants for Class A Common Stock and/or Class B Common Stock, and (2) facilitate additional investment by unnamed and future foreign investors in iHeart and promote the free transferability of its stock. iHeart also requests specific approval for two groups of foreign entities to hold more than 5%, or 10%, as applicable, of iHeart's voting and/or equity interests. Following the procedures outlined in the *2016 Foreign Ownership Order*, we have consulted with the relevant Executive Branch agencies with expertise on issues related to national security, law enforcement, foreign policy, and trade policy.⁴² The DOJ has filed a letter with the Commission stating that it has no objection to grant of the Petition, provided that the Commission condition its approval on the compliance by iHeart with the commitments and undertakings set forth in the LOA.⁴³

17. Accordingly, upon review of the facts and circumstances set out in the Petition, and pursuant to the procedures adopted in the *2016 Foreign Ownership Order*, we find that the public interest would not be served by prohibiting foreign investment in iHeart, the owner of over 850 radio broadcast station licenses, in excess of the 25% benchmark set forth in section 310(b)(4) of the Act.⁴⁴ Specifically, pursuant to section 1.5000(a) of the rules,⁴⁵ this Declaratory Ruling permits the aggregate direct and/or indirect foreign equity and voting interests in iHeart to exceed 25%, and to increase up to and including 100%. This declaratory ruling also grants, pursuant to section 1.5001(i) of the rules,⁴⁶ specific approval for (1) the PIMCO Group to hold, in the aggregate, up to 19.99% of the voting interests and 32.99% of the equity interests in iHeart; and (2) the Invesco Group to hold, in the aggregate, up to 19.99% of the voting and equity interests in iHeart. Thus, this ruling permits PIMCO Global and the other PIMCO funds to hold collectively up to 19.99% of the voting interests and 32.99% of the equity interests in iHeart. This ruling also permits the 19.99% voting interest in iHeart that would be deemed held, under the rules, by the four foreign-organized entities in the PIMCO Group's vertical chain of control: (i) Allianz, (ii) AAM GmbH, (iii) AEBV, and (iv) AF GmbH. This ruling authorizes issuance of M Units of PIMCO LLC specifically to current, former, and future employees of PIMCO LLC or its affiliates that are non-U.S. citizens, including current foreign holders of M Units, without prior specific approval provided the M Unit holder's aggregate interests in iHeart do not exceed, directly or indirectly, 5% of iHeart's equity or voting interests.⁴⁷ Similarly, this ruling permits the Invesco and Oppenheimer Funds to hold collectively up to 19.99% of the voting and equity interests in iHeart. This ruling also permits the 19.99% voting interest in iHeart that would be deemed held, under the rules, by Invesco Ltd. and IHC, the two foreign-organized entities in the Invesco Group's vertical chain of control. We note iHeart must obtain Commission approval for any new or additional foreign individual, entity, or group of such individuals or entities to hold, directly and/or indirectly, more than 5% (or more than 10% for certain institutional investors) of the equity and/or voting interests, or a controlling interest, in the company.

⁴¹ See iHeart Reply Comments at 1-2.

⁴² See *2016 Foreign Ownership Order*, 31 FCC Rcd at 11277, 11289, paras. 6, 34.

⁴³ See LOA, *supra* note 30.

⁴⁴ 47 U.S.C. § 310(b)(4).

⁴⁵ 47 CFR § 1.5000(a).

⁴⁶ *Id.* § 1.5001(i).

⁴⁷ Supplement, Exh. F, Attach. B.

18. We grant the Petition to Adopt Conditions filed in this proceeding on June 29, 2020, by the DOJ. We also condition grant of this Petition on compliance by iHeart with the commitments and undertakings set forth in the LOA.⁴⁸ A failure to comply and/or remain in compliance with any of these commitments and undertakings shall constitute a failure to meet a condition of this ruling and the underlying licenses and thus grounds for declaring them terminated without further action on the part of the Commission.⁴⁹ Failure to meet a condition of this ruling may also result in monetary sanctions or other enforcement action by the Commission.

19. In addition to compliance with the terms of the LOA, this ruling is also subject to the terms and conditions set forth in section 1.5004 of the Commission's rules,⁵⁰ including the requirement to obtain Commission approval before foreign ownership of iHeart exceeds the terms and conditions of this ruling. Further, the ruling is subject to the requirement that iHeart obtain Commission approval for any new or additional foreign individual, entity, or group of such individuals or entities to hold, directly and/or indirectly, more than 5% (or more than 10% for certain institutional investors) of the equity and/or voting interests, or a controlling interest, in the company.⁵¹ If, at any time, iHeart, or any of its direct or indirect subsidiaries, knows, or has reason to know, that iHeart and/or the subsidiary is no longer in compliance with this Declaratory Ruling, the terms of the LOA, section 310(b) of the Act, or the Commission's foreign ownership rules, iHeart and/or the subsidiary shall file a statement with the Commission explaining the circumstances within 30 days of the date that iHeart and/or the subsidiary knew, or had reason to know, that it was no longer in compliance.⁵² iHeart and its direct and indirect

⁴⁸ See LOA, *supra* note 30. Pursuant to the LOA, iHeart agrees, *inter alia*, to (1) designate and maintain a Security Officer who is a United States citizen residing in the United States; (2) abide by the terms in the LOA regarding the protection of personally identifiable information and geolocation data; (3) provide DOJ notice of any material changes to its business; and (4) provide an annual report to DOJ regarding the company's compliance with the LOA. The LOA contains the specific terms of these commitments and undertakings.

⁴⁹ A copy of the Petition to Adopt Conditions and the LOA are publicly available in MB Docket No. 20-51.

⁵⁰ 47 CFR § 1.5004.

⁵¹ *Id.* §§ 1.5001(i), 1.5004(a)(1). Given the assumptions underlying the Petition (*see, e.g.*, Petition, Exh. E), we clarify that, for purposes of calculating whether an individual or entity is a disclosable interest holder or requires specific approval, iHeart should include any outstanding Special Warrants in its calculation of the individual's or entity's *pro rata* equity interest (i.e., on a fully diluted basis). Special warrants are considered on a case-by-case, temporary and limited basis in the context of a bankruptcy proceeding until the filing of a petition for declaratory ruling concerning foreign ownership upon closing of the transaction. *See, e.g., Liberman Television of Dallas License LLC, Debtor-in-Possession*, Order, DA 19-1012 (MB 2019) (*Liberman Order*) (reviewing the assignment of broadcast licenses in several markets held by indirect, wholly-owned subsidiaries of Liberman Broadcasting, Inc., Debtor-in-Possession (LBI, and, together with affiliated entities, the LBI Debtors), from the licensees, as debtors-in-possession, to the same licensees, as non-debtors in possession, following the emergence of the LBI Debtors from bankruptcy; granting a temporary and limited waiver of section 1.5000(a)(1) of the rules to permit the LBI Debtors to emerge from bankruptcy before filing any petition for declaratory ruling that may be required to allow aggregate foreign ownership in excess of the 25% benchmark in section 310(b)(4) of the Act; and conditionally granting the applications on the filing of a petition for declaratory ruling concerning foreign ownership within 30 days of the closing of the transaction). *See also Fusion Connect, Inc., Debtor-In-Possession*, Public Notice, DA 20-43 (WCB 2020) (*Fusion Public Notice*) (finding temporary and limited waiver of section 1.5000(a)(1) would effectively provide interim section 310(b)(4) authority only, in order to enable Fusion Connect's prompt emergence from bankruptcy while preserving the Commission's ability to review and rule on its proposed foreign ownership upon emergence from bankruptcy.) *See also id.* (stating that "facilitating successful and timely emergence from bankruptcy 'advances the public interest by providing economic and social benefits, especially including the compensation of innocent creditors'"); *LaRose v. FCC*, 494 F.2d 1145, 1146, n.2 (D.C. Cir. 1974) (stating that, in applying its policies where an application arises from bankruptcy, the Commission should consider "the public interest in the protection of innocent creditors.").

⁵² 47 CFR. § 1.5004(f). Subsequent actions taken by or on behalf of iHeart, and/or its direct and indirect subsidiaries, to remedy non-compliance shall not relieve them of the obligation to notify the Commission of the

(continued....)

subsidiaries will be subject to enforcement action by the Commission for such non-compliance, including an order requiring divestiture of the foreign investment.⁵³

IV. ORDERING CLAUSES

20. Accordingly, **IT IS ORDERED** that, pursuant to section 310(b)(4) of the Communications Act of 1934, as amended, 47 U.S.C. § 310(b)(4), and pursuant to authority delegated to the Media Bureau in section 0.283 of the Commission's rules, 47 CFR § 0.283, the Petition for Declaratory Ruling filed by iHeartMedia, Inc. **IS GRANTED** subject to the conditions specified herein.

21. **IT IS FURTHER ORDERED** that, pursuant to sections 4(i)-(j) and 310(b) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i)-(j), 310(b), and section 1.41 of the Commission's rules, 47 CFR § 1.41, the Petition to Adopt Conditions filed by the U.S. Department of Justice **IS GRANTED**.

22. **IT IS FURTHER ORDERED** that, pursuant to sections 4(i)-(j), 303(r), 309, 310(b), and 310(d) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i)-(j), 303(r), 309, 310(b), and 310(d), grant of the Petition for Declaratory Ruling is **CONDITIONED UPON** compliance by iHeartMedia, Inc. with the commitments and undertakings set forth in the June 29, 2020, Letter of Agreement between iHeartMedia, Inc. and the U.S. Department of Justice. Any failure to comply and/or remain in compliance with any of the commitments and undertakings shall constitute a failure to meet a condition of the underlying authorizations and licenses and thus grounds for declaring the authorizations and licenses terminated without any further action on the part of the Commission. Failure to meet a condition on the licenses may also result in monetary sanctions or other enforcement actions by the Commission.

23. **IT IS FURTHER ORDERED** that this Declaratory Ruling SHALL BE EFFECTIVE upon release.

FEDERAL COMMUNICATIONS COMMISSION

Albert Shuldiner
Chief, Audio Division
Media Bureau

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circumstances (including duration) of non-compliance. *Id.*

⁵³ *Id.*