



PUBLIC NOTICE

Federal Communications Commission
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IHEARTMEDIA, INC. SEEKS FOREIGN OWNERSHIP RULING PURSUANT TO SECTION 310(b)(4) OF THE COMMUNICATIONS ACT OF 1934, AS AMENDED

PLEADING CYCLE ESTABLISHED

MB Docket No. 20-51

Comment Date: March 26, 2020

Reply Date: April 10, 2020

iHeartMedia, Inc. (iHeart or Petitioner) has filed a petition for declaratory ruling¹ asking the Federal Communications Commission to find, pursuant to section 310(b)(4) of the Communications Act of 1934, as amended, (Act)² and section 1.5000(a)(1) of the Commission's rules (Rules),³ that it would serve the public interest to allow it to accept foreign investment in excess of the 25% benchmark set forth in section 310(b)(4).⁴ Specifically, iHeart seeks Commission authorization for foreign investors to own up to 100% of its equity and voting interests, and specific approval⁵ for certain foreign investors that seek to directly or indirectly hold more than 10% of the company's equity, and/or hold equity interests that will cause them to

¹ Petition for Declaratory Ruling of iHeartMedia, Inc., dated July 25, 2019 (Petition), and Supplement, dated January 28, 2020 (Supplement).

² 47 U.S.C. § 310(b)(4); *see also Commission Policies and Procedures Under Section 310(b)(4) of the Communications Act, Foreign Investment in Broadcast Licensees*, Declaratory Ruling, 28 FCC Rcd 16244 (2013).

³ 47 CFR § 1.5000(a)(1); *see also 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*, Report and Order, 31 FCC Rcd 11272 (2016); *pet. for recon. dismissed*, 32 FCC Rcd 4780 (2017).

⁴ 47 U.S.C. § 310(b)(4) ("No broadcast station or common carrier or aeronautical en route or aeronautical fixed radio station 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.").

⁵ 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. 47 CFR § 1.5001(i)(1)(3).

be deemed to hold more than 10% of iHeart’s voting rights.⁶ iHeart filed the Petition on behalf of itself and each of its direct and indirect subsidiaries that hold Commission broadcast licenses.⁷

iHeart seeks this declaratory ruling due to changes in its ownership structure that are an outgrowth of the recent bankruptcy reorganization of iHeart and all of its subsidiaries which hold broadcast licenses.⁸ To facilitate its emergence from bankruptcy, iHeart issued to certain owners “(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.”⁹ Petitioner states that these instruments were intended to reduce iHeart’s aggregate foreign voting and equity interests below 22.5%.¹⁰ iHeart’s plan to emerge from bankruptcy also required iHeart to seek FCC approval for foreign ownership above the 25% benchmark in 310(b)(4) to permit foreign entities that hold Special Warrants to exercise those warrants in return for Class A or Class B Common Stock.¹¹ iHeart states that it also seeks this approval to address concerns that public trading of its stock may result in additional foreign ownership that would exceed the 25% statutory benchmark.

In fact, after it emerged from bankruptcy, iHeart learned that changes in its ownership outside its control had impacted iHeart’s foreign ownership. Invesco Ltd. (Invesco), a limited company organized under the laws of Bermuda, acquired OppenheimerFunds, Inc. (Oppenheimer), “the ultimate parent company of the investment adviser of various U.S.-organized mutual funds that collectively received approximately 9.4% of iHeart’s Class A Common Stock.”¹² In its initial calculation of aggregate foreign ownership, iHeart had classified these Oppenheimer controlled Class A Common Stock shares as held by U.S. entities. Upon Invesco assuming voting control of these shares, iHeart determined that these shares should be considered foreign for purposes of calculating its foreign voting ownership under section 310(b)(4). iHeart informed the Commission of this development in a July 3, 2019, letter¹³ and filed the present remedial Petition within thirty days of that letter as required by section 1.5004(f)(3) of the Rules.¹⁴ 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.¹⁵

iHeart’s Petition seeks authorization for up to 100% aggregate voting and equity foreign investment. iHeart estimates that if the Commission were to grant the Petition and the Special Warrants are fully

⁶ Petition at 1-2.

⁷ *See id.* 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.

⁸ *Id.* iHeart emerged from bankruptcy on May 1, 2019. *Id.* at 3. *See also iHeartMedia, Inc., Debtor-in-Possession Seeks Approval to Transfer Control of and Assign FCC Authorizations and Licenses*, Memorandum Opinion and Order, 34 FCC Rcd 2409 (MB 2019).

⁹ *Id.*

¹⁰ iHeart does not explain why it chose to reduce foreign interests below 25% to 22.5%.

¹¹ *Id.* at 6.

¹² *Id.*

¹³ Letter from Eve Klindera Reed to Marlene H. Dortch, Secretary, dated July 3, 2019.

¹⁴ 47 CFR § 1.5004(f)(3).

¹⁵ Letter from Albert Shuldiner, Chief, Audio Div., Media Bureau, FCC to iHeartMedia, Inc., dated July 9, 2019.

exercised, it would have foreign ownership of approximately 70.5% of its voting interest and 63.9% of its equity interest.¹⁶

iHeart also seeks specific approval for two groups of foreign entities that will hold more than 5% of iHeart's voting or 10% of iHeart's equity interests. The first group (PIMCO Group) includes funds and accounts associated with Pacific Investment Management Company LLC (PIMCO LLC), an entity ultimately controlled by Allianz SE (Allianz), a Germany entity. iHeart seeks authorization for the PIMCO Group to hold up to a 19.99% voting interest and a 32.99% equity interest in iHeart.¹⁷ The second group includes Invesco and affiliated entities (Invesco Group). iHeart also seeks authorization for the Invesco Group to hold up to a 19.99% voting and equity interest in iHeart.¹⁸ Other non-attributable shareholders hold the remaining interest in iHeart. According to the petition, none of those other shareholders require specific approval.

iHeart argues 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.”¹⁹ The Petition has been found, on initial review, to be acceptable for filing. The Commission may require iHeart to submit any additional documents or statements of fact that in its judgment may be necessary. The Commission also reserves the right to return the Petition if, on further examination, it is determined to be defective and not in conformance with its rules and policies.

iHeart Licensees

iHeart, a Delaware corporation, indirectly holds Commission licenses to more than 850 full power radio stations through the following eight Commission licensees: (i) AMFM Broadcasting Licenses, LLC (a Delaware limited liability company); (ii) AMFM Radio Licenses, LLC (a Delaware limited liability company); (iii) AMFM Texas Licenses, LLC (a Texas limited liability company); (iv) Capstar TX LLC (a Texas limited liability company); (v) CC Licenses, LLC (a Delaware limited liability company); (vi) Citicasters Licenses, Inc. (a Texas corporation); (vii) Clear Channel Broadcasting Licenses, Inc. (a Nevada corporation); and (viii) Los Angeles Broadcasting Partners, LLC (a Delaware limited liability company). iHeart holds an indirect 51% interest in Los Angeles Broadcasting Partners, LLC, through a series of intermediary entities.²⁰ iHeart holds an indirect 100% interest in each of the other seven licensees 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.²¹

PIMCO Group

As proposed in the Petition, the PIMCO Group will hold up to 19.99% of the voting interest and 32.99% of the equity interest in iHeart. A series of PIMCO funds, including PIMCO Global Investors Series

¹⁶ Petition at Exh. E. Exhibit D to the Petition also contains information about foreign ownership that does not exceed the threshold requiring specific approval.

¹⁷ Petition at 8-9.

¹⁸ *Id.* at 9.

¹⁹ *Id.* at 2.

²⁰ Supplement at Exh. C-1. U.S. entities hold the remaining 49% interest in Los Angeles Broadcasting Partners, LLC. *Id.* at Exh. B, 13-17.

²¹ *Id.* at Exh. C-1. Exhibit C-1 contains a chart detailing the entire ownership structure between iHeart and the eight licensees. Exhibit B contains details on the ownership and attributable interests in iHeart and its subsidiaries.

plc, Income Fund (PIMCO Global), will hold the PIMCO Group interest in iHeart. PIMCO Global and the other PIMCO funds will own stock in iHeart on behalf of individual investors in those funds. PIMCO LLC is the investment advisor for and will control the voting in iHeart for PIMCO Global and the other PIMCO funds.

iHeart seeks specific approval for both PIMCO Global and the other PIMCO funds to hold 19.99% of the voting interest and 32.99% of the equity interest in iHeart. Although PIMCO Global is the only 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. iHeart also seeks specific approval for the 19.99% voting interests that would be deemed held, under the rules, by four additional foreign-organized entities in PIMCO LLC's vertical chain of control: (i) Allianz; (ii) Allianz Asset Management GmbH; (iii) Allianz Europe B.V.; and (iv) Allianz Finanzbeteiligungs GmbH.

PIMCO Global is an Irish private limited company. PIMCO LLC, as investment advisor, controls PIMCO Global and the other PIMCO funds. There are four entities and a number of current and former employees of PIMCO LLC that 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.²²

Allianz Asset Management GmbH (AAM GmbH), a German limited liability company, owns a 100% direct interest in AAM US. AAM GmbH along with Allianz Europe B.V. (AEBV), a Netherlands non-public limited liability company, indirectly own AAM LLC and AAM LP. Allianz Finanzbeteiligungs GmbH (AF GmbH), a German limited liability company, owns 25.53% of AAM GmbH. Allianz, a European public company organized in Germany, owns the remaining 74.47% of AAM GmbH as well as 100% of AF GmbH and 100% of AEBV.²³ The Supplement contains detailed information about the attributable interests in the PIMCO Group entities.²⁴

Invesco Group

As proposed in the Petition, the Invesco Group will own 19.99% of the voting and equity interest in iHeart. The Invesco Group interest in iHeart is owned by a series of Invesco funds (the Invesco Funds) and a separate set of Oppenheimer funds (the Oppenheimer Funds).²⁵ The various funds will hold stock in iHeart on behalf of individual investors in the funds. The fund investment advisor controls the voting in iHeart for

²² 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. According to the Supplement, the PIMCO LLC Agreement significantly restricts the rights of the M Unit holders. See Supplement at Exh. F discussing the certification in Attach. A. Consequently, iHeart believes the M Unit holders should be treated as insulated members of PIMCO LLC. The Supplement asserts that, "none of the foreign holders of M Units require specific approval, and no such holder should be considered to hold an attributable interest in PIMCO LLC." Supplement at Exh. F, Attach. A.

²³ The full PIMCO Group ownership and control structure is set out in Exh. C-2 to the Supplement.

²⁴ Supplement at Exh. F, F1-12.

²⁵ 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 Invesco entities.

the funds. iHeart seeks specific approval for two entities within the Invesco group: Invesco Ltd., and Invesco Holding Company Limited.

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 also is the investment advisor for the Oppenheimer Funds and controls the Oppenheimer Funds' voting in iHeart. IA is an indirect wholly-owned subsidiary of Invesco Holding Company Limited (IHC), a United Kingdom private limited company. IHC is a wholly-owned subsidiary of Invesco Ltd., a Bermuda limited company with exempt status.²⁶ The Invesco funds and the Oppenheimer funds collectively will hold a 19.99% interest in iHeart. The Petition contains detailed information about the attributable interests in IHC and Invesco Ltd.²⁷

EX PARTE STATUS OF THIS PROCEEDING

Pursuant to section 1.1200(a) of the Commission's rules,²⁸ the Commission may adopt modified or more stringent *ex parte* procedures in particular proceedings if the public interest so requires. We announce that this proceeding will be governed by permit-but-disclose *ex parte* procedures that are applicable to non-restricted proceedings under section 1.1206 of the Commission's rules.²⁹

Parties making oral *ex parte* presentations are directed to the Commission's *ex parte* rules. Parties are reminded that memoranda summarizing the presentation must contain the presentation's substance and not merely list the subjects discussed.³⁰ More than a one- or two-sentence description of the views and arguments presented is generally required.³¹ Other rules pertaining to oral and written presentations are set forth in section 1.1206(b) as well.³²

GENERAL INFORMATION

The petition for declaratory ruling referred to in this Public Notice has been accepted for filing upon initial review. The Commission reserves the right to return any filing if, upon further examination, it is determined to be defective and not in conformance with the Commission's rules or policies. Interested persons must file comments no later than **March 26, 2020**. Replies must be filed no later than **April 10, 2020**.

To allow the Commission to fully consider all substantive issues regarding the Petition and Supplement in as timely and efficient a manner as possible, commenters should raise all issues in their initial filings. A party or interested person seeking to raise a new issue after the pleading cycle has closed must show good cause why it was not possible for it to have raised the issue previously.³³ Submissions after the pleading cycle has closed that seek to raise new issues based on new facts or newly discovered facts should

²⁶ The full Invesco Group ownership and control structure is set out in Exhibit C-2 to the Supplement.

²⁷ Petition at Exh. F, F1-F4.

²⁸ 47 CFR § 1.1200(a).

²⁹ 47 CFR § 1.1206.

³⁰ See 47 CFR § 1.1206(b)(1).

³¹ See *id.*

³² 47 CFR § 1.1206(b).

³³ 47 CFR §§ 1.46(a), 73.3584(e).

be filed within 15 days after such facts are discovered. Absent such a showing of good cause, any issues not timely raised may be disregarded by the Commission.

All filings concerning matters referenced in this Public Notice should refer to MB Docket No. 20-51, as well as the specific file number of any relevant individual application or other matters to which the filings pertain.

Submissions in this matter may be filed electronically (i.e., through ECFS) or by filing paper copies.

- **Electronic Filers:** Documents may be filed electronically using the Internet by accessing the ECFS: <http://fjallfoss.fcc.gov/ecfs2/>.
- **Paper Filers:** Parties who choose to file by paper must file an original and one copy of each filing. Filings may be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission, 445 12th Street, S.W., Washington, DC 20554.
- All hand-delivered or messenger-delivered paper filings must be delivered to the Mail and Distribution Window at FCC Headquarters at 445 12th Street, S.W., Washington, D.C. 20554. The filing hours are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building.
- Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9050 Junction Drive, Annapolis Junction, MD 20701.
- U.S. Postal Service first-class, Express, and Priority mail must be addressed to 445 12th Street, S.W., Washington, DC 20554.

One copy of each pleading must be delivered electronically, by e-mail or facsimile, or if delivered as paper copy, by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (according to the procedures set forth above for paper filings), to: (1) Albert Shuldiner, Audio Division, Media Bureau, at albert.shuldiner@fcc.gov (202) 418-1410 (facsimile); (2) Lisa Scanlan, Audio Division, Media Bureau, at lisa.scanlan@fcc.gov (202) 418-1410 (facsimile); and (3) Christopher Clark, Audio Division, Media Bureau, at christopher.clark@fcc.gov (202) 418-1410 (facsimile). Any submission that is e-mailed to Albert Shuldiner, Lisa Scanlan, and Christopher Clark should include in the subject line of the e-mail: (1) MB Docket No. 20-51; (2) the name of the submitting party; and (3) a brief description or title identifying the type of document being submitted (e.g., MB Docket No. 20-51, [name of submitting party], Comments).

Copies of the Petition and Supplement and any subsequently filed documents in this matter are available for public inspection and copying during normal reference room hours at the following Commission office: FCC Reference Information Center, 445 12th Street, S.W., Room CY-A257, Washington, D.C. 20554. In addition, they are available electronically through the Commission's Electronic Filing Comment System (ECFS), which may be accessed on the Commission's Internet website.

To request materials in accessible formats for people with disabilities (Braille, large print, electronic files, audio format), send an email to fcc504@fcc.gov or call the Consumer and Governmental Affairs Bureau at (202) 418-0530 (voice) or (202) 418-0432 (TTY). Contact the FCC to request reasonable accommodations for filing comments (accessible format documents, sign language interpreters, CART, etc.) by email: FCC504@fcc.gov; phone: (202) 418-0530 or TTY: (202) 418-0432.

For further information, contact Albert Shuldiner, Audio Division, Media Bureau, at (202) 418-2726. Press inquiries should be directed to Janice Wise, Media Bureau, (202) 418-8165 or (888) 835-5322.

By: Chief, Media Bureau