



OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

January 4, 2010

The Honorable Edolphus Towns  
Chairman  
Committee on Oversight and Government Reform  
U.S. House of Representatives  
2157 Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairman Towns:

This letter supplements the Federal Communications Commission's (FCC) July 20, 2009 response to the Government Accountability Office's (GAO) report entitled, *Sovereign Wealth Funds: Laws Limiting Foreign Investment Affect Certain U.S. Assets and Agencies Have Various Enforcement Processes* (GAO 09-608) (Report). In its Report, GAO recommends that the FCC and other agencies review the sources of information that these agencies currently monitor to detect changes in ownership of U.S. assets subject to restriction or disclosure requirements applicable to foreign investors, and assess the value of supplementing these sources with information from other government and private data sources on investment transactions.

As discussed in more detail below, we have concluded that routinely monitoring government and private data sources to ascertain changes in ownership of U.S. communications assets prior to a change triggering licensee obligations would be of limited value to the FCC. This is due both to FCC licensees'/applicants' high level of compliance in filing the required applications, notifications, and periodic reports that identify changes in ownership, and the fact that private and government data sources may not contain timely or sufficiently detailed information. We believe that the Commission's current system of self-reporting by regulated entities, with targeted, case-specific inquiries and use of government and private data sources as warranted to conduct these inquiries, will continue to ensure that Commission staff has the information necessary to carry out its statutory functions with regard to foreign investment.

In the Commission's July 20, 2009 response, I noted that the GAO accurately describes the FCC's approach to oversight of foreign investment in the communications sector in that the FCC relies on self-reporting by regulated entities to assure that changes of ownership do not exceed legal limits or otherwise contravene the FCC's foreign ownership rules and policies. The response also stated that the Commission would review the sources of information the FCC monitors to detect changes in ownership of U.S. communications assets that are subject to restriction or disclosure under the Communications Act of 1934, as amended (Communications Act) and the Cable Landing License Act of 1921 (Cable Landing Act), and assess the usefulness of supplementing the existing system of self-reporting by regulated entities with routine

monitoring of investment information from other government and private data sources. I anticipated that the Commission would complete its assessment of GAO's recommendations within 120 days.

This assessment now is completed. The data and information contained in government and private data sources is useful to FCC staff primarily in cases where there is a question as to the accuracy or the completeness of ownership and other information filed by FCC regulated entities. Based on our review of, and Commission experience with, relevant data sources – in particular, the Securities and Exchange Commission's (SEC) data base of public filings as well as the Nexis and SNL Kagan information services to which the FCC subscribes, – it is our view that routinely monitoring these sources on a daily basis to ascertain changes in the ownership of U.S. communications assets prior to a change triggering licensee obligations to seek prior Commission approval would be of limited value to the FCC as it carries out its statutory responsibilities.

As noted in the July 20, 2009 response, FCC applicants and licensees demonstrate a high level of compliance in filing the required applications, notifications, and periodic reports that identify changes in ownership since initial licensing or authorization. The FCC's filing and reporting requirements are well-established, and the consequences of non-compliance can be severe, especially where aggravating factors are found to exist. In addition, FCC staff routinely reviews daily trade press publications, including Communications Daily and Telecommunications Reports. Staff also has access to Nexis and SNL Kagan to supplement, when necessary, information obtained from licensees and applicants, their competitors, and the trade press. A private data source that relies on SEC filings as well as independent company research, may not, however, have timely or sufficiently detailed information as to planned investments in U.S. communications assets, particularly when those investments fall below thresholds that trigger reporting under other government agency regulations. As a result, routine monitoring of these sources on a daily basis would be of marginal benefit to the Commission in carrying out its statutory responsibilities under the Communications Act or the Cable Landing Act.

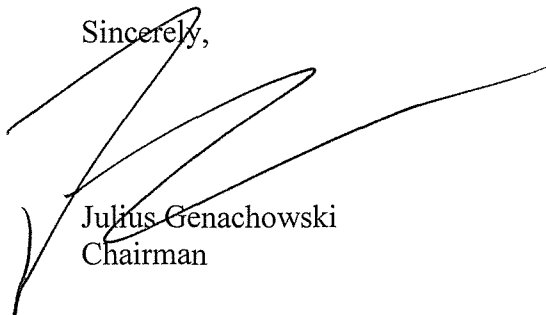
FCC staff met with relevant staff of the SEC on September 3, 2009, to discuss ownership disclosures filed with the SEC by beneficial owners of U.S.-registered equity securities. Disclosure statements filed pursuant to the SEC's Rule 13d-1 do not necessarily permit ready identification of persons who hold the economic interest in, or who ultimately may direct the voting of, a company's registered securities due to the widespread use of nominees, such as banks and brokers, who hold large blocks of shares in "street name" on behalf of their customers. These nominees are subject to privacy regulations and contractual agreements that limit disclosure of customer information, including disclosure to the SEC. As a result, FCC staff has concluded that routinely monitoring disclosure statements filed with the SEC with respect to purchases of securities issued by U.S.-registered communications companies would be of limited value to the FCC. To the extent a particular person or entity acquires, directly or indirectly, more than five percent of a company's registered class of equity securities, the FCC expects that the

trade press and other private data sources that do routinely monitor SEC filings, such as Nexis and SNL Kagan, will report the purchase and that we will become aware of the purchase in the normal course, whether from staff review of these data sources, from other applicants or licensees, or from other government agencies that review foreign investment in U.S. communications companies.

In summary, in accordance with the recommendation of the GAO, the FCC has assessed the value of routinely monitoring other government and private data sources to detect changes in ownership of U.S. communications assets. We have concluded that self-reporting by regulated entities, with targeted, case-specific inquiries and use of government and private data sources as warranted to conduct these inquiries, will continue to ensure that Commission staff has the information necessary to carry out its functions with regard to foreign investment pursuant to the requirements of the Communications Act of 1934 and the Cable Landing Act.

Please do not hesitate to contact me if you have any questions regarding this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Julius Genachowski', is written over the printed name and title.

Julius Genachowski  
Chairman

cc: The Honorable Christopher J. Dodd  
The Honorable Richard C. Shelby  
Director, Physical Infrastructure, Government Accountability Office  
Office of Management and Budget





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THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

January 4, 2010

The Honorable Joseph I. Lieberman  
Chairman  
Committee on Homeland Security and Governmental Affairs  
United States Senate  
340 Dirksen Senate Office Building  
Washington, D.C. 20510

Dear Chairman Lieberman:

This letter supplements the Federal Communications Commission's (FCC) July 20, 2009 response to the Government Accountability Office's (GAO) report entitled, *Sovereign Wealth Funds: Laws Limiting Foreign Investment Affect Certain U.S. Assets and Agencies Have Various Enforcement Processes* (GAO 09-608) (Report). In its Report, GAO recommends that the FCC and other agencies review the sources of information that these agencies currently monitor to detect changes in ownership of U.S. assets subject to restriction or disclosure requirements applicable to foreign investors, and assess the value of supplementing these sources with information from other government and private data sources on investment transactions.

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As noted in the July 20, 2009 response, FCC applicants and licensees demonstrate a high level of compliance in filing the required applications, notifications, and periodic reports that identify changes in ownership since initial licensing or authorization. The FCC's filing and reporting requirements are well-established, and the consequences of non-compliance can be severe, especially where aggravating factors are found to exist. In addition, FCC staff routinely reviews daily trade press publications, including Communications Daily and Telecommunications Reports. Staff also has access to Nexis and SNL Kagan to supplement, when necessary, information obtained from licensees and applicants, their competitors, and the trade press. A private data source that relies on SEC filings as well as independent company research, may not, however, have timely or sufficiently detailed information as to planned investments in U.S. communications assets, particularly when those investments fall below thresholds that trigger reporting under other government agency regulations. As a result, routine monitoring of these sources on a daily basis would be of marginal benefit to the Commission in carrying out its statutory responsibilities under the Communications Act or the Cable Landing Act.

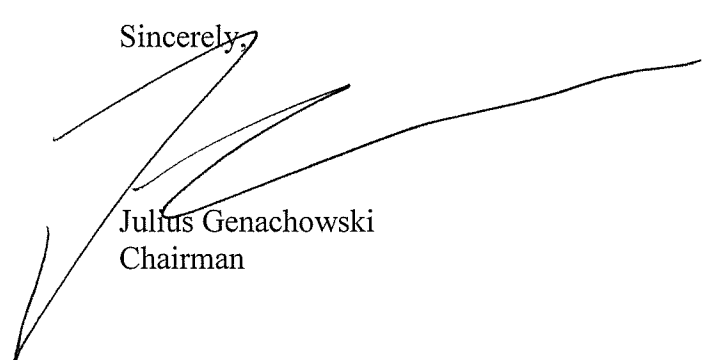
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Sincerely,



Julius Genachowski  
Chairman

cc: The Honorable Christopher J. Dodd  
The Honorable Richard C. Shelby  
Director, Physical Infrastructure, Government Accountability Office  
Office of Management and Budget





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FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

January 4, 2010

The Honorable Darrell Issa  
Ranking Member  
Committee on Oversight and Government Reform  
U.S. House of Representatives  
B-350A Rayburn House Office Building  
Washington, D.C. 20515

Dear Congressman Issa:

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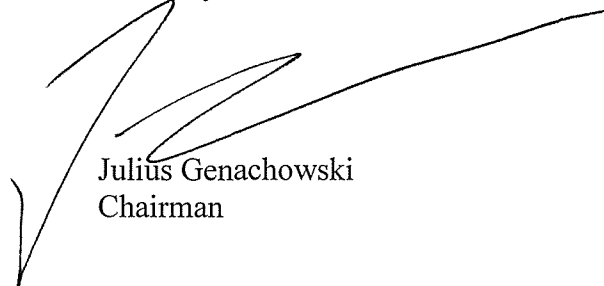


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Julius Genachowski  
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cc: The Honorable Christopher J. Dodd  
The Honorable Richard C. Shelby  
Director, Physical Infrastructure, Government Accountability Office  
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FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

January 4, 2010

The Honorable Susan M. Collins  
Ranking Member  
Committee on Homeland Security and Governmental Affairs  
United States Senate  
344 Dirksen Senate Office Building  
Washington, D.C. 20510

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