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COMMITTEE ON THE JUDICIARY

WASHINGTON, DC 20510-6275

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October 5, 2011

Mr. Philip Falcone
Harbinger Capital Partners
450 Park Avenue 30th Floor
New York, NY 10022

Dear Mr. Falcone:

On September 25, 2011, LightSquared, which is majority owned by Harbinger Capital Partners took out an advertisement in most major newspapers styled as an open letter and addressed “to all Americans.” LightSquared’s letter begins by stating that, “there are still vast areas of the country without access to broadband.”¹ This creates the impression that LightSquared plans to wire those areas for broadband. LightSquared played on this theme before, when it created the “Empower Rural America Initiative” whose mission, in part, was to “create a substantial new resource for rural America in the form of a wireless network that reaches areas that still don’t have broadband access.”

The Federal Communications Commission (FCC), however, has not required LightSquared to wire a single rural American household and has only required LightSquared to meet a set of benchmarked targets culminating in a requirement that LightSquared wire 260 million Americans by 2015.² The Census Bureau estimates that the current U.S. population stands at approximately 312 million people with only 16 percent of Americans now living in rural areas.³ This means that the U.S. government classifies 50 million Americans as living in rural areas; coincidentally, this also means that LightSquared could fulfill its requirement to the FCC and not wire a single rural American. Aside from public statements and the establishment of the “Empower Rural America Initiative,” I am aware of no concrete requirements for LightSquared to actually wire rural America.⁴

LightSquared’s letter also states that it has been in existence for close to a decade. This appears to be at odds with your previous position in 2010 that LightSquared was a “new company.”⁵ In fact, when Harbinger Capital Partners announced Mr. Ahuja’s hiring on April 28,

¹ Letter by LightSquared CEO Sanjiv Ahuja, September 25, 2011.

² *Wall Street Journal*, LightSquared Defends Technology in National Ads, Greg Bensinger, September 26, 2011.

³ *Associated Press*, Rural U.S. Disappearing? Population Share Hits Low, Hope Yen, July 27, 2011.

⁴ Press Release, LightSquared Forms Rural Initiative to Ensure LightSquared and GPS Co-Existence, July 7, 2011.

⁵ Press Release, Harbinger Capital Partners Announces Partnership with Sanjiv Ahuja, Names Him Chairman and CEO of its New Wireless Broadband Venture, April 26, 2010.

2010, the headline read, “Harbinger Capital Partners Announces Partnership with Sanjiv Ahuja, Names Him Chairman and CEO of its New Wireless Broadband Venture.”⁶ The press release also contained the following statements regarding the creation of LightSquared.

In paragraph one: “new nationwide 4G-LTE wireless broadband company”⁷

In paragraph two: “The new company, in addition to controlling access...”⁸

In paragraph two: “The new company will build the first...”⁹

In paragraph three: “This new company will unleash the boundless opportunity...”¹⁰

In paragraph four: “Ahuja, 53, brings a successful track record to the new company...”¹¹

It is my understanding that previous companies that have been acquired by Harbinger Capital Partners dealt with the FCC; however, to repeatedly claim in 2010 that LightSquared was a “new” company and then to pivot in 2011 when questions begin to be asked about the process by which LightSquared acquired its waiver from the FCC and make multiple claims, such as: “LightSquared began investing nearly a decade ago...”, strains credibility and raises more questions about LightSquared.¹²

Another concern is that LightSquared has unilaterally claimed that it has “solved” the interference problem for 99.5 percent of all GPS devices.¹³ The LightSquared letter goes on to state that this solution “can be implemented simply, quickly, and inexpensively into GPS devices.”¹⁴ However, at a briefing with congressional staff on September 26, 2011, FCC Chief Engineer Julius Knapp stated that the interference issue with LightSquared continued to be a “hard problem.”¹⁵ At no point did he indicate that LightSquared had found a solution.¹⁶ Making a representation that this problem has been “solved” without full and independent testing and without agreement from the Department of Defense, FCC, and other affected stakeholders again raises questions.

Given Harbinger and LightSquared’s desire to reach out to the public, a gesture of good faith and openness would speak strongly toward Harbinger and LightSquared’s desire to act in a responsible and transparent manner.

To that end, please provide communications and any records relating to communications for:

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

¹² Letter by LightSquared CEO Sanjiv Ahuja, September 25, 2011.

¹³ *Id.*

¹⁴ *Id.*

¹⁵ Congressional Briefing, September 26, 2011.

¹⁶ *Id.*

1. All communications between Harbinger and the FCC, White House, or Department of Commerce.
2. All communications between firms or individuals retained by Harbinger to represent Harbinger before Federal agencies and all Federal agencies (including but not limited to the FCC, the Department of Commerce, and the White House Office of Science and Technology Policy).

When responding to this request, please prioritize responses in the following two areas:

1. Communications and any records relating to communications regarding my document requests to the FCC.
2. Communications and any records relating to communications regarding regulatory actions by the FCC.

If Harbinger has nothing to hide and would like to put questions of improper influence at the FCC, Department of Commerce, and White House to rest, the public release of these communications would allow Congress and the American people to fully examine the facts and decide for themselves. Incomplete information about this project only undermines public confidence in the FCC's decision to allow this project to move forward.

I would appreciate a response to both of these questions by October 19, 2011. If you have any questions, please do not hesitate to contact Chris Lucas on my Judiciary Committee staff at (202) 224-5225.

Sincerely,



Charles E. Grassley
Ranking Member
Committee on the Judiciary

cc: Mr. Sanjiv Ahuja, LightSquared