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United States Senate

COMMITTEE ON THE JUDICIARY

WASHINGTON, DC 20510-6275

BRUCE A. COHEN, *Chief Counsel and Staff Director*
KOLAN L. DAVIS, *Republican Chief Counsel and Staff Director*

January 23, 2011

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

Dear Mr. Falcone:

On January 6, 2012, at approximately 12:45 p.m., a member of my staff who is investigating the Federal Communication Commission's (FCC) decision to grant a waiver to LightSquared, a company owned by your hedge fund, Harbinger Capital Partners, received a phone call from Mr. Todd Ruelle of Fine Point Technologies. Mr. Ruelle indicated that he "only gets paid if this deal goes through" and that "there will be a call center in the Midwest, possibly in Iowa, if this deal goes through." This statement is of particular concern in light of your e-mail to my staff on October 5, 2011, which read in part, "The last thing I want to do is to make this more political than it already is. It doesn't belong in that arena. However, since we are already there, I believe I can make this into a win for the Senator, Lightsquared and the consumer."¹ Taken together, these two statements implied an invitation to pull punches in my investigation. I won't be a part of that.

My staff immediately told Mr. Ruelle that his comments raised red flags, that my only goal in this inquiry was to gather the facts, and that he should cease any further contact with my office.² Following this conversation, my staff contacted the Senate ethics committee regarding his rejection of Mr. Ruelle's unseemly invitation to discuss a quid pro quo and was advised that it was appropriate to avoid further contact with him.

In the course of his phone call to my staff, Mr. Ruelle indicated that while he had not yet been paid by you or Harbinger Capital Partners, he had been offering you advice regarding LightSquared's negotiations with me and the FCC. Mr. Ruelle stated that he did not appreciate the involvement of lawyers and suggested that you directly ask to meet with me, which you then did.

In addition to this comment, he also told my staff that he had booked you for an appearance on Fox News. A recent FOIA request made public by Citizens for Responsibility

¹ E-mail attachment #1

² E-mail attachment #2

and Ethics in Washington (CREW) yielded an e-mail from Mr. Ruelle to a federal employee forwarding his e-mails to Fox News bookers where he arranged for you to appear on the Fox News Channel. In this e-mail chain, Mr. Ruelle writes to the federal employee, in reference to your appearance in which you rebutted charges of political influence with the Obama administration and the FCC. Mr. Ruelle wrote: "I have arranged to hit back HARD!" After that email, the government employee asked Mr. Reuelle not to contact him in the future.³

The day that Mr. Ruelle contacted my office, January 6, my staff contacted your attorney seeking information on the nature of the relationship between you and Mr. Ruelle. More than two weeks later, despite repeated questions, we have yet to receive a response. Accordingly, please answer the following questions in writing no later than January 30, 2012:

1. Does Todd Ruelle have any contractual relationship with you, Harbinger Capital Partners, or Lightsquared? Has he ever had any such contractual relationship? If so, please explain the terms of the agreement in detail and produce copies of all records relating to the agreement.
2. Is it true that Mr. Ruelle "gets paid if the deal goes through?" If so, please explain in detail how much he will be paid and by whom.
3. Why was Mr. Ruelle involved in arranging for your appearance on Fox News?
4. Please describe in detail your communications with Mr. Ruelle regarding LightSquared, Harbinger Capital Partners, or my office and provide all records relating to those communications and any other communications with employees or representatives of Harbinger Capital Partners.

Thank you for your cooperation and attention in this matter. If you have any questions, please do not hesitate to contact Jason Foster for the Committee on the Judiciary at (202) 224-5225.

Sincerely,



Charles E. Grassley
Ranking Member
Committee on the Judiciary

³ E-mail attachment #3.

Attachment #1

[REDACTED]

From: Falcone, Philip <[REDACTED]>
Sent: Thursday, October 06, 2011 9:30 AM
To: [REDACTED] (Judiciary-Rep)
Subject: FW:
Attachments: trimble04.pdf; 2004-03-24 USGPSIC Letter to FCC Urging Approval of MSV_s Application[4] copy.pdf; 2003 Order.pdf; 2005 recon order.pdf

Chris,

I wanted to re-send to make sure you received the information. The last thing I want to do is to make this more political than it already is. It doesn't belong in that arena. However, since we are already there, I believe I can make this into a win for the Senator, Lightsquared and the consumer. Furthermore, I'm not looking to put John Deere out of business. We have a solution for that, an enhanced solution. Most importantly, our entity can provide immediate coverage across Iowa through our high powered satellite. Moreover, many are underestimating the value of our satellite's ability to provide uninterrupted service during tornadoes, floods etc. Iowa is not immune to these issues. Bringing this service to the rural communities as well as major cities is priceless. Talk to the people in Joplin, Missouri about that. We are going to get this done one way or another and I would really like you guys to be involved because it has tremendous benefits for all.

I would really like the opportunity to discuss this with you and the Senator.

Best,

PAF

From: Falcone, Philip
Sent: Wednesday, October 05, 2011 4:40 PM
To: [REDACTED]@judiciary-rep.senate.gov
Subject:

Dear Chris:

I am very pleased to hear from you and I would be glad to meet with Mr. Grassely at his convenience to discuss the issues that he raises. In the meantime, I am happy to forward the critical orders that were issued in 2003 and 2005 by the FCC that allowed the predecessor company to move forward and build a nationwide terrestrial/satellite network that is the discussion today. I am also providing you the financial report to Trimble Navigation along with a letter from the United States GPS council urging the commission to grant the terrestrial/satellite application to the predecessor that we are now attempting to build. Finally, I am taking the liberty of providing a clause from Trimble's 10k in 2004 referencing the "non-gps radio frequency bands" that they are using that has been Lightsquared's property.

"Many of our products use other radio frequency bands, together with the GPS signal, to provide enhanced GPS capabilities, such as real-time kinematic precision. The continuing availability of these non-GPS radio frequencies is essential to provide enhanced GPS products to our precision survey and construction machine controls markets. Any regulatory changes in spectrum allocation or in allowable operating conditions may materially and adversely affect the utility and reliability of our products, which would, in turn, cause a material adverse effect on our operating results. In addition, unwanted emissions from mobile satellite services and other equipment operating in adjacent frequency bands or in-band from licensed and unlicensed devices may materially and adversely affect the utility and reliability of our products, which could result in a material adverse effect on our operating results. The FCC continually receives proposals for novel technologies and services, such as ultra-wideband technologies, which may seek to operate in, or across, the radio frequency bands currently used by the GPSSPS and

other public safety services. Adverse decisions by the FCC that result in harmful interference to the delivery of the GPS SPS and other radio frequency spectrum also used in our products may materially and adversely affect the utility and reliability of our products, which could result in a material adverse effect on our business and financial condition."

The point being that the 2003 and 2005 orders granted by the FCC gave the company the right to build a nationwide network. The GPS community had more than enough time to address the potential issues they disclosed in their financial statements but chose to ignore them and now want others to "pay for their sins", including the consumer for the retrofitting that needs to be done for the existing devices.

All we are doing is trying to build a network which we believe will give consumers a choice, lower their prices, create jobs and expand network capacity to rural areas. Furthermore, what no one discusses is the world's largest satellite that we have hovering at 24,000 feet that can bring immediate communication to the nation, including rural areas. This satellite, more importantly, could be a valuable asset in disasters situations and possibly be a bridge to a First Responder Network that this country so badly needs. One thing I never expected, however, is to see this develop as a political issue. Needless to say, I am quite alarmed at the direction that it has taken.

In any event, I look forward to the opportunity to meet with Mr. Grassley to put these or any other concerns to rest.

If you have any questions, please call me at your convenience at [REDACTED]

Best,

Philip A. Falcone

[REDACTED]

From: [REDACTED] (Judiciary-Rep)
Sent: Wednesday, October 05, 2011 3:22 PM
To: [REDACTED]
Cc: [REDACTED] (Judiciary-Rep)
Subject: Letter from Senator Grassley
Attachments: 2011 - 10 - 05 CEG to Harbinger (document request).pdf; 2011 - 10 - 05 CEG to LightSquared (document request).pdf

Mr. Falcone,

Please find attached a letter from Senator Grassley. Please confirm receipt and send the response to this letter in PDF format to [REDACTED]. If you have any questions, please let me know. (I have also attached a letter to LightSquared which you have been cc'd on)

Thanks,

Chris

Attachment #2

[REDACTED]

From: Todd Ruelle [REDACTED]
Sent: Friday, January 06, 2012 1:57 PM
To: [REDACTED] (Judiciary-Rep)
Subject: Re: e-mail address

Don't want to raise red flags. As I said on the phone. Conduct the investigation. You should. That is an issue you need to run separately and to be blunt run it hard.

I did go back and request that L2 request to the FCC the release of the information you are requesting.

Todd

From: [REDACTED] (Judiciary-Rep)" [REDACTED]
Date: Fri, 6 Jan 2012 13:46:58 -0500
To: 'todd.ruelle' [REDACTED]
Subject: RE: e-mail address

Todd, as I said on the phone when you raised the issue of a call center – possibly in Iowa – this raises a lot of red flags for us. We are conducting an investigation. Our only goal is to gather the facts. So, on second thought I don't see any purpose for us to meet or have any further discussions.

Chris

From: Todd Ruelle [REDACTED]
Sent: Friday, January 06, 2012 1:28 PM
To: [REDACTED] (Judiciary-Rep)
Subject: Re: e-mail address

Thank you for the generous amount of time. I will circle back with you Monday.

Have a good weekend,

Todd

From: [REDACTED] (Judiciary-Rep)" [REDACTED]
Date: Fri, 6 Jan 2012 13:15:48 -0500
To: 'todd.ruelle' [REDACTED]
Subject: e-mail address

Thanks for the phone call – here's my e-mail address, let me know what time/day works best for you.

Chris

[REDACTED]

From: Todd Ruelle [REDACTED]
Sent: Friday, January 06, 2012 2:05 PM
To: [REDACTED] (Judiciary-Rep)
Subject: Re: e-mail address

BTW, the subject came up when you referenced the L2 plan had no real rural component.

Chris, I play above board, so let's figure a solution. Let's be crystal clear, I support the investigation.

Hope the Giants win,

Todd

From: [REDACTED] (Judiciary-Rep)" [REDACTED]
Date: Fri, 6 Jan 2012 13:46:58 -0500
To: 'todd.ruelle' [REDACTED]
Subject: RE: e-mail address

Todd, as I said on the phone when you raised the issue of a call center – possibly in Iowa – this raises a lot of red flags for us. We are conducting an investigation. Our only goal is to gather the facts. So, on second thought I don't see any purpose for us to meet or have any further discussions.

Chris

From: Todd Ruelle [REDACTED]
Sent: Friday, January 06, 2012 1:28 PM
To: [REDACTED] (Judiciary-Rep)
Subject: Re: e-mail address

Thank you for the generous amount of time. I will circle back with you Monday.

Have a good weekend,

Todd

From: [REDACTED] (Judiciary-Rep)" [REDACTED]
Date: Fri, 6 Jan 2012 13:15:48 -0500
To: 'todd.ruelle' [REDACTED]
Subject: e-mail address

Thanks for the phone call – here's my e-mail address, let me know what time/day works best for you.

Chris

Attachment #3

Microsoft Outlook

From: Power, Tom
Sent: Sunday, September 18, 2011 10:04 AM
To: (b)(6)
Subject: RE: Fox News Channel / Megyn Kelly request for Monday at 215 pmeastern

Todd: Per my recent email and voice mail to you, I must ask that you stop communicating with me regarding the LightSquared matter. As you know, the FCC and NTIA are the government agencies that are responsible for this matter. You should direct all relevant communications to those agencies. Thank you.

From: Todd Ruelle [mailto:(b)(6)]
Sent: Sunday, September 18, 2011 7:09 AM
To: Power, Tom
Subject: Fw: Fox News Channel / Megyn Kelly request for Monday at 215 pmeastern

I have arranged to hit back HARD!

From: "Peart, Patricia" <(b)(6)>
Date: Sat, 17 Sep 2011 15:22:26 -0400
To: Access Point <(b)(6)>
Cc: Brown, Megan <(b)(6)>; Papa, Ashley <(b)(6)>; Peart, Patricia <(b)(6)>
Subject: RE: Fox News Channel / Megyn Kelly request for Monday at 215 pm eastern

Hi Todd

Thank you very much for arranging the interview. The contacts for Monday are Megan Brown and Ashley Papa. Both are cc'ed on this mail and can be reached at (b)(6). As we discussed, please forward day of contact and travel info for Mr. Falcone. We'd be happy to provide transportation to and from the studio. Should he not require transportation, we are located at 1211 Avenue of the Americas, between 47th and 48th streets. Mr. Falcone will need an ID to present to our concierge for a pass into the building.

Patricia

From: Access Point [mailto:(b)(6)]
Sent: Saturday, September 17, 2011 3:01 PM
To: Peart, Patricia
Subject: Re: Fox News Channel / Megyn Kelly request for Monday at 215 pm eastern

Hi Patricia,

I will be back to you in a little while.

Thank you for your rapid response,

Todd

On Sat, Sep 17, 2011 at 2:54 PM, Peart, Patricia <(b)(6)> wrote: