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# FCC approves iHeartMedia request to take additional foreign investment

Last week, the Federal Communications Commission approved a petition by \$6.2 billion iHeartMedia to take on additional foreign investment. The approval would enable the holding company of the former Clear Channel Communications to exceed the existing 25% cap on offshore ownership.

The company, which is led by former Clear Channel CEO Robert Pittman, was brought public in 2019 after filing for bankruptcy the year prior, and had been seeking approval for foreign creditors to exercise warrants in exchange for stock in the company.

According to Crowell & Moring partner Caroline Brown, the move shows the FCC's willingness to consider foreign access to U.S. telecom assets. "That Team Telecom didn't raise any objections to iHeart exceeding the caps on foreign

ownership supports the statements that Team Telecom welcomes foreign participation in the nation's communications system."

iHeart had originally petitioned the FCC to seek authorization of up to 100% foreign ownership, arguing that the foreign ownership would enable iHeart to "better compete in the already diverse and ever-expanding media marketplace, incentivizing foreign investment ... while avoiding any risks to national security, law enforcement, or foreign or trade policy." Even though the FCC approved the request to allow 100% foreign ownership, the company actually expects foreign ownership to be closer to 70%.

The FCC granted the petition, noting that it would enable iHeartMedia to be "in a stronger financial condition [and] better compete with other media companies, enhance its programming, and better serve the public interest." The Commission



*Crowell & Moring partner Caroline Brown*

noted that the move could also "potentially encourage reciprocal investment opportunities" for U.S. companies in foreign markets.

It's worth noting that the process did not leverage the new Team Telecom process formalized in April. "The iHeart petition was one of the last to be

considered under the old Team Telecom process,” said Peter Schildkraut, a partner in Arnold & Porter’s Telecommunications, Internet and Media practice and co-leader of its TMT industry group. “It remains to be seen whether the new Committee for the Assessment of Foreign Participation in the United States Telecommunications

*“Other companies with similar pending transactions might elect to review the LOA and assess their own ability to comply with similar conditions in advance of any discussions with the reviewing agencies.”*

— Caroline Brown, Crowell & Moring

Services Sector process will be significantly different in practice.” (See “More Information” section below).

According to the FCC ruling, the Department of Justice had weighed in over the summer, noting that it “has no objection to grant of the Petition,”

provided that the FCC ensures that iHeartMedia abides by prior commitments related to national security, law enforcement and public safety.

The FCC did acknowledge the DoJ’s stipulation, noting that the iHeartMedia would have to be in compliance with commitments such as hiring a Security Officer who is a U.S. citizen, protecting personally identifiable information and geolocation data, and providing an annual report to the DoJ regarding compliance. Failure to do so would constitute a failure to meet a conditions of the FCC ruling “and the underlying licenses and thus grounds for declaring them terminated without further action on the part of the Commission.” Noncompliance might also result in monetary sanctions or other enforcement action by the FCC.

As such, Brown at Crowell & Moring says the decision shows Team Telecom takes seriously its responsibility to evaluate the national security and law enforcement concerns of the FCC applications referred to it for review. “As evidenced by the LOA that the petition is conditioned upon, Team Telecom remains interested in the collection, processing, and storage of user and subscriber PII [personally identifiable information] and geolocation data,” said Brown. “Other companies with similar pending transactions might elect to review the LOA and assess their own ability to

comply with similar conditions in advance of any discussions with the reviewing agencies.”

## **MORE INFORMATION**

The FCC’s Nov. 5 decision can be [downloaded here](#).

See our coverage of the [FCC’s streamlined process for reviewing foreign ownership](#), which includes a copy of the [full FCC order](#) and a short [fact sheet](#) on the new FCC foreign ownership review process. See also [original coverage of the new Team Telecom process](#) from April, which includes the [Executive Order](#) creating the Committee for the Assessment of Foreign Participation in the United States Telecommunications Services Sector.

If you have questions, FCC Commissioner Jessica Rosenworcel can be reached at [jessica.rosenworcel@fcc.gov](mailto:jessica.rosenworcel@fcc.gov).

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