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October 6, 2015

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: Applications of LightSquared Subsidiary LLC, Debtor-In-Possession, and LightSquared Subsidiary LLC, for FCC Consent to Assign Licenses and Other Authorizations and Request for Declaratory Ruling on Foreign Ownership, DA 15-653 and IB Docket No. 15-126

Dear Ms. Dortch:

On July 1, 2015, JPMorgan Chase & Co. (“JPMC”), by counsel, notified the Federal Communications Commission (“Commission” or “FCC”) of certain resolutions of government investigations, including a resolution with the U.S. Department of Justice (“DOJ”) in which JPMC pled guilty to one antitrust violation related to its foreign exchange (“FX”) trading business (the “DOJ Agreement”).¹ This further supplement is being filed to provide additional information in response to questions from Commission staff and to support JPMC’s demonstration that the antitrust violation should not disqualify JPMC from holding a minority interest in New LightSquared LLC or any other FCC licensee under the agency’s character policy guidelines.²

¹ See Letter from Wayne D. Johnsen to Marlene H. Dortch, IB Docket No. 15-126 (filed Jul. 1, 2015). The parties filed the DOJ Agreement with the United States District Court for the District of Connecticut on May 20, 2015. In addition, under Paragraph 9(e) of the DOJ Agreement, the United States agreed to support a request by JPMC for the Court to adjourn sentencing until the Department of Labor rules on JPMorgan Chase Bank, N.A.’s (“JPMCB”) exemption request that it and its affiliates be allowed to continue to be qualified as a Qualified Professional Asset Manager pursuant to Prohibited Transactions Exemption 84-14. This request remains pending at the Department of Labor, and the Court has not yet entered final judgment in the DOJ matter. See Affidavit of Stacey Friedman, ¶ 3 (the “Friedman Affidavit”).

² See *Policy Regarding Character Qualifications in Broadcast Licensing*, Report, Order and Policy Statement, 102 FCC 2d 1179, ¶ 60 (1986) (“1986 Character Policy Statement”), modified, Policy Statement and Order, 5 FCC Rcd 3252 (1990) (“1990 Character Policy Statement”), recon. granted in part, Memorandum Opinion and Order, 6 FCC Rcd 3488 (1991), modified in part, Memorandum Opinion and Order, 7 FCC Rcd 6564 (1992) (“Character Policy Statement”).

I. INTRODUCTION

As explained herein, consistent with the Commission's *Character Policy Statement*, the antitrust violation at issue here should not be deemed disqualifying. The mitigation factors outlined in the *Character Policy Statement* strongly support a finding that JPMC possesses the requisite character to hold FCC licenses. In short, the antitrust felony plea does not affect "the likelihood that [JPMC] will deal truthfully with the Commission and comply with the Communications Act and [the Commission's] rules and policies."³

JPMC has undertaken extensive remedial actions and is continuing the process of strengthening its internal controls to help prevent such conduct⁴ from reoccurring. In addition to the DOJ agreement, on May 20, 2015, JPMC entered into a resolution with the Board of Governors of the Federal Reserve System ("Federal Reserve"); and, prior to that, on November 11, 2014, JPMCB, a wholly owned subsidiary of JPMC, entered into three separate resolutions with the United States of America Department of the Treasury Comptroller of Currency ("OCC"), the Commodity Futures Trading Commission ("CFTC"), and the United Kingdom Financial Conduct Authority ("FCA").⁵ Cumulative fines in connection with the FX resolutions total more than \$1.8 billion,⁶ in addition to the required remedial measures detailed herein. Separate from the remedial requirements being implemented in connection with the FX resolutions, JPMC also has added

³ 1986 *Character Policy Statement* at ¶ 7. Even though the *Character Policy Statement* was developed for broadcast licensees, the Commission has used the broadcast policy as guidance in other contexts, including the wireless and satellite contexts. *See, e.g., MCI Telecommunications Corp. Petition for Revocation of Operating Authority*, Order and NAL, 3 FCC Rcd 509, n. 14 (1988) (common carrier proceeding); *Application of TRW Inc. and Northrop Grumman Corp. for Consent to Transfer Control of Authorization to Construct, Launch, and Operate a Ka-Band Satellite System in the Fixed-Satellite Service*, Order and Authorization, 17 FCC Rcd 24625, ¶ 8 & n. 23 (2002) ("TRW Inc. Order") (satellite proceeding) ("[T]he Commission has used its character policy in the broadcast area as guidance in resolving similar questions in transfer of common carrier authorizations and other license transfer proceedings.").

⁴ The antitrust violation referenced in the DOJ agreement arises principally from the conduct of one former JPMC trader, for actions taken between July 2010 and January 2013. That trader worked in London during that time, was employed by U.K. entities of JPMC, held the title of Managing Director for part of the duration of his employment, and has since been terminated by the firm. Friedman Affidavit at ¶ 4.

⁵ Friedman Affidavit at ¶ 6.

⁶ Friedman Affidavit at ¶ 7.

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approximately 16,000 new employees to support the regulatory, compliance and control efforts across the company; expended more than \$2 billion in additional expenses on regulatory and control issues; and invested in more than one million hours of employee training related to risk, control, and compliance.⁷

Furthermore, JPMC's decade-plus track record as a significant interest-holder in FCC license-holding companies provides additional support for its character to hold FCC licenses. JPMC holds or has held interests in leading FCC-licensed communications firms such as Tribune, Open Range, and Teligent, as well as numerous other communications companies.

For these reasons, the Commission should find that JPMC meets the necessary character requirements to hold an indirect, minority interest in FCC licensee New LightSquared LLC.

II. CONSISTENT WITH THE FCC'S CHARACTER POLICY STATEMENT, JPMC IS QUALIFIED TO HOLD FCC LICENSES AND AUTHORIZATIONS

Application of the FCC's character policy inquiry to JPMC's alleged misconduct confirms the company's qualifications to hold and invest in FCC licenses. In considering an applicant's character, the FCC's primary purpose is to ensure that licensees will be truthful in their future dealings with the Commission and comply with the Communications Act and the Commission's rules and policies.⁸ The Commission will consider a felony conviction as relevant to an applicant's character qualifications.⁹ However, the FCC analyzes conduct related to an applicant's character on a case-by-case basis, including consideration of mitigating factors such as (1) the nature and seriousness of the conduct; (2) the nature of the participation, if any, of the managers and owners; (3) any remedial action taken to curb the conduct and/or dismiss the perpetrator; and (4) the applicant's past record of compliance with FCC rules and policies.¹⁰ Indeed, "[o]nly in the most egregious case need termination of all rights be considered."¹¹ In the instant case, these

⁷ Friedman Affidavit at ¶ 11.

⁸ 1986 Character Policy Statement at ¶ 7.

⁹ See 1990 Character Policy Statement at ¶ 4.

¹⁰ See *id.* at ¶ 102 (listing the mitigating factors the FCC considers).

¹¹ 1986 Character Policy Statement at ¶ 103.

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mitigating factors favor the FCC finding that JPMC is qualified to hold a minority investment in an FCC licensee.

A. Nature of the Conduct

The FCC's *Character Policy Statements* set forth the types of conduct that are deemed significant enough to require a review of an applicant's character. In the *1986 Character Policy Statement*, the Commission concluded that, with respect to antitrust violations, it was concerned with those matters that involved communications-related misconduct, noting that "other government agencies—most notably the Department of Justice and the Federal Trade Commission—have been given primary responsibility in policing antitrust and anti-competitive activity" that arises in other contexts.¹² The FCC made clear that "even adjudicated cases of anticompetitive activity, antitrust violations, or other types of non[communications] business misconduct would not necessarily be relevant to [the FCC's] specific concerns for truthfulness and reliability in the operation of a[n FCC regulatee]."¹³

Subsequently, in 1990, the agency concluded that all felony convictions should be considered in reviewing a potential licensee's character and fitness to hold a license.¹⁴ In broadening the scope of its policy to include felony convictions, the FCC explained that its policy "is not, however, automatically to disqualify a license holder or applicant who commits a felony, but rather to consider the felony as a relevant factor in evaluating propensity to obey the law."¹⁵ The FCC further clarified that "not all convictions for serious crimes are equally probative."¹⁶

Although the antitrust violation to which JPMC has entered its plea is classified as a felony, the violation is not related to the communications industry and thus does not involve the type of antitrust violation that otherwise is potentially disqualifying

¹² *Policy Regarding Character Qualifications in Broadcasting Licensing Amendment of Rules of Broadcast Practice and Procedure Relating to Written Responses to Commission Inquiries and the Making of Misrepresentations to the Commission by Permittees and Licensees*, Memorandum Opinion and Order, 1 FCC Rcd. 421, ¶ 11 (1986); *Western Tele-Communications, Inc.*, 3 FCC Rcd 6405 (1988).

¹³ *1986 Character Policy Statement* at ¶¶ 42-44.

¹⁴ *1990 Character Policy Statement* at ¶ 2.

¹⁵ *Contemporary Media, Inc. v. FCC*, 214 F.3d 187, 193 (2000).

¹⁶ *1990 Character Policy Statement* at ¶ 4.

under the FCC's character policy.¹⁷ Significantly, and consistent with the Commission's expectations when it distinguished between FCC and non-FCC related antitrust violations, here, as discussed more fully below, the conduct at issue has been thoroughly reviewed by several government agencies with subject matter expertise or direct oversight of JPMC and its operations. These enforcement inquiries have resulted in resolutions that contain specific remediation measures that are designed to help prevent such conduct from reoccurring.

B. Participation of Senior Management

In applying the *Character Policy Statement*, the Commission focuses on the conduct of the applicant or its principals.¹⁸ Where misconduct does not involve managers or owners, the Commission routinely has found that the applicant or licensee itself remains qualified to be a Commission licensee. In fact, in *Applications of the Petroleum V. Nasby Corporation*, the Commission noted that it previously had found an applicant qualified to be a Commission licensee even though a principal had been convicted of four felonies, because "the applicant had no reason to doubt the principal's character when he entered the corporation, knew nothing of the principal's subsequent criminal conduct, and the criminal conduct did not involve broadcasting or any application before the Commission."¹⁹

Here, the DOJ Agreement did not implicate senior management.²⁰ Rather, as described in the DOJ Agreement, the antitrust violation arises principally from the conduct of one former JPMC trader. That trader, who has been terminated, was previously employed by a United Kingdom JPMC entity and held the title of

¹⁷ As noted in the DOJ Agreement at paragraph 4, DOJ stated that it would have presented evidence sufficient to prove that a JPMorgan trader communicated with traders from other institutions in an attempt to improperly influence prices in the U.S. Dollar/Euro spot market pairing, including by alleged coordinated trading in connection with the World Markets/Reuters Closing Spot Rates 4:00 PM fix in London. Friedman Affidavit at ¶ 5.

¹⁸ See, e.g., *Beasley Broad. Group, WQAM License Limited P'ship, Memorandum Opinion and Order*, 23 FCC Rcd. 15949 ¶ 6, n.20 (2008); see also *RCA Corporation*, 1986 FCC LEXIS 3289 (1986).

¹⁹ *Applications of the Petroleum V. Nasby Corporation*, 9 FCC Rcd 6072, 6075 (1994) (citing *Chapman Radio and Television, Co.*, 57 FCC 2d 76 (1975)).

²⁰ Friedman Affidavit at ¶ 5.

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Managing Director for part of the duration of his employment, but was not part of senior management.²¹

C. Remedial Actions

The FCC has long emphasized the importance of remedial actions as relevant under its character inquiry, and ascribes particular significance to those taken in connection with other “government bodies with . . . authority and expertise” concerning the conduct at issue.²² Here, JPMC and JPMCB have undertaken and are in the process of undertaking, at the direction of multiple agencies with subject matter expertise or direct oversight of JPMC and its operations, extensive remedial and compliance efforts.²³

Moreover, in addition to the DOJ Agreement, resolutions have been entered into with the Federal Reserve, the CFTC, the OCC, and the FCA.²⁴ These agencies have conducted thorough investigations of this matter. As described more fully in Appendix A, significant fines have been imposed and both JPMC and JPMCB have committed to and are undertaking significant remedial measures to help prevent such conduct from reoccurring. Moreover, the government agencies that have brought FX related actions have not prevented JPMC from continuing to engage in

²¹ Friedman Affidavit at ¶ 4.

²² See, e.g., *WPIX, Inc.*, 5 FCC Rcd 7469 (1990) (holding that “the corrective actions or sanctions that have been delivered against WPIX, by the government bodies with such authority and expertise, appear to be sufficient”); *Lockheed Martin Corporation*, 17 FCC Rcd 13160 (2002) (recognizing “the Plea Agreement also provides EMS to undertake remedial actions with the company to prevent further misconduct”); *General Electric Co.*, 45 FCC 1592 (1964); *Westinghouse Broadcasting Co.*, 44 FCC 2778 (1962).

²³ Friedman Affidavit at ¶ 7.

²⁴ See generally United States of America Board of Governors of the Federal Reserve System, *In the Matter of JPMorgan Chase & Co. New York, New York*, Docket Nos. 151-009-B-HC, 15-009-CMP-HC, Order to Cease and Desist and Order of Assessment of a Civil Money Penalty Issued Upon Consent Pursuant to the Federal Deposit Insurance Act, as Amended (May 20, 2015) (“*Fed Consent Order*”); Commodity Futures Trading Commission, *In the Matter of JPMorgan Chase Bank, N.A.*, CFTC Docket No. 15-04, Order Instituting Proceedings Pursuant to Sections 6(c)(4)(A) and 6(d) of the Commodity Exchange Act, Making Findings, and Imposing Remedial Sanctions (Nov. 11, 2014) (“*CFTC Order*”); United States of America Department of the Treasury Comptroller of Currency, *In the Matter of JPMorgan Chase Bank, N.A. Columbus, Ohio*, AA-EC-14-100, Consent Order (Nov. 11, 2014) (“*OCC Consent Order*”); and United Kingdom Financial Conduct Authority, *Warning Notice*, Ref. No. 124491 (Nov. 11, 2014) (“*FCA Order*”). These resolutions are attached to the Friedman Affidavit. See Friedman Affidavit at ¶ 6.

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its FX trading business—or any of its other business activities—as a result of this matter.²⁵ JPMC and JPMCB are committed to ensuring that they are in compliance with the obligations set forth in the various resolutions and the DOJ Agreement and that those obligations have been or are in the process of being fulfilled and implemented.²⁶

Notably, several government agencies acknowledged JPMC’s or JPMCB’s cooperation in resolving the agencies’ respective investigations. The DOJ noted JPMC’s “substantial assistance in the United States’ investigation and prosecution of violations of federal criminal law in the FX Spot Market.”²⁷ The CFTC recognized JPMCB’s “significant cooperation” with the Commission’s investigation.²⁸ The FCA acknowledged the significant cooperation and assistance provided by JPMCB during the course of its investigation, and the remedial actions already taken by JPMCB prior to the completion of FCA’s investigation.²⁹ The OCC explained that JPMCB had already begun taking necessary and appropriate steps to remedy the deficiencies and unsafe or unsound practices identified by the OCC.³⁰

In addition, JPMC has taken several further significant steps to help prevent such conduct from reoccurring. On top of the previously discussed resolutions with government regulators, the firm has adopted new policies and technical restrictions on employees including limiting electronic chats and improved its compliance risk assessment process in an effort to better identify risks, including the types of risks identified during the FX matters.³¹ JPMC has enhanced training for all employees and increased oversight by senior management.

Separate from the remedial measures being implemented in connection with the FX resolutions, JPMC has also undertaken a variety of other improvements and

²⁵ The Commission has previously found determinations by other tribunals regarding an entity’s character or continued eligibility for privileges is persuasive in considering the entity’s character and fitness. *See In re Application of Richard Richards*, 77 Rad. Reg. 2d 1282, 1995 WL 170663 (1995).

²⁶ Friedman Affidavit at ¶ 8.

²⁷ DOJ Agreement, ¶ 10.

²⁸ *See* Friedman Affidavit at ¶ 6; *CFTC Order* at 3.

²⁹ *See* Friedman Affidavit at ¶ 6; *FCA Order* at ¶ 2.

³⁰ *See* Friedman Affidavit at ¶ 6; *OCC Order* at 1.

³¹ Friedman Affidavit at ¶ 9.

enhancements. For example, as stated on page 27 of the December 2014 “How We Do Business” report (available at <http://investor.shareholder.com/jpmorganchase/how-we-do-business.cfm>), (a) between 2012 and 2014, JPMC added more than 16,000 new employees to support the company’s regulatory, compliance and control efforts, (b) in 2013, employees completed more than 1 million hours of training related to risk, control and compliance and (c) in 2014, more than \$2 billion in additional expenses have been directed to JPMC’s regulatory and control issues than was previously spent in 2012.³²

D. History of Compliance

The FCC also considers the prior history of compliance of an applicant or licensee in making a character determination.³³ The Commission’s own policy statement makes this clear: “Additionally, the applicant’s record of compliance with our rules and policies, if any, should ordinarily be taken into account.”³⁴ Here, JPMC has, for many years, invested in the telecommunications industry in the public interest and has a history of compliance. A discussion of JPMC’s record of compliance with FCC rules and policies is set forth in Appendix B hereto.

III. A FAVORABLE DECISION IS CONSISTENT WITH FCC PRECEDENT

In light of the mitigating factors at hand, finding that JPMC is qualified as a Commission licensee would be consistent with the Commission’s character determinations in other cases. In *WPIX, Inc.*, for example, the Commission considered three final adjudications against WPIX for violations of numerous federal employment laws.³⁵ In finding no issues regarding WPIX’s character qualifications to hold an FCC license, the Commission noted that none of the non-

³² Friedman Affidavit at ¶ 11.

³³ See, e.g., *Lockheed Martin Corporation*, 17 FCC Rcd 13160 (2002) (finding applicant qualified to remain FCC licensee where “no other credible information has been provided...to detract from [applicant’s] record of compliance with FCC rules and policies”); *General Electric Co.*, 45 FCC 1592 (1964) (recognizing licensee’s “consistent record of meritorious broadcast service to the public” in character determination); and *Westinghouse Broadcasting Co.*, 44 FCC 2778 (1962) (recognizing “superior and uncommon nature of [licensee’s] broadcast record”).

³⁴ *1986 Character Policy Statement* at ¶ 102.

³⁵ *WPIX, Inc.*, 5 FCC Rcd 7469 (1990).

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FCC related misconduct at issue suggested any lack of truthfulness or candor with the Commission or with any other regulatory body. The Commission further considered that none of the derelictions appeared to be widespread throughout the company. Most importantly, the Commission emphasized that “the corrective actions or sanctions that have been delivered against WPIX, by the government bodies with such authority and expertise, appear to be sufficient.”³⁶

Similarly, in *RCA Corporation*, the Commission upheld General Electric Company’s (“GE”) qualifications to hold FCC licenses despite a guilty plea for making false claims in the performance of a government contract.³⁷ In doing so, the Commission emphasized that the GE officers responsible for the misconduct no longer were employees of GE. The Commission further stated that the “noninvolvement of GE officers and the other rehabilitative factors discussed here, when coupled with GE’s record of compliance with Commission rules and policies . . . lead us to conclude that this violation of law is not an impediment to grant of the transfer applications.”³⁸ As in *WPIX*, the deterrent effect of substantial fines imposed by other regulatory agencies and the nature and extent of remedial measures instituted was found to be sufficient “to forestall future misconduct of this nature.”³⁹

Here, as in *WPIX* and *RCA*, the conduct at issue was isolated and non-FCC related. In addition, JPMC cooperated with relevant regulatory bodies in their investigations and the trader has been terminated by the firm. Finally, JPMC has undertaken, at the direction of multiple agencies with subject matter expertise or direct oversight of JPMC and its operations, extensive remedial and compliance efforts to help prevent such conduct from reoccurring. Accordingly, consistent with the above decisions, the Commission should find JPMC qualified to hold FCC licenses and authorizations.

Allowing JPMC to hold a minority investment in New LightSquared LLC in light of the above mitigating factors also would be consistent with Commission decisions in other cases involving antitrust violations. In *Westinghouse Broadcasting Co.*⁴⁰

³⁶ *Id.* at 7471.

³⁷ *RCA Corporation*, 1986 FCC LEXIS 3289 (1986).

³⁸ *Id.* at *18.

³⁹ *Id.*

⁴⁰ 44 FCC 2778 (1962).

and *General Electric Co.*,⁴¹ for example, the Commission addressed extensive anticompetitive conduct by nonbroadcast subsidiaries of Westinghouse Electric Corporation and General Electric Company. As a result of the misconduct, employees of both companies were convicted on charges of bid-rigging and price-fixing. Despite this anticompetitive conduct, however, the Commission granted these companies' renewal applications without hearings, finding that both entities were qualified to remain Commission licensees.

In granting renewals in these cases, the Commission found that mitigating factors overrode the negative behavior of the licensees, which was willful, recurring, and recent.⁴² Specifically, the FCC noted that remedial measures had been taken by both parent companies in order to prevent recurrence of the questionable conduct.⁴³ The Commission also was impressed by the lack of horizontal connection in the corporate structure between the wrongdoers and the broadcast operations.⁴⁴ This corporate structure, the Commission reasoned, insulated the broadcast division from the misconduct.⁴⁵ Finally, the FCC noted that the misconduct, although criminal, was outweighed by the longstanding "uncommonly good"⁴⁶ and "meritorious"⁴⁷ broadcast records of the applicants.

On similar grounds, the facts in the case at hand also militate in favor of finding that JPMC has the requisite character to hold FCC licenses and authorizations. First, as described in detail above, JPMC has taken, and continues to take, significant remedial action to help prevent such conduct from reoccurring. Its resolutions with the relevant regulatory authorities also include significant fines and remedial measures, and the FCC consistently has noted sanctions serve as a deterrent, which is an important element in the character qualification process: "it helps to ensure

⁴¹ 45 FCC 1592 (1964).

⁴² *Westinghouse Broadcasting Co.*, 44 FCC at 2783; see also *General Electric Co.*, 45 FCC at 1593 (finding that the conduct in *General Electric Co.* was substantially identical to the wrongdoing in *Westinghouse*).

⁴³ See *Westinghouse Broadcasting Co.*, 44 FCC at 2784-85; *General Electric Co.*, 45 FCC at 1594-95.

⁴⁴ See *Westinghouse Broadcasting Co.*, 44 FCC at 2780; *General Electric Co.*, 45 FCC at 1593.

⁴⁵ See *Westinghouse Broadcasting Co.*, 44 FCC at 2780; *General Electric Co.*, 45 FCC at 1593.

⁴⁶ *Westinghouse Broadcasting Co.*, 44 FCC at 2780.

⁴⁷ *General Electric Co.*, 45 FCC at 1594.

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future reliability and truthfulness.”⁴⁸ Second, as in *Westinghouse Broadcasting Co.* and *General Electric Co.*, there was no direct connection between the wrongdoer, who was located in the U.K., and JPMC’s FCC-regulated activities. Nor is there a direct connection between JPMC’s FX trading business and its communications-related activities. Finally, as described above, JPMC has a history of compliance that should mitigate the non-communications relevant misconduct.⁴⁹

For the reasons stated above, JPMC urges the Commission to find that JPMC is qualified to hold an interest in New LightSquared LLC and other FCC licensees.

Respectfully submitted,

/s/ Wayne D. Johnsen

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⁴⁸ 1986 *Character Policy Statement* at ¶ 103.

⁴⁹ In *Westinghouse Broadcasting Co.*, the FCC clarified that it “d[id] not place primary reliance upon the length of [licensee’s] record of compliance.” 44 FCC at 2783.

APPENDIX A

As summarized below JPMorgan Chase & Co. (“JPMC”) and JPMorgan Chase Bank, N.A. (“JPMCB”) have committed to and undertaken significant remedial measures in connection with its foreign exchange (“FX”) business pursuant to resolutions with various government agencies.

U.S. Department of Justice

On May 20, 2015, the U.S. Department of Justice (“DOJ”) and JPMC executed a plea agreement under which JPMC agreed to plead guilty to one felony antitrust violation.¹ Under the DOJ Agreement, JPMC and the DOJ agree to recommend that the court impose a sentence requiring a criminal fine of \$550 million and a term of probation of three years.² The conditions of JPMC’s probation, as agreed, would include at least the following conditions:

- JPMC shall not commit another crime in violation of the federal laws of the United States or engage in the conduct the subject of the plea agreement during the term of probation;³
- JPMC posting of a disclosure notice on its website as of May 20, 2015 explaining the conduct leading to the guilty plea and making best efforts to send the disclosure notice to its spot FX customers and counterparties;⁴
- JPMC shall notify the probation officer upon learning of the commencement of any federal criminal investigation in which the defendant is a target, or federal criminal prosecution against it;⁵
- JPMC shall implement a compliance program designed to prevent and detect the conduct throughout its operations including those of its affiliates and subsidiaries and provide an annual report to the probation officer and the United States on its progress in implementing the program, commencing on a schedule agreed to by the parties;⁶
- JPMC shall further strengthen its compliance and internal controls as required by the CFTC, FCA, and any other regulatory or enforcement agencies that have addressed the conduct, and report to the probation officer and the United States, upon request, regarding its remediation

¹ Plea Agreement, U.S. v. JPMorgan Chase & Co. (D. Conn. May 20, 2015) (“DOJ Agreement”). Under Paragraph 9(e) of the DOJ Agreement, the United States agreed to support a request by JPMC for the Court to adjourn sentencing until the Department of Labor rules on JPMorgan Chase Bank, N.A.’s (“JPMCB”) exemption request that it and its affiliates be allowed to continue to be qualified as a Qualified Professional Asset Manager pursuant to Prohibited Transactions Exemption 84-14. This request remains pending at the Department of Labor, and the Court has not yet entered final judgment in the DOJ matter.

² *Id.* ¶ 9.

³ *Id.* ¶ 9(c)(i).

⁴ *Id.* This disclosure notice is available at https://www.jpmorgan.com/pages/disclosures/fx_notice.

⁵ *Id.* ¶ 9(c)(ii).

⁶ *Id.* ¶ 9(c)(iii).

and implementation of any compliance program and internal controls, policies, and procedures that relate to the conduct;⁷

- JPMC shall report to the DOJ all credible information regarding criminal violations of U.S. antitrust laws or law concerning fraud, including securities or commodities fraud by the defendant or any of its employees as to which JPMC’s Board of Directors, management, or legal and compliance personnel are aware;⁸ and
- JPMC also must bring to DOJ’s attention all federal criminal investigations in which JPMC is identified as a subject or a target, and all administrative or regulatory proceedings or civil actions brought by any federal or state governmental authority in the United States against JPMC or its employees, to the extent that such investigations, proceedings or actions allege facts that could form the basis of a criminal violation of U.S. antitrust laws or U.S. law concerning fraud, including securities or commodities fraud.⁹

JPMC agreed in the Plea Agreement to cooperate fully and truthfully with the United States in the investigation and prosecution of the matter that was the subject of the Plea Agreement.¹⁰ The United States noted JPMC’s “substantial assistance in the United States’ investigation and prosecution of violations of federal criminal law in the FX Spot Market.”¹¹

Board of Governors of the Federal Reserve System

On May 20, 2015, JPMC executed a Consent Order with the Board of Governors of the Federal Reserve System (“Federal Reserve”).¹² The Fed Consent Order provides that the firm shall take certain affirmative actions, including:

- The board of directors of JPMC or an authorized committee thereof shall submit a written plan acceptable to the Federal Reserve Bank of New York (“Reserve Bank”) to improve senior management’s oversight JPMC’s compliance with applicable U.S. laws and regulations and applicable internal policies in connection with the firm’s Designated Market

⁷ *Id.* ¶ 9(c)(iv).

⁸ *Id.* ¶ 9(c)(v).

⁹ *Id.* ¶ 9(c)(vi)

¹⁰ *Id.* ¶ 14.

¹¹ *Id.* ¶ 10.

¹² United States of America Board of Governors of the Federal Reserve System, *In the Matter of JPMorgan Chase & Co. New York, New York*, Docket Nos. 151-009-B-HC, 15-009-CMP-HC, Order to Cease and Desist and Order of Assessment of a Civil Money Penalty Issued Upon Consent Pursuant to the Federal Deposit Insurance Act, as Amended (May 20, 2015) (“Fed Consent Order”).

Activities, which are Covered FX Activities¹³ and other trading activities and related sales activities involving FX;¹⁴

- JPMC shall submit an enhanced written internal controls and compliance program acceptable to the Reserve to comply with applicable U.S. laws and regulations with respect to the firm's Designated Market Activities,¹⁵ including policies and procedures that define management responsibilities and establish accountability within all business lines that engage in Designated Market Activities; a comprehensive and effective system of internal controls to monitor and detect potential employee misconduct in connection with the firm's Designated Market Activities, which shall include, but not be limited to, transaction monitoring and communication surveillance that is commensurate with the level and nature of the risks inherent in the market; and training for JPMC's employees engaged in Designated Market Activities in conduct-related issues appropriate to the employee's job responsibilities that is provided on an ongoing, periodic basis;¹⁶
- JPMC shall submit a written plan acceptable to the Reserve Bank to improve its compliance risk management program with regard to compliance by the firm with applicable U.S. laws and regulations with respect to Designated Market Activities firm-wide;¹⁷
- JPMC management, utilizing personnel who are independent of the business line and acceptable to the Reserve Bank, shall conduct on an annual basis a review of compliance policies and procedures applicable to the firm's Designated Market Activities and their implementation, and an appropriate risk-focused sampling of other key controls for JPMC's Firm-wide Designated Market Activities;¹⁸
- JPMC shall submit an enhanced written internal audit program acceptable to the Reserve Bank with respect to the Firm's compliance with applicable U.S. laws and regulations in its Designated Market Activities;¹⁹
- JPMC shall remit a \$342,000,000 civil money penalty to the Federal Reserve;²⁰

¹³ The Fed Consent Order defines "Covered FX Activities" as "buying and selling U.S. dollars and foreign currency for its own account and by soliciting and receiving orders through communications between customers and sales personnel that are executed by traders in the spot market." *Id.* 1.

¹⁴ *Id.* 2, 6.

¹⁵ The Fed Consent order defines "Designated Market Activities" as, collectively with Covered FX Activities, "other trading activities and related sales activities involving FX, including FX trading where a customer directly inputs an order through an electronic platform ("Electronic Trading"), and in wholesale markets for commodities and interest rate products where the FX Subsidiaries act as principal, prices and rates are or can be influenced by industry benchmark prices or rates, and compliance and control risk factors and vulnerabilities are similar to those related to Covered FX Activities." *Id.* 2.

¹⁶ *Id.* 7-9.

¹⁷ *Id.* 9.

¹⁸ *Id.* 10.

¹⁹ *Id.* 10.

- JPMC shall not in the future directly or indirectly retain any individual as an officer, employee, agent, consultant, or contractor of JPMC or of any subsidiary of JPMC who, based on the investigative record compiled by U.S. authorities, has done all of the following: (i) participated in the misconduct underlying this Order, (ii) been subject to formal disciplinary action as a result of the firm’s internal disciplinary review or performance review in connection with the conduct described above, and (iii) either separated from JPMC or any subsidiary thereof or had his or her employment terminated in connection with the conduct described above;²¹ and,
- JPMC shall continue to fully cooperate with and provide substantial assistance to the Federal Reserve.²²

U.S. Commodity Futures Trading Commission

On November 11, 2014, the U.S. Commodity Futures Trading Commission (“CFTC”) issued an Order accepting an offer of settlement submitted by JPMCB and imposing remedial sanctions.²³ In its Offer of Settlement to the CFTC, JPMCB consented to the CFTC’s entry of an order to cease and desist from violating Section 6(c)(3) and 9(a)(2) of the Commodity Exchange Act and agreed to pay a civil monetary penalty in the amount of \$310,000,000 plus post-judgment interest.²⁴ Under the CFTC Order, JPMCB also consented to implement and improve its internal controls and procedures in a manner reasonably designed to ensure the integrity of its participation in the fixing of any FX benchmark rate, including measures to identify and address internal or external conflicts of interest.²⁵ JPMCB’s remediation improvements under the CFTC Order were to include internal controls and procedures relating to:

- measures designed to enhance the detection and deterrence of improper communications concerning FX benchmark rates, including the form and manner in which communications may occur;
- monitoring systems designed to enhance the detection and deterrence of trading or other conduct potentially intended to manipulate directly or indirectly FX benchmark rates;
- periodic audits, at least annually, of Respondent’s participation in the fixing of any FX benchmark rate;
- supervision of trading desks that participate in the fixing of any FX benchmark rate;

²⁰ *Id.* 11.

²¹ *Id.* 12.

²² *Id.* 12.

²³ Commodity Futures Trading Commission, *In the Matter of JPMorgan Chase Bank, N.A.*, CFTC Docket No. 15-04, Order Instituting Proceedings Pursuant to Sections 6(c)(4)(A) and 6(d) of the Commodity Exchange Act, Making Findings, and Imposing Remedial Sanctions (Nov. 11, 2014) (“CFTC Order”).

²⁴ *Id.* 12.

²⁵ *Id.* 14.

- routine and on-going training of all traders, supervisors and others who are involved in the fixing of any FX benchmark rate;
- processes for the periodic but routine review of written and oral communications of any traders, supervisors and others who are involved in the fixing of any FX benchmark rate with the review being documented and documentation being maintained for a period of three years; and
- continuing to implement its system for reporting, handling and investigating any suspected misconduct or questionable, unusual or unlawful activity relating to the fixing of any FX benchmark rate with escalation to compliance and legal and with reporting of material matters to executive management and the CFTC.²⁶

The CFTC Order required JPMCB to report to the CFTC on its remediation efforts and certify within 365 days that JPMCB has complied with the undertakings set forth in the Order.²⁷ As part of the CFTC Order, JPMCB also agreed to cooperation with the CFTC, including specific record keeping and production obligations for a period of at least three years.²⁸

Department of Treasury, Office of the Comptroller of the Currency

JPMCB entered into Consent Orders with the United States Department of Treasury, Office of the Comptroller of the Currency (“OCC”) executed November 11, 2014.²⁹ JPMCB consented to, among other things:

- Pay a civil money penalty in the total amount of \$350,000,000;³⁰
- Appoint and maintain a Compliance Committee of at least three (3) directors responsible for monitoring and coordinating JPMCB’s compliance with the provisions of the Order, which must report quarterly on the actions taken to comply with the Order;³¹
- Submit to the OCC and implement an Action Plan for compliance with the Order, which shall provide for (1) adequate financial resources to develop and implement the plans required under the Order and appropriate controls and oversight related to Employee market conduct in FX Trading³² consistent with safe and sound banking practices; (2) the

²⁶ *Id.* 14.

²⁷ *Id.* 15.

²⁸ *Id.* 15-16.

²⁹ United States of America Department of the Treasury Comptroller of Currency, *In the Matter of JPMorgan Chase Bank, N.A. Columbus, Ohio*, AA-EC-14-100, Consent Order for a Civil Money Penalty (Nov. 11, 2014) (“OCC Money Penalty Order”); United States of America Department of the Treasury Comptroller of Currency, *In the Matter of JPMorgan Chase Bank, N.A. Columbus, Ohio*, AA-EC-14-100, Consent Order (Nov. 11, 2014) (“OCC Consent Order”).

³⁰ OCC Money Penalty Order at 6.

³¹ OCC Consent Order 6-7.

³² The OCC Consent Order defines “FX Trading” as JPMCB’s “wholesale foreign exchange business where it is acting as principal.” *Id.* 1.

organizational structure, managerial resources, and staffing to support the plans required under the Order; (3) adequate staffing and other resources sufficient to identify, understand, measure, monitor and control the risks related to Employee market conduct in FX Trading; and (4) adequate oversight and governance sufficient to identify, understand, measure, monitor and control the risks related to Employee market conduct in FX Trading and the provisions of the Order;³³

- Submit to the OCC and implement an Oversight and Governance Plan providing for development and implementation of internal processes to appropriately manage material risks to JPMCB with respect to Employee market conduct in FX Trading, including (1) policies, procedures, and control processes to ensure clear and consistent definitions of Employee market misconduct in FX Trading; (2) clearly defined oversight roles and responsibilities for FX Trading, including compliance oversight and audit coverage; (3) processes that require JPMCB to timely, fully and accurately report material Employee market misconduct in FX Trading to the OCC and to respond to related OCC requests for information; and (4) requirements that JPMCB clearly documents decisions and rationales related to Employee market misconduct in FX Trading;³⁴
- Submit to the OCC and implement a Compliance Risk Assessment Plan providing for the effective identification of current and emerging risks in FX Trading related to Employee market conduct, which must contain sufficient granularity to reasonably identify and measure risks, and incorporate lessons learned from both internal and external control failures;³⁵
- Submit to the OCC and implement a Monitoring and Surveillance Plan providing for adequate transaction monitoring and electronic communications surveillance processes to ensure that JPMCB provides strong supervision of Employee market conduct and communications in FX Trading, which must include (1) monitoring across the various jurisdictions in which JPMCB engages in FX Trading; (2) policies and procedures documenting JPMCB's monitoring and surveillance processes related to Employee market conduct in FX Trading; (3) roles and responsibilities of business, compliance, and audit in ensuring appropriate monitoring and surveillance processes related to Employee market conduct in FX Trading; (4) JPMCB's FX compliance risk assessment to identify present and emerging risks related to Employee market conduct in FX Trading; (5) lexicon-based search policies based on JPMCB's FX Trading policies and procedures and implement a monitoring and surveillance program reasonably designed to identify Employee market conduct in FX Trading in violation of JPMCB's policies; (6) periodic review the transaction monitoring and surveillance processes; (7) identification, review, and incorporation of current and new communication channels related to Employee market conduct in FX Trading into JPMCB's monitoring and surveillance processes on an ongoing basis; (8) review, documentation, escalation, and investigation where appropriate of employee market conduct issues in FX Trading transactions or communications identified by monitoring and surveillance programs; and (9) monitoring and surveillance of Employee market conduct in FX Trading to be

³³ *Id.* 7-9.

³⁴ *Id.* 9-10.

³⁵ *Id.* 10-11.

performed by personnel with sufficient expertise and experience to identify significant issues;³⁶

- Submit to the OCC and implement a Compliance Testing Plan providing for compliance testing procedures around controls for the detection or prevention of Employee market misconduct in FX Trading and compliance with the Order, which must (1) incorporate the FX compliance risk assessment to address Employee market conduct-related risks in FX Trading; (2) require identification and adequate testing coverage for material changes in Employee market conduct-related risks in FX Trading in a timely manner; (3) require consistently and adequately documented support for this compliance testing process; (4) require that all material concerns identified during this compliance testing process are adequately addressed in a timely manner; (5) require that any corrective action is reasonably designed to address the underlying cause of identified material concerns; (6) require appropriate evaluation of controls related to Employee market conduct in FX Trading; (7) require that Employee market conduct issues in FX Trading identified by compliance testing are sufficiently reviewed, documented, escalated, and investigated where appropriate; and (8) require compliance testing to be performed by personnel with sufficient expertise and experience to identify significant Employee market conduct issues.³⁷
- Submit to the OCC and implement an Internal Audit Plan providing standards for audit process and requiring effective audit coverage, which must (1) develop an independent Internal Audit conduct-related risk assessment related to Employee market conduct in FX Trading that must challenge JPMCB's compliance control framework; (2) require appropriate audit strategies and coverage based on this risk assessment to guide the approach, execution and escalation processes; (3) evaluate the control environment for identification and escalation of significant compliance and Employee market conduct issues in FX Trading in a timely manner; (4) evaluate the control environment for identification of material changes in Employee market conduct-related risks in FX Trading in a timely manner and ensure adequate audit coverage therein; (5) provide for the active and consistent participation in Bank audits of personnel with sufficient expertise and experience to identify control related issues related to potential Employee market misconduct, including material variations in controls across FX Trading lines of business at JPMCB, and material variations in controls from those at JPMCB's holding company; (6) develop a formal process for sharing, as appropriate, significant audit, regulatory and emerging issues related to Employee market conduct in FX Trading across the audit department; (7) require consistently and adequately documented support for all aspects of the audit process related to Employee market conduct in FX Trading, including, but not limited to, audit planning, selection of control testing, selection of samples, audit work reviews and conclusions; (8) require that all material concerns related to Employee market conduct in FX Trading identified during the audit process are adequately addressed in a timely manner; (9) verify that any corrective action related to Employee market conduct in FX Trading fully addresses the underlying cause of identified material concerns; (10) establish appropriate and timely corrective action for issues related to Employee market conduct in FX Trading based on the level of risk severity;

³⁶ *Id.* 11-13.

³⁷ *Id.* 13-14.

(11) require appropriate evaluation of controls related to Employee market conduct in FX Trading; and (12) provide for appropriate management oversight of the Employee market conduct in FX Trading audit process consistent with independence requirements;³⁸ and

- Submit to the OCC a Proactive Application of Remedial Measures Plan establishing processes and procedures to identify and address similar risks and control deficiencies in trading activities, which must include (1) a review to identify Other Trading Activities³⁹ that could raise similar market conduct issues related to sales, trading, and supervisory employees in that business; (2) oversight and governance related to market conduct for such activities by sales, trading, and supervisory employees in that business; (3) compliance risk assessment plans related to market conduct by sales, trading, and supervisory employees in that business; (4) programs for monitoring and surveillance of market conduct by sales, trading, and supervisory employees in that business; (5) compliance testing related to market conduct by sales, trading, and supervisory employees in that business; and (6) internal audit coverage related to market conduct by sales, trading, and supervisory employees in that business.⁴⁰

U.K. Financial Conduct Authority Proceeding

On November 11, 2014, JPMCB agreed to a resolution with the U.K. Financial Conduct Authority (“FCA”) related to FX market activities.⁴¹ Pursuant to the FCA Notice, the FCA imposed a total financial penalty of £222,166,000.⁴² The FCA acknowledged the significant cooperation and assistance provided by JPMCB during the course of its investigation, and recognized that JPMCB is continuing to undertake remedial action and has committed significant resources to improving the business practices and associated controls relating to its FX operations.⁴³

³⁸ *Id.* 15-17.

³⁹ The OCC Consent Order defines “Other Trading Activities” as “other wholesale trading as principal for the Bank and benchmark activities.” *Id.* 17.

⁴⁰ *Id.* 17-19.

⁴¹ United Kingdom Financial Conduct Authority, *Warning Notice*, Ref. No. 124491 (Nov. 11, 2014).

⁴² *Id.* Annex D, § 6.1.

⁴³ *Id.* § 2.10.

APPENDIX B

JPMorgan Chase & Co. (“JPMC”) has a past record of compliance with the Federal Communications Commission (“FCC”) rules and policies.¹ As an initial note, JPMC is one of America’s leading and most reputable banks with a more than 200 year history of delivering value to clients. The company holds a broad and diverse portfolio of both domestic and foreign assets. That portfolio has encompassed, at different times, substantial assets in the U.S. communications market, including interests in communications firms that are well-known to the FCC, such as Tribune Company (“Tribune”), Open Range Communications, Inc. (“Open Range”), and Teligent, Inc. (“Teligent”) among many others.

Specifically, over the course of the past decade-plus, JPMC, along with certain of its subsidiaries, has held interests in FCC licensees with a history of compliance during the period of JPMC’s involvement. For example, FCC records demonstrate that:

- Since 2012, JPMC and certain of its subsidiaries have held voting interests of approximately 8% in the numerous broadcast stations licensed to subsidiaries of Tribune Media, Inc.²
- Between 2009 and 2012, a subsidiary of JPMC held a controlling interest in Open Range,³ which held more than 500 FCC licenses. Open Range was a broadband wireless internet provider that was formed to provide service to unserved and underserved rural Americans.⁴ Open Range filed for bankruptcy in 2011⁵ and received the bankruptcy court’s approval to complete a sale of its assets in January 2012.⁶
- Between 2003 and 2008, JPMC and certain of its subsidiaries held significant interests in various radio stations licensed to subsidiaries of Archway Broadcast Group, LLC, including four stations licensed to ABG Georgia, LLC (interests held from 2003 through 2008),⁷ six

¹ The following discussion does not necessarily include an exhaustive list of every FCC license-holder in which JPMC or its subsidiaries have ever held an interest.

² See, e.g., *Applications of Tribune Company and its Licensee Subsidiaries, Debtors in Possession, et al.*, 27 FCC Rcd 14239 (2012), and applications approved therein; *Applications of Local TV Holdings, LLC, Transferor and Tribune Broadcasting Company II, LLC, Transferee and Dreamcatcher Broadcasting, LLC, Transferee*, 28 FCC Rcd 16850 (2013), and applications approved therein.

³ See, e.g., FCC Form 602, Open Range Communications, Inc., File No. 0004096413 (Jan. 19, 2010).

⁴ See Declaration of Chris Edwards, Chief Financial Officer of Open Range Communications Inc., In Support of the Debtors Chapter 11 Petition and First Day Motions, Case No. 11-13188-KJC, Doc. 2 (Bankr. D. Del. Oct. 6, 2011).

⁵ See Voluntary Petition for Bankruptcy of Open Range Communications, Inc., Case No. 11-13188-KJC, Doc. 1 (Bankr. D. Del. Oct. 6, 2011).

⁶ See Order (A) Authorizing the Debtor to Conduct an Auction for its Assets, (B) Approving Auction Procedures, (C) Authorizing the Debtor to Sell Assets to Successful Bidders at the Auction Free and Clear of All Liens, Claims, and Encumbrances Without Further Order of the Court and (D) Authorizing the Debtor to Consummate the Sales of the Assets Without Further Order of the Court, Case No. 11-13188-KJC, Doc. 415 (Bankr. D. Del. Dec. 22, 2011).

⁷ See, e.g., FCC File No. BALH-20021220ACT (granted Feb. 21, 2003, consummated Apr. 25, 2003); FCC File No. BALH-20021220ABU (granted Feb. 21, 2003, consummated Apr. 25, 2003); FCC File No. BALH-20021220AAL (granted Feb. 21, 2002, consummated Apr. 25, 2003); FCC File No. BOS-20030610AAU. These licenses were

stations licensed to ABG North Carolina, LLC (interests in all but one station were held from 2003 through 2007),⁸ and three stations licensed to ABG Arkansas, LLC (interests held from 2003 through 2008).⁹

- Between 2003 and 2006, a subsidiary of JPMC held a significant interest in a radio station licensed to a subsidiary of Radiovisa Corporation.¹⁰
- Between 2002 and 2004, a subsidiary of JPMC held a 14.4% voting interest in Teligent, the holder of domestic and international 214 Authorizations and wireless licenses.¹¹
- In addition, subsidiaries of JPMC hold various wireless authorizations, including industrial business pool (IG) and business radio (MG) licenses.¹²

In some of these cases, including Tribune and Teligent, JPMC acquired its interest in the FCC license-holder in connection with loans that JPMC had issued prior to the FCC license-holder's filing for bankruptcy protection. These holdings were therefore an outgrowth of JPMC's provision of much-needed financing to companies in the communications industry.

It should be noted that in one instance in which a JPMC subsidiary holding a controlling interest in an FCC licensee identified a rule violation, the situation was handled in a transparent manner and consistent with Commission rules and practices. Specifically, a JPMC subsidiary held a controlling interest in WestCom Holding Corp., which acquired control of KGM Circuit Solutions, LLC (the holder of an international Section 214 authorization) without prior Commission approval.¹³ As explained in the application, the failure to seek such approval was

subsequently transferred to one or more entities in which JPMC had no direct or indirect interest. *See, e.g.*, FCC File No. BAL-20080806AAP (granted Oct. 1, 2008, consummated Nov. 7, 2008).

⁸ *See, e.g.*, FCC File No. BALH-20021030ACE (granted Jan. 7, 2003, consummated Feb. 27, 2003); FCC File No. BALH-20020830ACW (granted Nov. 8, 2002, consummated Jan. 9, 2003); FCC File No. BOS-20030317LUL. These licenses were subsequently transferred to one or more entities in which JPMC had no direct or indirect interest. *See, e.g.*, FCC File No. BALH-20040524AOJ (granted Aug. 3, 2004, consummated Aug. 30, 2004); FCC File No. BALH-20070104ADC (granted Feb. 21, 2007, consummated Mar. 12, 2007); FCC File No. BALH-20070606AAO (granted July 23, 2007, consummated Aug. 23, 2007).

⁹ *See, e.g.*, FCC File No. BALH-20021104AFY (granted Jan 7, 2003, consummated Jan. 22, 2003); FCC File No. BALH-20021104AFT (granted Jan. 7, 2003, consummated Jan. 22, 2003); FCC File No. BALH-20030218AAD (granted Apr. 10, 2003, consummated May 9, 2003); FCC File No. BOS-20030609ABA. These licenses were subsequently transferred to one or more entities in which JPMC had no direct or indirect interest. *See, e.g.*, FCC File No. BALH-20071015AIR (granted Nov. 28, 2007, consummated Feb. 1, 2008).

¹⁰ *See, e.g.*, FCC File No. BAL-20030821ADR (granted Dec. 10, 2003, consummated Dec. 26, 2003); FCC File No. BOS-20040225AAX. The license was subsequently transferred to an entity in which JPMC had no direct or indirect interest. *See, e.g.*, FCC File No. BAL-20060213ACN (granted Apr. 5, 2006, consummated May 23, 2006).

¹¹ *See, e.g.*, FCC Form 602, Teligent, Inc., FCC File No. 002081162 (filed May 6, 2002); FCC File No. ITC-T/C-20020502-00230, WC Docket No. 02-103, FCC File Nos. 0000948563, 0000948603, 0000948657. These licenses were subsequently transferred to an entity in which JPMC had no direct or indirect interest. *See, e.g.*, Notice of Streamlined Domestic 214 Application Granted, WC Docket No. 04-148, DA 04-1649 (rel. June 14, 2004).

¹² *See, e.g.*, FCC File Nos. 0006561039, 0002371281, 0002451482, 0005612850, 0005959530, 0005959535, 0006281463.

¹³ *See* FCC File No. ITC-T/C-20070410-00139.

inadvertent, and approval was sought as soon as practicable following the discovery of the omission. The Commission approved the transfer of control, and did not take any enforcement action.¹⁴ A subsidiary of JPMC also received a citation for alleged violations of the Telephone Consumer Protection Act on July 2, 2007.¹⁵

JPMC submits that, consistent with the breadth of its holdings, its long involvement in the U.S. communications market, and the nature and handling of these violations, the record, taken as a whole, supports a finding that JPMC has a past history of compliance with the FCC's rules and policies.

¹⁴ A subsequent transfer of control to an entity in which JPMC had no direct or indirect interest was approved in May 2007. *See* FCC File No. ITC-T/C-20070410-00141.

¹⁵ *See* FCC File No. EB-07-TC-3580.

**Before the
FEDERAL COMMUNICATIONS COMMISSION**

In re Applications of)	
)	
LightSquared Subsidiary LLC, Debtor-In-)	IB Docket No. 15-126
Possession, and LightSquared Subsidiary LLC,)	
for FCC Consent to Assign Licenses and Other)	
Authorizations and Request for Declaratory)	
Ruling on Foreign Ownership)	

AFFIDAVIT OF STACEY FRIEDMAN

1. My name is Stacey Friedman. I am submitting this Affidavit in support of the applications for consent to assign licenses and authorization from LightSquared Subsidiary LLC, Debtor-in-Possession, to Reorganized LightSquared Subsidiary, LLC.

2. I am the Deputy General Counsel of JPMorgan Chase & Co. (“JPMC”) and General Counsel of J.P. Morgan’s Corporate & Investment Bank. I have been employed by JPMC since 2012.

3. On May 20, 2015, JPMC entered into a plea agreement with the U.S. Department of Justice (“DOJ”) relating to the firm’s foreign exchange (“FX”) sales and trading business (the “DOJ Agreement”). A copy of the DOJ Agreement is attached. Under the DOJ Agreement, JPMC agreed to plead guilty to a single antitrust violation and pay a fine of \$550 million. The parties filed the DOJ Agreement with the United States District Court for the District of Connecticut on May 20, 2015. In addition, under Paragraph 9(e) of the DOJ Agreement, the United States agreed to support a request by JPMC for the Court to adjourn sentencing until the Department of Labor rules on JPMorgan Chase Bank, N.A.’s (“JPMCB”) exemption request that it and its affiliates be allowed to continue to be qualified as a Qualified Professional Asset

Manager pursuant to Prohibited Transactions Exemption 84-14. This request remains pending at the Department of Labor, and the Court has not yet entered final judgment in the DOJ matter.

4. The antitrust violation referenced in the DOJ Agreement arises principally from the conduct of one former JPMC trader, for actions taken between July 2010 and January 2013. That trader worked in London during that time, was employed by U.K. entities of JPMC, held the title of Managing Director for part of the duration of his employment, and has since been terminated by the firm.

5. In the DOJ Agreement at paragraph 4, the DOJ stated that it would have presented evidence sufficient to prove that this trader communicated with traders from other institutions in an attempt to improperly influence prices in the U.S. Dollar/Euro spot market pairing, including by alleged coordinated trading in connection with the World Markets/Reuters Closing Spot Rates 4:00 PM fix in London. The DOJ Agreement did not implicate senior management.

6. In addition to the DOJ Agreement, on May 20, 2015, JPMC entered into a resolution with the Board of Governors of the Federal Reserve (the “Fed Order”); and, prior to that, on November 11, 2014, JPMCB, a wholly owned subsidiary of JPMC, entered into three separate resolutions with the U.S. Office of the Comptroller of the Currency (the “OCC Order”), the U.S. Commodity Futures Trading Commission (the “CFTC Order”), and the U.K. Financial Conduct Authority (the “FCA Notice”). These resolutions relate to JPMC’s FX business; copies are attached hereto.

7. JPMC and JPMCB have made numerous commitments for remediation under the DOJ agreement and the civil FX resolutions, including the implementation of specific oversight, compliance, training, and reporting mechanisms, among others. Also, JPMC and JPMCB

collectively have incurred fines exceeding \$1.8 billion in connection with the various FX resolutions.

8. JPMC and JPMCB are committed to ensuring that they are in compliance with the obligations set forth in the various resolutions and the DOJ Agreement and that those obligations have been or are in the process of being fulfilled and implemented.

9. JPMC has made substantial progress toward enhancing its controls over the past several years, and the firm has already commenced significant efforts in this regard that are designed to ensure it is operating according to the high standards that the company and its regulators demand. For example:

(a) JPMC is enhancing FX supervision by creating, and is in the process of implementing, a new CEM FX Trading Supervisory Control Report which provides supervisors with a consolidated view of key control metrics covering their staff's trading and non-trading activities on a monthly basis;

(b) To improve controls, JPMC (1) has limited the use of electronic chats and instant messaging groups, (2) has exited participation in certain submission-based FX benchmarks, and (3) generally executes client orders at the WM/R fix for twenty-one currency pairs via an automated algorithm;

(c) JPMC has improved its compliance risk assessment process in an effort to better identify risks, including the types of risk identified during the FX matters;

(d) JPMC also has developed a plan to improve monitoring and surveillance.

To date, among other things, JPMC has expanded transaction surveillance across thirty-six currency pair benchmarks; and

(e) JPMC has enhanced its compliance testing and internal audit plans, and has conducted a substantial amount of training.

10. More generally, in addition to the remedial measures being implemented in connection with the FX resolutions, in December 2014, JPMC published “How We Do Business — The Report,” which describes how the firm does business, actions it has taken to address recent challenges and what it is doing to improve. The report details the many large-scale efforts and investments JPMC has made to strengthen its control environment through enhancements of its infrastructure, technology, operating standards and governance. Importantly, the publication talks about JPMC’s people and its culture. It describes how the firm has re-articulated and re-emphasized its corporate standards and what it is doing in an effort to ensure that its employees internalize these values and focus on them every day. A copy of the report is available at <http://investor.shareholder.com/jpmorganchase/how-we-do-business.cfm>.

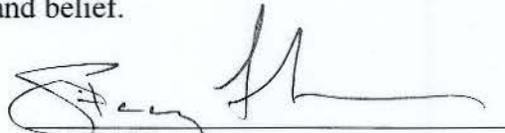
11. Separate from the remedial measures being implemented in connection with the FX resolutions, JPMC has undertaken a variety of other improvements and enhancements. For example, as stated on page 27 of the “How We Do Business” report:

(a) More than 16,000 employees will have been added since the beginning of 2012 through the end of 2014 to support the regulatory, compliance and control efforts across the entire company.

(b) \$2 billion more will have been spent in 2014 than was spent in 2012 for additional expenses on regulatory and control issues. In addition, in 2014, more than \$1.7 billion will have been spent on technology focused on the company's regulatory, control and control-related agenda.

(c) During 2013, employees completed more than 1 million hours of training related to risk, control and compliance.

I, Stacey Friedman, hereby declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief.



Stacey Friedman

Executed on October 6, 2015