



GARVEY SCHUBERT BARER
A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

WASHINGTON D.C. OFFICE

fifth floor

flour mill building

1000 potomac street nw

washington, d.c. 20007-3501

TEL 202 965 7880 FAX 202 965 1729

anchorage, alaska

beijing, china

new york, new york

portland, oregon

seattle, washington

GSBLAW.COM

Please reply to BRAD C. DEUTSCH
bdeutsch@gsblaw.com
TEL EXT 1793

September 19, 2014

VIA ELECTRONIC FILING

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Room TW-A325
Washington, D.C. 20554

Re: MB Docket No. 14-109
*Pandora Radio LLC Seeks Foreign Ownership Ruling Pursuant to Section
310(b)(4) of the Communications Act of 1934, as Amended*
Notice of *Ex Parte* Presentation

Dear Ms. Dortch:

This letter is submitted pursuant to Section 1.1206(b) of the Commission's rules on behalf of Pandora Radio LLC ("Pandora") to notify you that Chris Harrison, Vice President, Business Affairs, Pandora Media, Inc., along with David Oxenford, Wilkinson Barker Knauer, LLP (representing Connoisseur Media Licenses, LLC ("Connoisseur"), licensee of KXMZ(FM), Box Elder, SD), Marc Martin, K&L Gates, and the undersigned met on September 17, 2014, with William Lake, Chief, Media Bureau; Peter Doyle, Chief, Audio Division, Media Bureau; Holly Sauer, Associate Chief, Media Bureau; Marcia Glauberman, Deputy Division Chief, Industry Analysis Division, Media Bureau; Christine Goepf, Attorney Advisor, Audio Division, Media Bureau; and Jamila Bess Johnson, Attorney Advisor, Industry Analysis Division, Media Bureau.

During the meeting, Pandora summarized the history of the above-referenced proceeding and related matters contained in the record of this proceeding, including the pending FCC Form 314 application seeking the FCC's consent to Pandora's acquisition of KXMZ(FM) (File No. BALH-20130620BJ) from Connoisseur, the Petition to Deny the application filed by ASCAP, letters from the Media Bureau staff requesting additional information and Pandora's submission of additional showings, including two outside studies of the nationality of Pandora's shareholders conducted by NASDAQ OMX and K&L Gates. Pandora also summarized the contents of its June 27, 2014, Petition for Declaratory Ruling.

In particular, Pandora explained that as a widely held stock, traded on the NYSE, Pandora is unable to establish the identity, let alone the nationality of the majority of its shareholders who have chosen “objecting beneficial owner” (or “OBO”) status under shareholder privacy rules adopted by the U.S. Securities and Exchange Commission (“SEC”). Under the SEC’s rules, public companies are prohibited from engaging in direct communications with their shareholders who have elected OBO status. Nevertheless, Pandora commissioned the two studies mentioned above, and based on those studies, as well as other information available to Pandora regarding the nationality of its shareholders, Pandora believes that its foreign ownership is likely in the 15-17% range, which is well under the 25% threshold contained in Section 310(b)(4) of the Communications Act of 1934, as amended, 47 U.S.C. § 310(b). Mr. Martin summarized the K&L Gates’ shareholder study, including its methodologies and findings that were provided in detail in Exhibit A to Pandora’s Petition for Declaratory Ruling. In response to a question, Mr. Martin confirmed, as detailed in footnote 18 of the K&L Gates study, that shareholder information obtained from the Forms 13F could not be co-mingled or combined with publicly available Pandora shareholder information (i.e., information regarding Pandora’s “non-objecting beneficial owners” or “NOBOs”) because doing so would create a significant risk of double-counting Pandora’s NOBO shares (i.e., the NOBO-held stock could also be reported by Form 13F-filers because the 13Fs do not contain any information about beneficial ownership).¹ Pandora also discussed the impediments to identifying and monitoring the nationality of its OBO shareholders and noted that, as the National Association of Broadcasters acknowledged in its comments in this proceeding, the challenges Pandora faced are not unique to Pandora but rather affect publicly traded companies generally, particularly in light of the fact (as noted in the record) that most public company shareholders elect OBO status.

Pandora also reiterated that (1) Pandora is a U.S. company founded by a U.S. citizen, (2) Pandora’s Board of Directors is made up entirely of U.S. citizens, (3) all but two of Pandora’s officers are U.S. citizens, and (4) out of all of Pandora’s shareholders, there is only one shareholder that holds more than five percent of Pandora’s stock, and it is a U.S. entity. Pandora asserted that, given the circumstances where there is no evidence of any foreign influence whatsoever over the company, the Commission cannot make a finding that the public interest would be served by the denial of the pending application. There were also brief discussions of ASCAP’s Petition to Deny and the dispute between Pandora and ASCAP related to royalty fees, which is currently being litigated in federal court. Specifically, Pandora noted that ASCAP based its public interest-based objection to Pandora’s application on alleged harms to the music industry royalty model if Pandora completes its acquisition, which is a business issue irrelevant to the nationality of Pandora’s shareholders. Further, Pandora observed that an unrealistically strict and adverse decision in this proceeding could have a chilling effect

¹ The SEC requires all institutional investment managers that exercise investment discretion over \$100 million or more in securities subject to Section 13(f) of the Securities and Exchange Act of 1934 to report the following information quarterly on Form 13F: (1) the total number of shares of a security held; (2) the type of investment discretion the institutional investment manager exercises over the shares; (3) the names of other managers on whose behalf the 13F is being filed and with whom investment discretion is shared; and (4) the type of voting authority the institutional investment manager exercises over the shares. The K&L Gates study provides further discussion of SEC Form 13F at pages 6-7.



GARVEY SCHUBERT BARER

Marlene H. Dortch, Secretary
September 19, 2014
Page 3

on new investments in the broadcast industry, which would harm the public interest benefits the Commission has recognized in terms of access to capital, ownership diversity, competition, consumer choice and innovation.

A copy of this letter is being filed electronically in the above-referenced dockets and electronic copies are being submitted to Commission staff listed below. Should there be any questions concerning this matter, please contact the undersigned.

Respectfully submitted,

Brad C. Deutsch
Melodie A. Virtue

cc: William Lake (via email to William.Lake@fcc.gov)
Peter Doyle (via email to Peter.Doyle@fcc.gov)
Holly Sauer (via email to Holly.Sauer@fcc.gov)
Marcia Glauberman (via email to Marcia.Glauberman@fcc.gov)
Christine Goepf (via email to Christine.Goepf@fcc.gov)
Jamila Bess Johnson (via email to Jamila-Bess.Johnson@fcc.gov)