

Before the  
**Federal Communications Commission**  
Washington, D. C. 20554

In the Matter of	}	
	}	
Lockheed Martin Corporation COMSAT Corporation, and COMSAT Digital Teleport, Inc. Assignor,	}	IB DOCKET NO. 02-87
	}	
And	}	
	}	
Intelsat, Ltd., Intelsat (Bermuda), Ltd., Intelsat LLC, and Intelsat USA License Corp. Assignee	}	
	}	
Applications for Assignment of Sections 214 Authorizations and Earth Station Licenses and Declaratory Ruling Requests	}	

**SUPPLEMENT TO PROVISIONAL PETITION TO DENY**

Litigation Recovery Trust (“Petitioner” or “LRT”), on behalf of its members and its associated entities, hereby submits this Supplement To Provisional Petition To Deny (“Supplement”), addressing critical issues related to the above referenced applications filed jointly by Lockheed Martin Corporation (“Lockheed”), Comsat Corporation (“Comsat”) and Comsat Digital Teleport, Inc., as Assignor and Intelsat, Ltd. (“Intelsat”) Intelsat, Ltd., Intelsat (Bermuda), Ltd., Intelsat LLC, and Intelsat USA License Corp. as Assignee<sup>1</sup>.

Previously, Petitioner submitted its Provisional Petition to Deny, including Request for Protective Orders (“Petition”) and Reply Comments (“Reply”), and Applicants submitted Opposition of Lockheed Martin Corporation, et al and Intelsat, Ltd., et al, To Petitions to Deny and Petitions to Condition Grant (“Opposition”).<sup>2</sup>

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<sup>1</sup> Assignor and Assignee are referred to collectively as “Applicants.”

<sup>2</sup> While this Supplement is directed at issues raised by the Applicants in their Opposition, evidence presented herein directly impacts the character qualifications of Lockheed and Comsat in this, as well as other pending proceedings involving the two companies, including the following: Lockheed-Comsat merger proceeding (File Nos. SAT-T/C-2000323, et al), the Comsat-Telenor assignment proceeding (File Nos. SES-ASG-20010504-00896, et al), the Inmarsat domestic services proceeding (File Nos. ITC-97-222) and the Lockheed Ka Band license proceeding File Nos. 39-SAT-P/LA-98).

## 1. Summary

In their Opposition, Comsat and Lockheed “[a]s a threshold matter” included the following attack against LRT and its members:

COMSAT and Lockheed Martin note that they previously have submitted materials to the Commission demonstrating that LRT’s pleadings are not filed for any legitimate purpose, but rather for purposes of harassment and extracting a settlement. Rather than repeat the facts again here, COMSAT and Lockheed Martin respectfully direct the Commission’s attention to the record in the Telenor-COMAT docket.<sup>100</sup> LRT’s submission should be evaluated in light of this record.

<sup>100</sup> See *Opposition of Telenor Services Holdings, Inc. et al, and Lockheed Martin Global Telecommunications, et al*, at 5-7, FCC File No. SES-ASG-20010504-00896 (filed Jan. 28, 2002) (discussing various court findings and sanctions against individual members of LRT arising out of “campaign of harassment against COMSAT and former subsidiary BelCom, Inc., which was sold in December 2001). LRT’s alleged business grievances plainly fall into the category of private contractual disputes in which the Commission will not intervene. See e.g. *Telenor-COMAT Stay Denial Order* at n. 33. Opposition, at pp. 31-32,

With the submission of the above attack referencing allegations included in a series of their past pleadings, Comsat and Lockheed have continued what is a six year long, concerted campaign to victimize LRT and its members through fraud, lies and deception. They have also made what they term the “legitimacy” of LRT’s actions a fundamental issue, as they have sought to totally discredit LRT’s participation in this proceeding.

Comsat and Lockheed seek to dismiss LRT’s participation by classifying the matters raised by it as a “private contractual dispute.” This is untrue. It is accurate to state that there are commercial matters, which are the subject of dispute between LRT and Comsat/Lockheed. However, the matters at issue raised by LRT before the Commission are unrelated to any dispute, and involve a continuing pattern of illegality, involving dishonesty, deception and misconduct on the part of Comsat and Lockheed, which must be sanctioned and penalized.

For its part, LRT has determined that over the past six years, the senior managements of Comsat and Lockheed have spent millions of dollars in support of their effort to attack and victimize LRT and its members. During this period, LRT has ascertained that Comsat’s illegal and deceptive practices have not been limited to LRT, but actually have extended far beyond, including, but certainly not limited to, the following:

- US Government: Comsat’s Florida subsidiary pleaded guilty to criminal charges of defrauding the Defense Department and obstructing justice,

- the Commission : Comsat has admitted filing false and misleading information with the Commission,
- its shareholders: Major shareholders sought to replace management through a proxy filing. Comsat responded by filing a baseless suit against the shareholders.,
- its customers: Various customers have sought the sanctioning and even the liquidation of Comsat, and
- untold millions of American families and children: Comsat distributed pornography for some ten years via an open channel (unblockable) system to over 1 million hotel rooms throughout the United States.

Contrary to the Comsat/Lockheed charges, LRT's motives have clearly been proper and quite "legitimate," dating from its very first pleading<sup>3</sup> submitted to the Commission. LRT, much like the Comsat shareholders who brought a proxy action to replace management<sup>4</sup>, resolved from the outset that fundamental structural and personnel changes were needed to address the combined negligence, misfeasance, malfeasance and illegality which threatened the continued existence of Comsat.

LRT's goals included the proper sanctioning and, where necessary, removal of management, regulation of the company's activities and its eventual termination, with proceeds being turned over to a public purpose. LRT brought these matters of concern to the Commission, as well as to the Congress and the Executive Department, all of which shared delegated responsibilities to regulate and oversee the operations of Comsat. These efforts were proper and appropriate, and continue to the present.

It is true that as it has proceeded with its actions against Comsat, LRT, consistent with applicable federal policies favoring the resolution of disputes, has occasionally sought to bring matters before an arbitrator, mediator or other independent third party to determine whether its

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<sup>3</sup> The first LRT pleading was a Petition for Proposed Rule Making seeking the establishment of a rule requiring that all in-hotel movie systems utilize a lock-box or comparable signal blocking system to protect minors from accessing the pornographic films then distributed by Comsat and other such organizations. The Comsat division was spun off in June 1997. The LRT rule making request remains before the Commission.

<sup>4</sup> A dissident shareholders proxy filing was made against Comsat in 1997, seeking removal of Comsat management, who were identified as incompetent, negligent and not qualified to operate a New York Stock Exchange Company. After filing with the SEC, the dissident shareholders were sued by Comsat under a baseless theory for violating the Communications Satellite Act (there is no right of private action provided under the Act).. The lawsuit was brought to coerce and intimidate the dissidents. Comsat settled the matter by paying the shareholders \$800,000, and giving the dissidents two seats on the Comsat board, and benefits attached thereto.

grievances against Comsat (and Lockheed) might be resolved<sup>5</sup>. However, Comsat and Lockheed have steadfastly refused to consider any such approach.<sup>6</sup> The companies (and their lawyers) have continued to adhere to this policy, as they have repeatedly stated it to be in their own best interest to continue to contest the matters in dispute, by which they have misused legal process to avoid paying just debts.

For its part, LRT has remained resolute, as it continues to seek proper justice for the wrongs its members and others have suffered, and to bring an end to what is regarded as Comsat's (and Lockheed's) illegal, illegitimate and duplicitous conduct with regard to the operation of the satellite company.

Now, as outlined in detail in this Supplement, matters have taken yet another turn, which will impact the rights of certain parties to this continuing dispute. Specifically, by securing new legal rights as outlined below, LRT is now able to seek and secure the reversal of the key illegal actions taken against it and its members to date by Comsat and Lockheed. These new legal rights will permit LRT to effectively dispose of the decisions obtained against its members through fraud and deception, which Comsat and Lockheed have referenced in the Opposition as the basis of their "threshold" argument in their continuing effort to attack and discredit the Trust and its members.

## 2. Summary of Past Conduct of Comsat and Lockheed Against LRT and its Members

As referenced in the Opposition, Lockheed and Comsat<sup>7</sup> in their past pleadings have centered their attacks against one particular LRT member, Scott H. Robb.<sup>8</sup> Indeed, since mid - 1995,

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<sup>5</sup> These resolution efforts date to January 1996 when attempts were made to arbitrate or mediate matters with the company's then outside counsel and Chairman. They followed the filing of the Delaware Chancery Court action. These good faith efforts were rejected out of hand by Comsat's then general counsel.

<sup>6</sup> A lawyer with one law firm representing Comsat even threatened to bring suit against an LRT member in the event he should ever again attempt to seek in any manner to have the company enter into an arbitration or mediation process with the Trust.

<sup>7</sup> It is noted that Intelsat is a joint party to the Opposition. After review of the circumstances, available evidence and reports of conversations with counsel, LRT, at this juncture, has decided to take the position that neither Intelsat nor its attorneys had direct access to information apart from public records concerning LRT and its members, including Mr. Robb, which would have caused it to question the representations concerning LRT made by Comsat and Lockheed and referenced in the Opposition.

<sup>8</sup> Mr. Robb was one of the founding shareholders of BelCom, Inc. ("Former BelCom"), a company formed in 1993 to bring state of art telecommunications services to the former Soviet Union. Comsat purchased a

Comsat executives, including the then senior management of the company, have orchestrated an unrestrained, illegal and totally unprincipled personal assault against Mr. Robb, including libel, slander, defamation. The company's objective was clear from the start. It was primarily seeking to avoid its substantial liability for goods and services owing to this individual. Secondly, by bringing this litigation, Comsat sought to intimidate other founding Former BelCom shareholders and claimants, thus allowing Comsat to purchase BelCom stock at cents on the dollar and avoid other charges for personal services.<sup>9</sup>

Since 1995, Comsat has improperly and even illegally utilized its considerable powers as a government sponsored corporation to bring fraudulent court actions against LRT members<sup>10</sup>. These actions constituted malicious prosecution, abuse of process, abuse of power<sup>11</sup>, coercion, intimidation and extortion.

If this were not outrage enough, in August 2000, upon merging with Comsat, Lockheed senior management, became active supporters of the fraud and deception directed against LRT members. Commencing prior to the merger, LRT had undertaken to place Lockheed lawyers on notice concerning the history of Comsat's abuse and injustice against its members<sup>12</sup>. This notwithstanding, Lockheed refused to discuss the matter with LRT, and even declined several

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25% stock interest in Former BelCom in May 1993, and later seized control of the company in September 1995. Mr. Robb served as general counsel, investment banking counselor, chairman of the company's steering committee and acting CEO (serving in the latter two positions at the direct request of Comsat).

<sup>9</sup> This part of the plan worked quite well as the other founders sold their stock to Comsat at cents on the dollar, in order to avoid being made parties to litigation of the sort brought in the Delaware Chancery Court.

<sup>10</sup> When Mr. Robb sought to negotiate a proper payment for services, Comsat caused BelCom to bring suit before the Delaware Chancery Court, alleging that Mr. Robb had been a disloyal director of BelCom. The Court concluded that the bill as submitted was "frivolous", without undertaking investigation or conducting any fact finding concerning the three years of services actually provided. A subsequent appeal was dismissed by the Delaware Supreme Court, in violation of its own rules and the US Constitution.

<sup>11</sup> Detailed evidence has also been submitted to the Commission related to Comsat's illegal use of ex parte contacts with respect to the litigation.

<sup>12</sup> It was LRT's purpose to discuss Former BelCom and related matters with Lockheed in the context of undisclosed liabilities of Comsat. LRT was then informed by Lockheed house counsel that it had not provided any undisclosed liability covenant in the Comsat Lockheed Merger Agreement. As a result, Lockheed had no defense against the Former BelCom dispute or any other undisclosed liability, and could not seek indemnification from the selling shareholders of Comsat. LRT viewed this as a strange and highly unusual arrangement, raising material questions concerning the propriety of the merger agreement.

invitations to explore the situation with a Member of Congress.<sup>13</sup> Indeed, since August 2000, Lockheed has compounded matters considerably. It has admitted to filing misleading and false information to the Commission, as it has continued to prosecute the litigation against LRT and its members.<sup>14</sup>

To make matters significantly worse, in this and other proceedings, Lockheed/Comsat lawyers have seen fit to launch full scale attacks against LRT, as a primary part of the companies' defense. As a key to this personal attack strategy, in page after page of its responsive pleadings and exhibits cross referenced in the Opposition, Lockheed / Comsat lawyers have detailed their actions taken to discredit LRT members. To date, Comsat and Lockheed have employed some dozen different law firms and expended an estimated \$4 million in their concerted campaign against LRT and its members.

Yet, even giving full credit to the one legal action on which Comsat's personal attack strategy has been based (a decision by the Delaware Chancellor<sup>15</sup>), the decision involved nothing more than the submission of what Comsat alleged to be a "frivolous" bill.<sup>16</sup> Not one reviewing authority has ever seen fit to focus on the fact that, as a result of its legal sleight of hand, Comsat has been unjustly and substantially enriched.<sup>17</sup>

A proper analysis will reveal Comsat's true motivation. The company management had no defense against the bills in question.<sup>18</sup> Services had been provided over a three year period,

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<sup>13</sup> A senior Lockheed official refused several requests by Representative Sue W. Kelly (R-NY) to attend a meeting to review the LRT grievances. The requests were made by Representative Kelly on behalf of a constituent, Mr. William J. Hallenbeck, who is an LRT Trustee and member.

<sup>14</sup> In the continuing Comsat-Lockheed merger proceeding, Lockheed has admitted to the Commission that it filed false information denying the licensee status of Comsat's Florida subsidiary (Electromechanical Systems, Inc.). Misleading pleadings were also filed against LRT before the Delaware Chancery Court. (These pleadings are the basis of ongoing disciplinary complaints against the Comsat/Lockheed attorneys.)

<sup>15</sup> *BelCom v. Robb*, Court of Chancery, Case No. 14, 663

<sup>16</sup> The legal complaint related to the billing statement was actually drafted for submission to the Court in October 1995, two months before the bill was submitted to Comsat management.

<sup>17</sup> Comsat received the full benefits of extensive services over a three year period without paying any consideration. Mr. Robb helped found, organize, fund and operate BelCom, a company that Comsat later misappropriated, operated and eventually sold to Lockheed as part of the \$2.6 billion merger transaction. Comsat also seized Mr. Robb's joint stock interest in Former BelCom, without paying any consideration.

<sup>18</sup> Comsat management had placed Mr. Robb in total control of BelCom for nearly three years, took full advantage of his services building the company and then, when he presented a statement for services, actually lacked the ready means to pay. At the time the bill was presented, BelCom was insolvent and Comsat was experiencing severe financial reverses, causing it to sell off all "non-core" assets and to pay

involving literally thousands of hours, as well as extensive office support facilities providing Former BelCom its New York headquarters offices.<sup>19</sup> In fact, the statement actually included significant discounting to adjust for Comsat's weakened financial condition at the time. In reaction, when Comsat seized control of Former BelCom, it had it start the Delaware litigation.

Comsat carried the Delaware litigation forward, and, as time went by, the potential compensatory damages and those for the company's tortious conduct kept increasing, reaching into the tens of millions of dollars.<sup>20</sup> Then, when Lockheed came upon the scene, its management obviously concluded that it would be far cheaper to continue with the campaign of fraud, intimidation and harassment against LRT members. However, over time, Lockheed has compounded the past outrages, directing its lawyers to continue with the concerted efforts to deprive LRT members of their property and attack them on all fronts.

Now, with the securing of new evidence and a series of legal agreements, it has become possible for LRT to move forward with actions to bring about the revocation, rescission and/or annulment of the past Delaware decision and orders entered against its members. These new developments as outlined below will support the filing of actions against executives, agents, attorneys and officials involved in perpetrating this fraud and deception.

3. New Evidence and Support of Successor in Interest to Former BelCom  
Provides the Legal Basis to Expose the Comsat/Lockheed Fraud and Deception  
and Reverse Past Orders Against LRT Members

Several weeks ago, LRT secured new evidence and related legal agreements, which provide the basis for exposing the massive conspiracy and fraud which Comsat and Lockheed have brought against members of the Trust. The new documents, secured from successors in interest to Former BelCom, will also provide the necessary legal foundation to prosecute the reversal,

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reduced dividends from retained earnings. These financial reverses ultimately resulted in Comsat being absorbed by Lockheed.

<sup>19</sup> Mr. Robb, through his real estate services partnership, arranged for supplying Former BelCom two floors of Manhattan office space at subsidized rates. Comsat subsequently left the space without notice, an action, which caused the termination of the real estate services company and related liabilities totaling in excess of \$800,000.

<sup>20</sup> The damages include the original bills for services (\$1.4 million), real estate costs, damages, repairs (\$800,000), interest (6 years: \$2.7 million), BelCom share interest (\$10 plus million); cost of litigation (6 years) (\$3 million); tort damages: fraud, theft of service, misrepresentation, abuse of process, malicious litigation, defamation, libel, slander, coercion, intimidation, conversion (\$15 plus million).

rescission and/or annulment of decisions and orders issued in the past against LRT members. In addition, this will provide the basis for seeking retribution against all those guilty of orchestrating this six year long travesty of justice.

As outlined in detail below and confirmed in the Opposition, over the last six months, a series of transactions have taken place which have resulted in the sale of assets Former BelCom. Through these transactions, successors in interest to Former BelCom have been created by operation of law, and Comsat and Lockheed have been eliminated as parties in interest with respect to Former BelCom. LRT has become the direct beneficiary to certain agreements in this series of transactions with the successors in interest.

Specifically, in December 2001, Lockheed, as part of its announced corporate policy to liquidate Comsat assets, sold Former BelCom and its operating licenses and assets to Weissker, GmbH, a German corporation<sup>21</sup>. Lockheed reportedly paid the acquiring company on a net basis \$3 million in the transaction.<sup>22</sup> Within several days, Weissker sold the Russian operating company BelComRus, and another operating subsidiary of Former BelCom to Oakral, an Irish company owned by Russian nationals. By this transaction, Oakral became successor in interest to Former BelCom.

In March 2002, Eugene Louppov, a founder and past officer and director of Former BelCom, entered negotiations with the principals of Oakral to acquire certain legal rights and claims for the purpose of facilitating the organization and commencement of operations of a new communications company, which he was in the process of forming. On April 4, 2002, Mr. Louppov incorporated BelCom, Inc. ("BelCom") in the Commonwealth of Virginia with the purpose of organizing a new international communications business to operate in Russia and other countries.

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<sup>21</sup> See Lockheed –Intelsat Opposition, fn 100.

<sup>22</sup> The terms of the transaction can be seen as resulting from six years of mismanagement of Former BelCom by Comsat and Lockheed. When Former BelCom was seized from the founders, they were in the process of negotiating combined \$50 million equity/debt packages with two international institutions based on a projected company valuation in excess of \$150 million. Over the past six years, LRT, on no fewer than nine occasions, sought to discuss the acquisition of BelCom with Comsat. On each occasion, the inquiry was rebuffed by an attorney for the company. Now it can be seen that the six years of mismanagement and neglect by Comsat and Lockheed reduced the Former BelCom valuation to zero, and resulted in Lockheed paying the ultimate buyer (identified as a long time contractor to Lockheed subsidiaries) a type of bonus payment or "sweetener" of \$3 million to conclude the purchase.



As he proceeded with the organization of BelCom, on April 27, 2002 Mr. Louppov executed an agreement with Oakral, which, among other things, assigned to BelCom all litigation rights and claims acquired by Oakral, as successor in interest to Former BelCom, against Mr. Robb and the other LRT members, including Mr. Hallenbeck, William L. Whitely, and John T. Whitely. Thus, through its agreement with Oakral, BelCom has become successor in interest to the rights and claims of Former BelCom against LRT and its members.

As represented in the attached Affidavit by Mr. Louppov, (Exhibit 1, "Louppov Affidavit"), BelCom has resolved to support LRT in its continuing efforts to revoke, rescind, annul and correct the unjust and illegal actions taken in the past six years against its members by Comsat and Lockheed. Specifically, as detailed in the Louppov Affidavit, BelCom has concluded that the Delaware Chancery Court proceeding was premised on a series of unjust and false accusations by Comsat and that the company was unjustly enriched as it received extensive services for which it paid no compensation. .

As part of BelCom's support of LRT's efforts to revoke and repeal decisions and orders previously secured by Former BelCom/Comsat/Lockheed, Mr. Louppov executed the Affidavit attached as Exhibit 1, which provides a full and detailed evidentiary basis for finding that the legal actions brought by Comsat were premised on fraud and misrepresentation. Mr. Louppov stipulates in his affidavit as follows:

- a) Late 1995 Mr. Robb forwarded a billing statement to Comsat seeking payment for three years of executive and legal services, as well as services as financial liaison and also forwarded a bill for costs and expenses related to Former BelCom's use of office New York facilities.
- b) Before receiving Mr. Robb's bill, Comsat retained counsel to file suit against Mr. Robb in Delaware Chancery Court, alleging that he was a disloyal director.
- c) Based on the information submitted by Former BelCom, the Court found Mr. Robb to have submitted a "frivolous" bill to Former Belcom.
- d) Such a finding was without proper basis.
- e) Mr. Robb devoted literally thousands of hours over a three year period in helping to direct the corporation and preserve its assets in the interests of all the shareholders,
- f) Mr. Robb deferred his billing charges for his services also in the interests of the company and its shareholders, as a result of its undercapitalized position.
- g) If Former BelCom had paid three or more different persons to supply needed legal services, executive services and investment banking services, I am quite sure that it would have incurred charges substantially in excess of that billed by Mr. Robb, and none of these fees would be regarded as "frivolous."

- h) Mr. Robb, together with myself and several others founded Former BelCom, and thereafter he functioned as its chief financing liaison, arranging for Paine Webber to represent the company and ultimately supervised the strategic investment by Comsat, served at different stages as general counsel of the company and, at the direction of Comsat, functioned as the head of the company's steering committee and its acting CEO.  
Louppov Affidavit, Exhibit 1

The full recitation of events contained in the Louppov Affidavit directly refutes the fraudulent and false representations made by the attorneys for Former BelCom, Comsat and Lockheed in the legal pleadings over the last six years submitted in various fora , including this Commission. The Affidavit has been submitted by Mr. Louppov in his position as past founder, officer and director of Former BelCom and founder, present president and director of BelCom, successor in interest to Former BelCom.

From LRT's perspective, it must be recognized that with the actions taken by BelCom in support of LRT, this situation constitutes a gravely serious matter. It can now be concluded that Comsat and Lockheed, both licensees of this Commission, have been engaged in a continuing six year effort to victimize LRT members based on extensive fraud, deceit and misrepresentation. Over this same period, they purchased an interest in Former BelCom in violation of the Communications Satellite Act<sup>23</sup>, seized the company from its founders in violation of the company's charter, bylaws, shareholders agreement and Delaware law,. In undertaking these actions against LRT, Comsat and Lockheed, acting through their attorneys, have defrauded state courts in Delaware and New York, federal courts in New York and this Commission.

With respect to the Commission, Comsat and Lockheed, again acting through their lawyers, have time and time again sought to bolster their legal positions before this agency by leveling unrestrained, false and duplicitous personal attacks against LRT. These attacks, as the new evidence clearly shows, had to be known by Comsat management and their attorneys to have been premised upon fraud and misrepresentation.<sup>24</sup> Indeed, over the last six years, Comsat and

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<sup>23</sup> In an earlier proceeding, LRT had sought a ruling that the acquisition of the stock of Former BelCom by Comsat violated the Communications Satellite Act , 47 USC § 721(c)(8). BelCom, consistent with its resolve to support LRT, is now in a position to support an effort to seek reconsideration of the earlier ruling by the Commission, based upon new evidence, supporting that Comsat had purchased the stock interest in violation of the said statute.

<sup>24</sup> The Comsat officials knew the true facts concerning Mr. Robb's involvement with Former BelCom since, for nearly three years, he functioned as the sole liaison between Comsat senior management and the company. Further, the Comsat/Former BelCom attorneys were under an ethical obligation to substantiate all accusations included in their pleadings. They were also compelled by strict ethical standards to determine what party provided services as general counsel, acting CEO, chairman of the

Lockheed took part in a half dozen separate proceedings before the Commission brought by LRT or its members, and in each and every one, the companies sought to perpetuate their fraud by submitting pleadings, including personal attacks against the LRT members, in an effort to deny them standing to bring rightful actions against the two companies.<sup>25</sup>

#### 4. The Use of Fraud By Comsat and Lockheed Against LRT and its Members Constitutes A Material Character Disqualification Issue

The Commission maintains a longstanding policy for administering character qualification issues raised with respect to license applications. Violations of the Communications Act, the Communications Satellite Act or the Commission's rules and regulations can be found to raise serious character concerns with respect to broadcast and non broadcast license applications, including providing the basis for disqualification of an applicant. See *Virginia RSA 6 Cellular Ltd. Partnership*, 6 FCC Rcd 405, 407 (1991) (citing *Policy Regarding Character Qualifications in Broadcast Licensing*, 102 Commission 2d 1179, 1210 ("Policy Statement") (subsequent history omitted)). Further, a finding that Comsat and Lockheed are not qualified to continue as a licensee or should be made subject to sanctions can likely terminate or severely limit their right to assign or transfer licenses to a third party, as they are seeking in the present proceeding.

As outlined herein, for the past six years, Comsat and Lockheed have been engaged in a continuing pattern of behavior involving the presentation of false and fraudulent information to the Commission as part of their efforts to discredit LRT and its members, and to seek the dismissal of its various petitions and other pleadings.

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steering committee and liaison with financial institutions for Former BelCom. All attorneys must be held personally responsible for the accuracy and truthfulness of filings made with courts and administrative agencies. With the evidence now available to LRT as provided by BelCom, appropriate judicial, administrative and disciplinary actions will be commenced forthwith against all individuals, including members of the bar, who were parties to this past fraudulent conduct brought against LRT members.

<sup>25</sup> LRT will be seeking review and/or reconsideration of all rulings made against it over the last six years where Comsat and/or Lockheed sought to attack the bona fides of the Trust and its members by citing the Delaware Chancery Court and other orders. Additionally, LRT will be seeking Commission rulings and sanctions (including, in the case of counsel, prohibitions against practicing before the agency) against all executives, agents and attorneys, who have participated in the submission of false pleadings, which included personal attacks against LRT and its members, based upon fraud, deception and misrepresentation.

The Commission has observed that fraud "is a subject area the Commission has traditionally considered to be pertinent to its evaluation of a licensee's character." *Decision*, 13 F.C.C.R. at 15,038. Commission regulations specifically forbid applicants from "mak[ing] any misrepresentation or willful material omission bearing on any matter...." 47 C.F.R. § 1.17; see also 47 U.S.C. § 312(a)(1). The Commission has found that a licensee's complete candor is important because "effective regulation is premised upon the agency's ability to depend upon the representations made to it by its licensees." *Leflore Broad. Co. v. Commission*, 636 F.2d 454, 461 (D.C. Cir. 1980); see also *Character Policy*, 5 F.C.C.R. at 3253.

It is well recognized that the Commission may disqualify an applicant who deliberately makes misrepresentations or lacks candor in dealing with the agency. See *Swan Creek Communications, Inc. v. Commission*, 39 F.3d 1217, 1221-24 (D.C. Cir. 1994); *Garden State Broad. Ltd. v. Commission*, 996 F.2d 386, 393-94 (D.C. Cir. 1993).

As shown above, and supported by the evidence submitted herein, Lockheed, and Comsat before it, have exhibited a continuing pattern of conduct involving the submission of false and fraudulent pleadings and the affirmative failure to disclose information directly related to LRT and its members. Their purpose has remained clear, to attack LRT, to destroy its credibility and deny it proper standing to prosecute various proceedings against Lockheed and Comsat.

The evidence submitted herein shows that Lockheed and Comsat have systematically followed a course of action involving the deliberate failure to disclose information or to misrepresent material facts concerning LRT and its members. These actions by Lockheed and Comsat have involved fraud and deception constituting direct and continuing violations of the Commission's rules and regulations, including, in particular, 47 CFR § 1.65.

Contrary to the line of argument advanced by Lockheed and Comsat, the Commission has recognized that prior misconduct can have a material bearing on qualifications for non-broadcast, as well as broadcast licensees, and it has assessed the relevance of such matters in non-broadcast license cases consistently based on the principles set forth in the Broadcast Character Policy Statement. see *MCI Telecommunications Corporation For Authority to Construct, Launch and) File No. 73-SAT-P/L-96 Operate a Direct Broadcasting Satellite System at 110 W.L. Memorandum Opinion and Order*, released: May 19, 1999 ("MCI Order").

The Opposition must be seen as part of a continuing pattern of fraud and deception, which LRT has in the past cited against Comsat and Lockheed. In this proceeding and other current

proceedings referenced above,<sup>26</sup> LRT has sought to show that both Comsat and Lockheed have regularly and deliberately failed to properly disclose information to the Commission which could support a finding that the two companies are unfit to continue as licensees.

#### 5. Lockheed and Comsat Opposition Fails to Address Issues of Filing False Information and Fraud

The pattern of conduct outlined herein, involving the use of fraud and deception by Comsat and Lockheed, is not isolated the actions taken against LRT and its members. The Opposition constitutes yet the latest effort to purposely deceive the Commission as the companies have for nearly two years sought to avoid a series of license disqualifying issues, related to Comsat's operation of its former Florida subsidiary .

As outlined in detail in the Petition, LRT has alleged that Comsat knowingly and purposely failed to inform the Commission of the facts and circumstances involving the criminal activities of Electromechanical Systems Inc. ("EMS"), Comsat's former Florida subsidiary. On July 17, 2000 (ten days prior to the issuance of the Commission's order approving the Comsat-Lockheed Merger), EMS entered a criminal plea agreement with the US Attorney for the Middle District of Florida, admitting to defrauding the US Department of Defense and US Navy and obstructing justice in selling communications equipment for use on Navy ships. See *USA v. Electromechanical Systems, Inc.*, Criminal No. 8:00-CR-00253 ( US District Court, Middle District of Florida (Tampa Division) ("*USA v. EMS*").

The Comsat Florida company was fined and ordered to pay nearly \$10 million in restitution and was placed on probation for five years.<sup>27</sup> It is LRT's position that Comsat deliberately orchestrated the EMS criminal plea in *USA v. EMS* so as to avoid reporting the matter to the Commission, prior to its approval of the merger. Without question, information concerning the EMS plea agreement, if disseminated prior to the issuance of the Commission's initial grant of the Lockheed-Comsat merger order, could have delayed or otherwise disrupted the transaction, and possibly could have resulted in its termination and the revocation of all Comsat licenses.<sup>28</sup>

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<sup>26</sup> See fn 2, supra

<sup>27</sup> EMS, the Comsat Florida company, was fined and ordered to pay nearly \$10 million in restitution and was placed on probation for five years. This information was not revealed to the Commission prior to its initial grant approving the Lockheed-Comsat merger on July 27, 2000. (See *USA v.EMS* )

<sup>28</sup> Such an action would have resulted in the likely dissolution and liquidation of the company, depriving the Comsat shareholders, including senior management, of the \$2.6 billion in proceeds as provided under the merger agreement.

Lockheed and Comsat have continued to defend their failure to inform the Commission concerning the EMS criminal plea prior to its approval of their \$2.6 billion merger. The companies contend that an amendment to the merger application was submitted to the Commission sometime in August 2000<sup>29</sup>, following its approval of the merger. As it has stated in past filings, LRT continues to observe that neither Lockheed nor Comsat have ever provided a fixed date, referenced a date-stamped-receipted copy or any other official identification of the supposed submission to the Commission of the amendment to the merger application.<sup>30</sup>

Further, the companies have never offered an explanation as to why, after taking 23 months and employing an army of lawyers and lobbyists to secure Congressional and Commission approval to close the merger, Comsat did not find it necessary, within its public interest obligations under the Communications Satellite Act (47 USC § 701, et seq), to inform the Commission of the existence of the criminal plea agreement prior to its merger vote. Serious questions also remain concerning the timing of the signing of the plea agreement which, as noted, came 10 days before the merger order grant.<sup>31</sup>

More importantly, in each of their past defenses of the EMS criminal plea matter, including the latest included in the Opposition, Comsat and Lockheed have purposely failed to address the ancillary issues cited by LRT related to the EMS criminal plea agreement. LRT has alleged that Comsat and Lockheed submitted false and fraudulent filings with the Commission in an effort to bolster their presentation of facts related to the criminal plea agreement. Specifically, the companies submitted past filings designed to reinforce their argument that they were not obligated to inform the Commission of the criminal conduct of the Comsat Florida subsidiary.

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<sup>29</sup> The latest defense of Comsat and Lockheed was included within the Opposition at pages 34-35, fn. 117.

<sup>30</sup> LRT observes that Comsat counsel has submitted all types of exhibits, including returned envelopes, in responsive pleadings against LRT. However, no such documentary evidence has been offered with regard to its as yet unverified EMS criminal plea amendment. In light of the questions raised and the importance of the matter, LRT requests that the International Bureau staff investigate and verify the submission of the EMS criminal plea amendment and provide a report on its findings to the parties to this proceeding.

<sup>31</sup> The US grand jury was empanelled in January 1999 to review the EMS charges. No information has been provided to explain how or why the plea agreement was concluded mere days prior to the Commission's vote on the merger, which resulted in the Commission conducting its merger vote without knowledge of the EMS criminal plea.

As part of their extensive defense, Comsat and Lockheed have argued that EMS, although a subsidiary of Comsat General Corporation (and an indirect subsidiary of Comsat), operated on an independent basis and was not directly supervised by senior Comsat management in Bethesda. The companies represented to the Commission that senior Comsat management in Bethesda had no oversight responsibilities concerning the Florida company.<sup>32</sup> The companies stipulated that Comsat senior executives had no direct connections to and, more to the point, exercised no control over the Florida company.

In response, LRT provided documentary evidence secured from the office of the Florida Secretary of State showing that senior Comsat management, including its then president-CEO, vice president-general counsel, CFO and the very corporate attorney submitting a corporate structure declaration to the Commission describing the operations of EMS, were directly and intimately involved in the operation and control of the subsidiary in Florida<sup>33</sup>. The evidence provided by LRT to the Commission included documents signed by the Comsat officers related to election of directors and exercise of powers, in the case of the Comsat president-CEO- as representing the sole shareholder.<sup>34</sup>

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<sup>32</sup> In their Opposition filing in the merger proceeding, Comsat and Lockheed included a Declaration executed by a former Associate General Counsel of Comsat, which included the following statement provided under oath:

While several employees and officers of Comsat and other Comsat entities also are officers or directors of EMS, this is purely for administrative purposes. None of these individuals is or has been involved in the day-to-day operations of EMS and none of these individuals participated in the EMS activities that led to the plea agreement. Comsat/Lockheed Opposition: Declaration of Robert N. Davis, ¶6, emphasis added .

<sup>33</sup> In a supplementary filing in the Comsat-Lockheed merger proceeding, LRT submitted copies of the EMS filings with the State of Florida (PCAR reports) for the years 1996 through 2000 which reflect that Comsat executives served in key officer positions at EMS throughout these years and held sufficient directorships to control all board actions. The documents filed by LRT with the Commission include the following:

- Exhibit 2 1996 Profit Corporation Annual Report (Document # 465846)
- Exhibit 4 1997 Profit Corporation Annual Report (Document # 465846)
- Exhibit 5 1998 Profit Corporation Annual Report (Document # 465846)
- Exhibit 6 1999 Profit Corporation Annual Report (Document # 465846)
- Exhibit 7 2000 Uniform Business Report (UBR) (Document # 465846)
- Exhibit 8 Articles of Amendment of Certificate of Incorporation (October 28, 1998) and filing receipt and notice to correct filing
- Exhibit 9 Articles of Amendment of Certificate of Incorporation (December 28, 1998) and filing receipt
- Exhibit 10 Action of Board of Directors in Lieu of Meeting (undated, presumed to be December 15, 1998 )
- Exhibit 11 Consent of Stockholder in Lieu of Meeting (December 15, 1998).

<sup>34</sup> LRT has requested that the Commission conduct a full investigation and/or evidentiary hearing into the facts and circumstances related to Comsat's operation and control of EMS, as part of the pending reconsideration of the Comsat-Lockheed merger proceeding

Beyond this matter of false representation, deception and fraud concerning EMS corporate governance, Comsat and Lockheed also included a second bolstering argument to avoid liability for not disclosing information concerning the EMS criminal plea agreement. The companies maintained that EMS had no obligations to report the criminal plea agreement because it held no licenses from the Commission. This representation was contained in the pleading provided to the Commission by the companies.

In response, LRT secured evidence (located in the FCC data base<sup>35</sup>) establishing that the Comsat Florida subsidiary did in fact hold a license from the Commission. LRT submitted this evidence for inclusion in the record. Confronted with the LRT submission, Lockheed/Comsat in a subsequent filing admitted to having filed false information with the Commission.<sup>36</sup> They also sought to include a defense for their illegal actions. They maintained that their submission of false information was occasioned principally by the fact that Lockheed is so large and its operations so expansive as to make it impossible to maintain an accurate fix on all of its licenses.

Of course, such an argument of negligence and incompetence is ludicrous on its face. Were such a position to be accepted, it would create a line of defense without limit for all companies of power and size. Beyond that, the argument gives rise to a totally ridiculous corollary, i.e. given that a company the size of Lockheed can not be expected to know the identity of all of its government licenses, it would follow that it cannot be required to comply with its licenses. In this

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<sup>35</sup> LRT determined that at the time Comsat/Lockheed submitted their joint pleading denying the licensee status of EMS, the Comsat Florida company was the holder of a Coastal Group License (MRV 460) issued in September 1997 and recorded as remaining valid until September 2002. See [http://gulfoss2.fcc.gov/cgi-bin/ws.exe/genmen/lic\\_res.hts?db\\_id=1&rows=25&sndx=CANSAT%&radio\\_serv=](http://gulfoss2.fcc.gov/cgi-bin/ws.exe/genmen/lic_res.hts?db_id=1&rows=25&sndx=CANSAT%&radio_serv=) Commencing in August 2000, Comsat and Lockheed submitted a series of pleadings, which artfully misrepresented EMS as a non-licensee. LRT responded to Applicants' filings by providing an analysis of the licensee responsibilities of Comsat General Corporation, a subsidiary of Comsat and parent of EMS. Comsat and Lockheed sat by in silence during this exchange of submissions without correcting the record to clarify that EMS was in fact the holder of a Commission operating license. These repeated failures by Comsat and Lockheed to correct the record constitute independent acts of deception and misrepresentation for which each corporations must be held accountable and sanctioned.

<sup>36</sup> Comsat confirmed its filing of false information as follows:  
"To be sure, at the time COMSAT reported the plea agreement, it was not aware that EMS was a Commission licensee. It now appears that EMS does hold a license in the Marine Radio Service (call sign WRV460) for an antenna in Largo, Florida that is used to test marine radar systems. That license was issued on September 22, 1997 and expires on September 22, 2002. Significantly, however, the license application was prepared and filed, and the license was received, by EMS personnel in Florida... No one at COMSAT was involved in the preparation of the application and, to the best of our current knowledge, no one at COMSAT was informed that a license had been granted." Comsat/Lockheed Comments at 3, emphasis added.



way, under the Comsat/Lockheed “we’re too large to know” exception, on a net/net basis, a corporate behemoth such as Lockheed would have no residual licensee obligations whatsoever, because it could always contend that it did not know what licenses it had obtained in the first place.

In their Opposition, Lockheed and Comsat cavalierly explain away their failure to properly disclose the EMS criminal plea matter by once again referencing their otherwise unidentified, undated, and unknown (at least to LRT) amendment notice. But, while specifically including the amendment filing defense, the companies purposely failed to address yet again the related bolstering defenses (specifically raised in the Petition), which, based on their own admission and LRT’s evidence, involve the submission of false and misleading information.

LRT notes that since first submitting evidence showing that key members of Comsat senior management exercised direct control over EMS, neither Comsat nor Lockheed has offered any type of direct defense or counter argument.<sup>37</sup> LRT regards these repeated, deliberate failures to address LRT evidentiary submissions to constitute separate admissions by Comsat/Lockheed.

The parties’ purposeful failure to address these key issues has been carried forward in the Opposition. Thus, this document must be regarded as the latest evidence of Comsat/Lockheed’s intentional conduct involving the submission of false, fraudulent, incomplete and deceptive information to the Commission.

## 6. The Fraudulent Conduct of Comsat and Lockheed Demands the Adoption of Sanctions, Including License Revocation

Based on LRT’s prior pleadings, as supported by the evidence contained in this Supplement, Lockheed and Comsat stand accused of repeated and intentional violations of the Commission’s rules and regulations. In its filings, LRT has shown that for years, Comsat and

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<sup>37</sup> Comsat and Lockheed did offer the following indirect defense by bootstrapping their filing of false information concerning EMS licensee status with a general admission of ignorance:

COMSAT sincerely regrets that its prior statements about EMS’s licensee status were incorrect. However, if COMSAT’s error proves anything, it is that, contrary to LRT’s claims, COMSAT was not directly involved in the business and operations of EMS. Comments at p. 3, emphasis in original.

Here again, Comsat and Lockheed seek to use negligence, incompetence and ignorance as a cover for their filing of false and misleading information and their deliberate failure to disclose evidence.

Lockheed have engaged in aggravated conduct of such an abusive, irresponsible and illegal nature as to require the most stringent types of sanctions and penalties, including license revocation.

Over this same period, Comsat and then Lockheed have repeatedly attacked LRT members personally and without restraint in their ceaseless efforts to discredit and damage them and seize their property.

Now, as a result of the evidence provided by BelCom, the scope and nature of this fraud and deception has been revealed for all to see. The keystone of the original Comsat scheme was the Delaware Chancery Court suit against an LRT member, premised on the baseless allegation that he had submitted a “frivolous” billing statement, a ruling which, on simple reading, reveals no factual basis.<sup>38</sup> Having secured this ruling, Comsat, and later Lockheed, have proceeded at every turn to cite its findings to prop up their attack against LRT members. As noted, these attacks were personal and without limit.

Meanwhile, LRT has proceeded to seek proper judicial and administrative intervention against Comsat and Lockheed, its officers and agents. Through its six year review of the operations of the two companies, LRT has determined the following:

- a) In 1995, LRT ascertained that Comsat had not secured prior Commission approval before purchasing stock in BelCom as required under the Communications Satellite Act.
- b) In December 1995, LRT found that Comsat for over a decade had been transmitting movies (50% of which were defined as pornography by the *New York Times* and *Forbes*) to hotels across the country. (LRT filed a rule making with the Commission to safeguard minors from such transmissions. The rule making petition remains on file before the Commission.)
- c) In 1996-9, LRT determined that Comsat senior management had violated various provisions of the Communications Satellite Act and had failed to properly execute its responsibilities as US signatory representative to INTELSAT.
- d) In 1996, LRT determined that Comsat has been using BelCom to transfer funds totaling millions of dollars, far in excess of its operating budgets through a series of foreign transfer transactions. (As revealed in court proceedings, one month’s international funds transfers of \$4 million nearly equaled BelCom’s reported annual total gross income. This activity was described as money laundering in the court proceeding.)

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<sup>38</sup> Mr. Robb is condemned for submitting a “frivolous” billing statement, but no where in the ruling does the Delaware Chancellor make reference to any services actually provided by Mr. Robb. A reader of the ruling would conclude that Mr. Robb provided no services to BelCom, when, in fact, he was the chief executive officer, legal officer and investment banking representative for the company, and functioned as the liaison with its sole investor, i.e. Comsat.

- e) In 1996, LRT, having determined that Comsat had never made an offer to repay any of the billions of dollars in revenues it had realized through its Intelsat transponder sales monopoly, proposed the divesting of all proceeds received from Intelsat/Inmarsat privatizations to be placed in a Digital Conversion Fund and used to finance the digital upgrade of small market, public and minority owned broadcasters and cable operators.
- f) In 1997, LRT ascertained that Comsat refused to divulge the biography of its then president-CEO or to confirm that she was in compliance with the dual salary prohibition of the Communications Satellite Act.
- g) In 1998, LRT determined that Comsat violated its members' First Amendment rights using a court injunction to prohibit them from participating in Congressional proceedings concerning the adoption of legislation affecting Comsat.
- h) In 1998, LRT learned that a number of Comsat shareholders were seeking the ouster of Comsat management under SEC rules through a proxy contest.
- i) In 1999, LRT determined that Comsat was engaged in the misuse of communications for purposes contrary to the Intelsat treaty and Communications Satellite Act and had been the subject of complaints by Intelsat member countries including Russia.
- j) In 1999, LRT ascertained that Comsat had orchestrated ex parte communications in legal proceedings to secure rulings in its favor against LRT and its members.
- k) In 2000, LRT determined that Comsat had failed to inform the Commission of the criminal actions of its Florida subsidiary in *USA vs. EMS*.
- l) In 2000, LRT ascertained that the US Department of Justice was prosecuting Comsat for violation of the Federal False Claims Act related to the actions of EMS involving fraud, misrepresentation, intimidation and coercion related to the company's involvement in defrauding the Defense Department and Navy and illegally discharging company employees who sought to report the illegal activity to authorities.. This litigation was ultimately settled by Lockheed through payment of substantial damages to the plaintiffs. (*United States ex rel. Beattie et al v. Comsat Corporation et al Case No. (1996CV00966)* ("USA v Comsat."))
- m) In 2000, LRT determined that Comsat and Lockheed had filed false and misleading information with the FCC, including securing a series of license grants without amending their applications to reflect pending character qualification issues.
- n) In 2001, LRT determined that Comsat and Lockheed in a series of proceedings had systematically failed to inform the Commission of the various licensee qualification issues raised in other proceedings.
- o) In 2001, LRT ascertained that the US Department of Justice had sued Lockheed for violation of the Federal False Claims Act based on allegations of defrauding the US Air Force in connection with the sale of communications equipment. The amount of the fraud is estimated in excess of \$40 million.
- p) In 2001, LRT amended its Digital Conversion Fund proposal to provide for the divesting of all proceeds received by Lockheed from its liquidation of Comsat assets.

As noted at the outset, Lockheed and Comsat have unjustly accused LRT of filing its pleadings “[not] for any legitimate purpose, but rather for the purpose of harassment and extracting a settlement.”<sup>39</sup> As can be seen from the instant pleading, LRT has proper and legitimate purposes for seeking administrative and judicial intervention against the companies which have long since shown themselves to have violated their fundamental responsibilities and obligations as licensees.

With respect to the conduct of Comsat in particular, the genesis of LRT’s activities clearly was the illegal effort by the corporation’s senior management to seize Former BelCom. But, as a result of these lawless actions undertaken by Comsat, LRT members began investigating various aspects of Comsat’s operations. Based upon these investigations, critical information was secured that led LRT to conclude that its members and numerous other individuals and institutions had been subjected to illegal conduct by what might accurately be classified as a truly outlaw corporation, guided by a rogue type of management.

Based on its assessment of Comsat’s illegal activities, LRT set out a series of goals for its actions, which included the following:

- 1) Cessation of Comsat’s involvement in disseminating pornographic movies. (First sought in late 1995. Comsat ceased this activity on June 1997 when it spun off the stock of its Ascent Entertainment Group subsidiary to its shareholders. The Comsat senior management as shareholders profited from this transaction.)
- 2) The removal of Comsat senior management. ( First sought in late 1997. Senior management was totally replaced by August 2000, upon the closing of the Comsat-Lockheed merger.)
- 3) The liquidation of Comsat. (First sought in early 1997. Liquidation is being accomplished through the actions of Lockheed.)
- 4) The divesting of all proceeds realized from the sale of Comsat assets to be used for funding the Digital Conversion Fund (First sought in mid 1996. Still pending.)
- 5) The adoption of protective orders prohibiting former Comsat/Lockheed management and certain agents from becoming officers or directors of companies holding Commission licenses or, in the case of attorneys, practicing before the Commission for a set period of time. (First sought in mid 2000. Still pending)
- 6) The adoption of an order directing the disgorgement of monies realized by Comsat senior management and directors from the merger with Lockheed and sale of Comsat assets (First sought in mid 2000. Still pending).

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<sup>39</sup> Opposition at p. 31.

As outlined in the foregoing list, LRT has had certain set goals in seeking to bring about required changes in the control, operation and eventual liquidation of Comsat as a government sponsored corporation. A number of these stated objectives have now taken place. Others remain, as do additional proposals under review.<sup>40</sup>

With the submission of this Supplement and the commencement of actions to repeal, rescind and/or annul prior decisions secured against LRT and its members by fraud and deception, LRT again requests that the Commission commence an immediate investigation and/or evidentiary hearing concerning the operations of Comsat and its control and operation by Lockheed.

The record clearly supports the ordering of such an investigation, which, at minimum, should include the matters outlined in Exhibit 2. Such an investigation will likely result in the discovery of additional evidence related to the past actions of these two corporations. LRT believes this investigation will provide the basis for additional charges against the corporations and their senior managers.

## 7. Conclusion

The evidence provided by LRT in its various submissions to date, including that contained in this Supplement, confirms that Comsat and Lockheed have deceived and defrauded the Commission. These companies have knowingly and deliberately violated federal laws and the Commission's rules and regulations. Comsat and Lockheed have admitted to filing false information with the Commission, and have failed to refute evidence of other fraudulent filings. This gross misconduct, which has taken place over an extended period of time, must be found to constitute grounds for the adoption of severe sanctions and penalties against the corporations, including license revocation.

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<sup>40</sup> For example, the motivations and later actions of the Lockheed board with respect to its take over of Comsat and subsequent reversal of position, resulting in the liquidation of the company are being reviewed. Of particular interest are Lockheed's various representations to Congress and the Commission with respect to its commitments to fund the rebuilding and restoration of Comsat. Evidence suggests that Lockheed committed no significant resources to rehabilitate Comsat, but rather began within days of the merger to dispose of company assets, as seen in the sale of Intelsat stock to Telenor, ASA. in September 2000. LRT has requested the Commission to inquire into this matter. Similar requests are being submitted to the concerned Congressional committees. If it is ascertained that there was no plan to restore Comsat, LRT will seek to expand its proposal for asset divestiture presently before the Commission in the Comsat-Lockheed Reconsideration Proceeding to include divestiture of all Lockheed telecommunications holdings. This matter continues under review by LRT.

Furthermore, the conduct of these two companies must be found to provide the basis for the Commission to order the divestiture of all proceeds realized from the liquidation of Comsat assets, with such monies being redirected to a Digital Conversion Fund to assist the upgrading of the technical facilities of small market, minority controlled and public television stations and cable systems, as has been previously proposed by LRT.

Respectfully submitted,

Litigation Recovery Trust

By \_\_\_\_\_

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June 22, 2002

## EXHIBIT 1

### AFFIDAVIT

I, Eugene Louppov, being duly sworn, depose and say:

1. I am a resident of Reston, Virginia.
2. I provide this Affidavit in support of the Motion of Scott H. Robb to revoke and annul the decision and order in this proceeding.
3. I am the president and controlling shareholder of BelCom, Inc., a corporation incorporated in the Commonwealth of Virginia. (hereinafter New BelCom) and successor in interest to plaintiff in this proceeding.
4. In 1991, I along with a six other American citizens including Mr. Robb founded a business venture under the name BelCom Consultants Ltd. to sell and market telecommunications equipment and services to Russia and other republics of the former Soviet Union.
5. The business progressed, and in late 1992, Scott Robb, as our lawyer and financial representative, entered an agreement with Paine Webber to qualify and secure a strategic investor for our business.
6. In May 1993, Paine Webber with the assistance of Mr. Robb arranged for Comsat Corporation (Comsat) to purchase a 25% interest in a newly formed successor corporation, which was incorporated in Delaware by Comsat counsel under the name BelCom, Inc. (hereinafter "Former BelCom "), the plaintiff herein.
7. Upon the founding of Former BelCom as a successor to BelCom Consultants, I served as executive officer, over seeing Russian operations, and a director of the company.
8. Scott Robb served as general counsel of Former BelCom.
9. Mr. Robb also supplied Former BelCom use of two floors of office space and support facilities in New York City at preferential rates.
10. Between October 1993 and September 1995, Scott Robb served as chairman of the steering committee, directing the overall operations of Former BelCom, while also supervising all legal matters.
11. Mr. Robb's total efforts and commitment to Former BelCom were chronicled in the biweekly BelCom Executive Management Reports.
12. In his executive capacity, Mr. Robb signed all checks and drafts issued by Former BelCom in the US, including payroll checks, and executed all substantial agreements and contractual commitments of the company in the US and foreign countries.

13. As confirmed by telephone, fax and email records of the company, Mr. Robb maintained daily communications with Former BelCom offices in Moscow and regularly communicated via phone, fax and email with other company offices, including those in Russia, Almaty, Kazakhstan and Nicosia, Cyprus.
14. Owing to the time differences between company offices (Moscow is 8 hours ahead and Almaty is 12 hours ahead of New York), it was routinely necessary for Former BelCom executives, including Mr. Robb, to be available on a six and seven day schedule, between 6 am and midnight local time, to accommodate the regular business needs of the company, and Mr. Robb did maintain such a schedule.
15. From May 1993, Comsat kept Former BelCom in an undercapitalized position, a situation which on occasion resulted in Mr. Robb and others advancing the funds to Former BelCom in the form of short term loans in order to meet the company's ongoing expenses, including payroll obligations.
16. Notwithstanding Comsat's failure to properly capitalize the company's operations, during the period in question, the Former BelCom cash flow was approximately \$40 million.
17. As a result of the company's chronic under capitalization, from May 1993 to September 1995, to the best of my recollection, Mr. Robb deferred his billings to Former BelCom for his services.
18. In spring 1995, Comsat started to use convertible notes to fund BelCom's operations, but these notes were not approved by the Former BelCom board of which I was a member.
19. Board approval of the notes was required by the company's charter and the shareholder's agreement.
20. In April 1995, at a BelCom board of directors meeting, Comsat's president, Betty C. Alewine, announced that Comsat had decided to terminate its investment in Former BelCom.
21. Reacting to the Comsat decision, Mr. Robb together with other Former BelCom founders and executives proceeded immediately with plans to repurchase the shares held by Comsat.
22. In August 1995, Comsat reversed its position, as Comsat moved to seize Former BelCom by calling the convertible notes .
23. In September 1995, Comsat dispatched a group of executives together with a team of uniformed guards to discharge BelCom's New York staff of 25 employees and executives.
24. Mr. Robb, as Former BelCom's landlord, cooperated in the closing of the New York headquarters office and facilitated Comsat's removal of the company's books, records and computers to be relocated in Bethesda, Maryland.



25. Late 1995 Mr. Robb forwarded a billing statement to Comsat seeking payment for three years of executive and legal services, as well as services as financial liaison and also forwarded a bill for costs and expenses related to Former BelCom's use of office New York facilities.
26. Before receiving Mr. Robb's bill, Comsat retained counsel to file suit against Mr. Robb in Delaware Chancery Court, alleging that he was a disloyal director.
27. The shareholders agreement signed by myself and the other Former BelCom founders and Comsat required that any disputes be brought before the courts of New York.
28. Based on the information submitted by BelCom I, the Court found Mr. Robb to have submitted a "frivolous" bill to Former Belcom.
29. Such a finding was without proper basis.
30. Mr. Robb served Former Belcamp's in a series of capacities including investment banking representative, acting chief executive, general counsel, and head of its steering committee.
31. Mr. Robb devoted literally thousands of hours over as three year period in helping to direct the corporation and preserve its assets in the interests of all the shareholders,
32. Mr. Robb deferred his billing charges for his services also in the interests of the company and its shareholders, as a result of its undercapitalized position.
33. If Former Belcom had paid three or more different persons to supply needed legal services, executive services and investment banking services, I am quite sure that it would have incurred charges substantially in excess of that billed by Mr. Robb, and none of these fees would be regarded as "frivolous."
34. Mr. Robb, together with myself and several others founded Former BelCom, and thereafter he functioned as its chief financing liaison, arranging for Paine Webber to represent the company and ultimately supervised the strategic investment by Comsat, served at different stages as general counsel of the company and, at the direction of Comsat, functioned as the head of the company's steering committee and its acting CEO.
35. To the best of my knowledge, for all of these services provided by Mr. Robb over a three year period, he was not compensated in any way by Former BelCom or Comsat.
36. After Comsat took full control of the company in September 1995, Former BelCom continued to operate the business until August 2000, but at revenue levels far below that realized during the first three years of operation.
37. As a result of this poor performance, Comsat downsized Former BelCom, reducing the company's personnel over time dramatically.

38. In August 2000, Lockheed Martin Corporation (Lockheed) acquired Comsat, paying its shareholders \$2.6 billion in stock and cash.
39. As part of the merger transaction, Lockheed acquired Former BelCom.
40. Between August 2000 and December 2001, Former BelCom continued to perform poorly under Lockheed's ownership.
41. To the best of my knowledge, in December 2001, Lockheed sold Former BelCom and its licenses and assets to Weissker, GmbH, a German corporation, by paying the company \$3 million to take over Former BelCom.
42. Within days, Weissker sold its Russian operating company BelComRus, and another operating subsidiary of Former BelCom to Oakral, an Irish company owned by Russian nationals.
43. By this transaction, Oakral became a successor in interest to Former BelCom.
44. In March 2002, the undersigned entered negotiations with the principals of Oakral to acquire certain legal rights and claims for the purpose of facilitating the operations of BelCom.
45. On April 4, 2002, the undersigned incorporated BelCom with the purpose of organizing a new international communications business to operate in Russia and other countries.
46. On April 27, 2002, the undersigned executed an Agreement with Oakral which, among other things, assigned to BelCom all litigation rights and claims acquired by Oakral, as successor in interest to Former BelCom, against Mr. Robb and William L. Whitely, William J. Hallenbeck and John T. Whitely, the other members of the Litigation Recovery Trust (LRT).
47. Through the said Agreement with Oakral, BelCom has become the successor in interest to the rights and claims of Former BelCom against Mr. Robb and LRT and its members.
48. BelCom has resolved to support the Motion to revoke and correct the unjustified and unjust actions taken against Mr. Robb.
49. Mr. Robb was unjustly and falsely accused by Comsat of submitting a "frivolous" bill for the extensive services he provided to Former BelCom and of being a disloyal director of Former BelCom.
50. On or about September 1994, Comsat ordered the reduction of the directors of Former BelCom, at which time Mr. Robb informed Comsat officers that he would cease serving as director while leaving myself and three other founders to serve on the board.
51. Former BelCom and its shareholders, including Comsat, benefited significantly from the services provided by Mr. Robb.

52. Mr. Robb received no compensation for these services, was subjected to years of unjust litigation, and was made the subject of baseless judgments, as he sought to defend himself.

53. BelCom, as successor in interest to Former BelCom fully supports this Motion.

/S/ Eugene Louppov  
Eugene Louppov

Sworn before me the 3<sup>rd</sup> day of  
May, 2002

/S/ \_\_\_\_\_  
Fairfax Co., Va.

Notary Public

Commission Expires:

October 31, 2004

**EXHIBIT 2**  
**SUBJECTS FOR INVESTIGATION**

**Subject: Comsat-Lockheed Merger**

**Issues:**

1. Review of the involvement of the Executive Department in the decision to merge Comsat and Lockheed.
2. Review of board votes on merger involving common directors of Lockheed and Comsat;
3. Review of Comsat/Lockheed board minutes related to merger;
4. Inquiry concerning the absence of undisclosed liabilities covenant in the merger agreement;
5. Inquiry concerning the grant of blanket indemnities to former Comsat senior management and directors as included in the merger agreement;
6. Review of all presentations and submissions made to Congress in seeking approval of the Comsat/Lockheed merger
7. Review of all presentations and submissions made to the Commission in seeking approval of the Comsat/Lockheed merger
8. Inquiry concerning the financial support and investment commitments of Lockheed to finance the restoration of Comsat;
9. Review of Comsat-Lockheed inter-company accounting records
10. Inquiry concerning actual post merger financial investment of Lockheed in Comsat;
11. Review of Lockheed Board minutes, reports and memos regarding the decision to terminate telecom subsidiary (LMGT);
12. Review of all records related to sale of Comsat assets, Inmarsat stock, Intelsat stock, and other former Comsat International companies.
13. Review of all dealing between Lockheed companies and Weissker, Gmbh.
14. Review of Former BelCom purchase and sale agreement with Weissker, Gmbh.
15. Review of all other bids for BelCom, including that from French joint venture company.
16. Review of all accounting records of Former BelCom between 1996 and 2001.
17. Review of complaints against Comsat Russia / Former BelCom registered by Russian Federation with US State Department.

**Subject: EMS Criminal Conviction**

**Issues**

1. Review of participation of senior control Comsat management in the operation and control of EMS ;
2. Review of EMS board minutes (1996- 2000)
3. Review of EMS filings with Florida State (1996- 2000)

4. Review of all filings with and/or presentations to Justice Department related to operations of EMS
5. Review of all Comsat filings with the Commission related to EMS
6. Review of all Comsat filings with the SEC related to EMS
7. Review of board minutes of Lockheed related to EMS
8. Review of Comsat-EMS inter-company accounting records

**Subject: Comsat-Telenor Assignment and Sale of Inmarsat Stock Interest**

**Issues:**

1. Review of contracts of sale;
2. Review of all board minutes of Lockheed, Comsat and Telenor related to sales transactions;
3. Review of filings with Inmarsat related to transactions.
4. Review of all marketing studies of the Commission, Inmarsat and the companies related to Comsat Mobile Communications and Telenor businesses
5. Review of all filings with the Department of Justice related to the transactions
6. Review of all presentations made to Members of Congress related to the transactions

**Subject: Lockheed-Intelsat Assignment of Comsat World Systems**

**Issues:**

1. Review of contract of sale;
2. Review of all board minutes of Lockheed, Comsat and Intelsat related to sales transactions;
3. Review of filings with Intelsat related to transactions.
4. Review of all marketing studies of the Commission, Intelsat and the companies related to Comsat World Systems business
5. Review of all filings with the Department of Justice related to the transactions
6. Review of all presentations made to Members of Congress related to the transactions

**Subject: Comsat Operations**

**Issues:**

1. Review of all presentations made to Congressional Committees and Members of Congress related to Comsat operations (1995- 2001), and resulting reports
2. Review of all presentations made to US General Accounting Office related to Comsat operations,(1997- 2001) including accounting for extra facilities and resulting reports
3. Review of all complaints filed with Intelsat and Inmarsat by members related to Comsat operations, and resulting reports of actions

4. Review of all complaints filed with US State Department by various foreign countries related to Comsat operations, and reports of actions.
5. Review of issues surrounding resignation of CJ Pete Silas as chairman of Comsat.
6. Review of Echelon related investigations and related reports.
7. Review of complaints filed with US State Department by foreign countries related to Comsat's misuse of privileges and immunities.
8. Review of complaints filed with Congressional committees by competitors and others related to Comsat's misuse of privileges and immunities.
9. Reviews of complaints filed with Congressional committees related to any illegal use or misuse of information and data by Comsat.
10. Review of information from all sources concerning any participation of senior Comsat management (for private or other gain) in the operation of alternate, spare, redundant, duplicate and/or so-called "phantom" communications satellites and separate billing of these facilities to Comsat's common carrier customers and Comsat's failure to account for same within the company's established billing system of accounts as assembled by company auditors, including the firm of Deloitte and Touche.
11. Review of information from all sources concerning any participation of senior Comsat management with respect to the dissemination, distribution and transfer, through sale and otherwise (for private or other gain) of information, data, recordings, transcripts, etc. accessed through direct and indirect intercepts of voice and data transmissions made over INTELSAT and Inmarsat facilities, both originating in the United States and foreign countries;
12. Review of information from all sources concerning any use of Comsat facilities such as INTELSAT and Inmarsat ground stations to intercept, sell, transfer and disseminate for private or other gain video materials, including X-rated, pornographic, obscene films and child pornography;
13. Review of information from all sources concerning any participation of senior Comsat management in the operation of electronic information gathering and communications facilities and other communications facilities in the Russian Federation, Republic of Kazakhstan, and other former Soviet republics, including the securing of data, recordings, transcripts, etc. accessed through direct and indirect intercepts of transmissions made over domestic and international telecommunications facilities, including INTELSAT and Inmarsat and private communications facilities, both originating and/or terminating in the stated countries, and the sale and/or dissemination of such intercepted communications for private or other gain
14. Review of information from all sources concerning any participation of senior Comsat management in the operation of communications facilities for recording, distributing, selling (for personal gain or otherwise), disseminating, transmitting via international and/or domestic satellite communications facilities (including INTELSAT and Inmarsat

facilities) operated by Comsat and otherwise sexually explicit, obscene; profane, pornographic, rated and non rated, films, motion pictures, electronic video transmissions and recordings including, but not limited to, what is commonly described as adult movies, X-rated movies and child pornography;

15. Review of information from all sources concerning any participation of senior Comsat management in the management and control of BelCom, Inc., including actions undertaken between 1995 to present to coerce and intimidate executives, consultants and shareholders of Former BelCom, to transfer the stock of Former BelCom to a long standing Lockheed vendor and to pay special consideration to the vendor, and to engage in unexplained transfers of millions of dollars exceeding the company's annual cash flow through the Former BelCom company bank accounts in New York (ChaseBank. NA), to and/or through foreign bank accounts, including those in Russia, Cyprus and England.
16. Review of information from all sources concerning any participation of senior Comsat management with respect to orchestration of and/or participation in ex parte communications with federal and state courts and administrative agencies, including, but not limited to, the Delaware Chancery Court, Delaware Supreme Court, by direct contact or indirect contact with such bodies or agencies including through intelligence gathering and other agencies or intermediaries in order to secure favorable rulings.
17. Review of information from all sources concerning any participation of senior Comsat management in the management and control of Ascent Entertainment Group, OnCommand Video Corporation and Spectra Vision Corporation, including all available information (sales records, contracts, receipts and other documents) related to its purchase and distribution of non rated adult and pornographic films.
18. Review of information from all sources concerning any participation of senior Comsat management in the management and control of COMSAT Argentina; COMSAT Brazil; COMSAT Colombia; COMSAT Guatemala; COMSAT Mexico; COMSAT Peru; COMSAT Venezuela; COMSAT Turkey; COMSAT Max ; and COMSAT TTS including, but not limited to, the utilization, of the communications facilities of these subsidiary companies to intercept voice and data transmissions originating or terminating via the said Comsat communications facilities for governmental and/or private purposes and the dissemination and/or sale or distribution (for private gain or otherwise) of such transmissions.

**CERTIFICATE OF SERVICE**

I, William L. Whitely, hereby certify that I have this 23rd day of June, 2002  
forwarded the foregoing SUPPLEMENT TO PROVISIONAL PETITION TO DENY via  
Email, Federal Express or US Mail, postage prepaid to the following:

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**William L. Whitely**