

**EXHIBIT 21:
ADVERSE FINDINGS**

Platinum Equity, LLC (“Platinum”) is the sole member of the Assignee herein. On April 20, 2006, a Plea Agreement was entered in the U.S. District Court for the District of South Dakota, Southern Division, in the case of *United States v. NextiraOne, LLC*, Case No. CR06-90091.¹ Pursuant to the Plea Agreement, NextiraOne, LLC (“NextiraOne”)—at the time an indirect subsidiary of Platinum—pled guilty to a one-count felony information charging NextiraOne with wire fraud in violation of 18 U.S.C. § 1343. The plea resulted from what the Government alleged to be actions by NextiraOne to defraud the Schools and Libraries Universal Support Mechanism, commonly called the “E-rate Program.” Pursuant to the Plea Agreement, NextiraOne agreed to pay to the United States a fine of approximately \$1.8 million, and Platinum agreed to act as a guarantor of that payment. NextiraOne also agreed, pursuant to a related civil settlement agreement, to release the United States (including the FCC and the Universal Services Administrative Company (“USAC”)) from approximately \$2.7 million in claims for payment under various USAC funding requests.

As is noted below, NextiraOne is no longer a subsidiary of Platinum. Inasmuch as Platinum was the indirect parent of NextiraOne at the time of the Plea Agreement, however, in an abundance of caution this matter is being reported herein under the Commission’s Character Policy Statement² as an adverse finding of non-FCC misconduct pertaining to Platinum.³

¹ A copy of the Plea Agreement is available at <http://www.justice.gov/atr/cases/f216500/216540.htm>.

² *Policy Regarding Character Qualifications in Broadcast Licensing*, 102 F.C.C.2d 1179, *recon. granted in part, denied in part*, 1 FCC Rcd 421 (1986), *appeal dismissed sub nom. National Association for Better Broadcasting v. FCC*, No. 86-1179 (D.C. Cir. Jun. 11, 1987), *modified*, 5 FCC Rcd 3252 (1990), *modified*, 7 FCC Rcd 6564 (1992) (collectively “Character Policy Statement”).

The Commission has stated, however, that “[i]t is difficult for us to conceive of a situation in which a broadcast entity should be disqualified because of the non-FCC misconduct of another entity that shares a common principal with the broadcast entity unless, of course, the common principal was personally involved in the wrongdoing.”⁴ Neither Platinum nor any of the Platinum principals who are parties to the instant application were involved in the conduct leading to the NextiraOne Plea Agreement. Indeed, while Platinum agreed to guarantee NextiraOne’s payment of fines and restitution pursuant to the Plea Agreement, it did so expressly “notwithstanding the fact that it did not engage in any of the conduct described in the . . . Plea Agreement.”⁵

Moreover, even were the Commission to consider the NextiraOne plea relevant to the Assignee’s qualifications here—despite Platinum’s lack of involvement in the misconduct—numerous factors regarding the NextiraOne plea weigh against any finding of impact in the instant broadcast assignment. According to the Plea Agreement, the “relevant period” of misconduct by NextiraOne encompassed “from at least December, 2000 through at least December, 2002.”⁶ Thus, the NextiraOne conduct is remote in time, having occurred approximately eight to nearly ten years ago. The plea was to a single count of a violation of a single statute, so the misconduct cannot be considered frequent or a pattern. Additionally, the

³ “The term non-FCC misconduct describes misconduct which may be a violation of law but does not specifically contravene the Communications Act or a specific Commission rule or policy.” *Policy Regarding Character Qualifications in Broadcast Licensing*, 102 F.C.C. 2d 1197, n.11 (1986). Although the facts of the Plea Agreement pertained to the E-rate Program, which is operated under FCC auspices, NextiraOne pled guilty to wire fraud under 18 U.S.C. § 1343, which is neither a provision of the Communications Act nor an FCC rule.

⁴ *Policy Regarding Character Qualifications in Broadcast Licensing*, 7 FCC Rcd 6564, 6566-67 (1992).

⁵ Plea Agreement, Exhibit A.

⁶ *Id.* at 3.

Plea Agreement specifically notes that the events giving rise to the plea occurred prior to the arrival of then-current NextiraOne senior management, and that under new management, NextiraOne reorganized its sales force, adopted a code of business ethics and conduct, and dismantled its E-rate consulting unit.⁷ Furthermore, the Plea Agreement acknowledges that NextiraOne cooperated with the Government's investigation, making its employees available for interviews and producing voluminous corporate records.⁸ Thus, even if Platinum or the Platinum principals who are parties to this application had been personally involved in the misconduct of Platinum's former subsidiary (which they were not), that misconduct could not reasonably be deemed sufficiently egregious, sufficiently proximate, or sufficiently related to disqualify Platinum from holding an attributable interest in a television broadcast assignee years later.

Finally, as noted above, NextiraOne is a *former*, not current, subsidiary of Platinum. Platinum sold NextiraOne in April 2006, soon after the Plea Agreement was entered.

In sum, the Assignee herein is reporting the NextiraOne Plea Agreement in an abundance of caution under the Character Policy Statement. However, the facts and circumstances discussed above—and in particular, the lack of involvement by Platinum in the NextiraOne misconduct—establish that the 2006 Plea Agreement by a former indirect Platinum subsidiary presents no bar to the grant of the instant assignment application.

⁷ Plea Agreement at 7.

⁸ *Id.*