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Harbinger Investors Sue Falcone, Fund Over LightSquared Failure

By Greg Bensinger
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NEW YORK (Dow Jones)--A group of investors in Philip Falcone's Harbinger Capital Partners sued the fund and Falcone himself Friday, saying the "all in" investment in wireless startup LightSquared Inc. squandered billions of dollars.

The suit, filed in the Southern District of New York, contends Falcone made "deceptive and misleading statements" by not disclosing that he intended to form the new wireless company, which was told this week by the Federal Communications Commission it couldn't operate its network because of Global Positioning System interference concerns.

The lead plaintiff, Lili Schad, invested \$4 million into Harbinger, the suit says. The plaintiffs are seeking the return of funds they lost because of the decline in LightSquared's value.

Harbinger last year reported its largest fund declined 47% due to a write down of the value of LightSquared, which has faced resistance from lawmakers, the Defense Department and GPS device manufacturers, among others, who say its wireless airwaves can jam GPS signals.

LightSquared received a conditional waiver from the FCC last year to build a nationwide fourth-generation mobile broadband network to cover 260 million Americans by the end of 2015. The Reston, Va.-based company hoped to sell the service wholesale to other wireless carriers.

A spokesman for Harbinger had no immediate comment.

-By Greg Bensinger, Dow Jones Newswires; 212-416-4676; greg.bensinger@dowjones.com

august@zamansky.com