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Case No. 2018-0699-TMR

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

MUDRICK CAPITAL MANAGEMENT, L.P. and WARLANDER ASSET MANAGEMENT, LP, on behalf of themselves and all other similarly situated stockholders of GLOBALSTAR, INC., and derivatively on behalf of Nominal Defendant GLOBALSTAR, INC.,	C.A. No. 2018-0699-TMR
Plaintiffs,	REDACTED VERSION FILED: September 28, 2018
v.	
JAMES MONROE III, JAMES LYNCH, RICHARD ROBERTS, WILLIAM HASLER, JOHN KNEUER, J. PATRICK MCINTYRE, KENNETH YOUNG, KYLE PICKENS, TIM TAYLOR, and THERMO COMPANIES, INC.,	
Defendants,	
and	
GLOBALSTAR, INC., a Delaware corporation,	
Nominal Defendant and Defendant.	

VERIFIED COMPLAINT FOR DERIVATIVE AND DIRECT CLAIMS

Plaintiffs Mudrick Capital Management, L.P. ("Mudrick Capital") and Warlander Asset Management, LP ("Warlander") (collectively, "Plaintiffs") by and through their undersigned counsel, allege on personal knowledge as to their own conduct, and on information and belief, including the investigation of counsel, the review of publicly available information, and the review of certain books and records produced in response to a demand made under 8 *Del. C.* § 220, as to all other matters, as follows:

NATURE OF THE ACTION

1. This is a direct and derivative suit brought to hold the faithless fiduciaries who make up the Board and control the Company to account for their millions, indeed potentially tens of millions, of wasted fees and expenses incurred in pursuit of the scheme set forth herein; to wipe out the huge stock grant "bribes" described herein; to seek a remedy for Monroe's plainly illegal stock sale at a time when he was in possession of material, non-public information regarding the Company, which he used to further his scheme to the Company's distinct detriment; to seek specific findings of breach of fiduciary duty against each individual defendant (but most of all Monroe) to allow Plaintiffs to bring a subsequent action under Section 225 to permanently bar one or all of them from ever again serving as a director or officer of a Delaware corporation; to seek an award against the Company in respect of Plaintiffs' efforts in connection with prior Section 220

litigation and otherwise which directly caused defendants to abandon the Combination Transaction (defined below); and to otherwise remedy the harm caused to the Company by the defendants' outrageous scheme.

2. The story of Globalstar, Inc. ("Globalstar" or the "Company") is marked by secret machinations, deceit, and overreaching by the Company's controlling stockholder, Jay Monroe, and a complete abrogation of fiduciary duties by the Company's management and Board of Directors.

3. As detailed below, Monroe has purposely manipulated Globalstar's stock so he could steal it from minority stockholders at a fraction of its fair value. Over time, Monroe has continually deceived his minority shareholders, either directly or via acts of omission, in an effort to keep them totally in the dark regarding his plans. Furthermore, the Board has repeatedly shown blind loyalty to Monroe rather than minority investors, and Mudrick Capital's Section 220 action[1] and preparation of a plenary injunction proceeding helped block Monroe's absurdly

[1] Mudrick Capital previously filed a Section 220 complaint in Delaware Chancery Court to enforce an inspection demand seeking to investigate potential breaches of fiduciary duty relating to the Combination Transaction. Following trial, this Court found a credible basis to suspect potential breaches of fiduciary duty and ordered Globalstar to produce documents in response to the demand. *See Mudrick Capital Management, L.P. v. Globalstar, Inc.*, C.A. No. 2018-0351-TMR, 2018 WL 3625680 (Del. Ch. July 30, 2018) (the "220 Memorandum Opinion"). In accordance with this Court's ruling, Globalstar, Monroe, and the Special Committee produced certain documents to Plaintiffs responsive to the Section 220 demand (the "Section 220 Production").

unfair Combination Transaction (defined below). Because of Monroe's ownership and the Company's total lack of customary investor protections, however, minority stockholders cannot use their voting power to effectuate any change to ensure such behavior is never repeated. Moreover, harm from the Combination Transaction continues and Monroe's control and abuse creates a huge negative overhang on Globalstar stock. Plaintiffs, on behalf of themselves and every other minority shareholder of the Company, have no choice but to seek judicial relief in order to protect their investment and hold Monroe and his cohorts accountable.

4. In short, following years of effort and investment, Globalstar was granted unanimous approval by the FCC to repurpose 11.5MHz of its licensed S-Band spectrum for terrestrial usage. Spectrum is a finite asset that serves as the backbone of all wireless communication and is thus incredibly valuable. As seen by recent precedent transactions in the spectrum space, large telecom players and others compete aggressively to acquire spectrum assets like those licensed to Globalstar. Monroe himself has publicly stated he believes the Company's 11.5MHz of S-band spectrum in the United States alone is worth nearly $8 billion. A slide from a recent presentation prepared by the Company for the Globalstar Board of Directors (the "Board") from February 2018 shows [redacted]

5. Monetizing Globalstar's valuable spectrum, however, created a fundamental problem for Monroe. After years of using minority investors to finance the Company, Monroe simply did not want to share any of the potential "upside" in its assets with those minority investors. So, Monroe, with the acquiescence of his crony Board, concocted a self-dealing scheme (the "Combination Transaction")[2] to issue billions of shares of highly undervalued Globalstar stock (undervalued because of his very own actions, no less), to himself in exchange for grossly overvalued assets controlled by his private-equity firm Thermo Capital Partners ("Thermo").

6. Monroe attempted to use the cover of an unhealthy Company balance sheet to justify his self-dealing transaction. However, in recent years, Globalstar's minority stockholder base has grown to include sophisticated investors, like Plaintiffs, and those investors as well as others were more than ready to assist the Company with financings as needed. Monroe, in breach of his fiduciary duties, thwarted all such alternatives because he was singularly focused on unloading his overpriced assets on Globalstar's minority stockholders in order to increase his Globalstar equity ownership from 53% to nearly 90%. *But for* Mudrick Capital's

[2] As used herein, the term "Combination Transaction" means the announced and subsequently terminated merger transaction between Globalstar and Thermo entered into on April 24, 2018.

efforts to date, Monroe would have transferred billions of dollars from minority stockholders into his own pockets.

7. The market has now fully recognized that Monroe's willingness to abuse his power knows no bounds and the Board's fecklessness knows no floor. This, coupled with the inability of the minority stockholders to enact changes with their voting power, has mired the Company's public market valuation and reputation. The process through which Monroe executed his scheme, the actions his fellow directors took to facilitate it, and the numerous forms of unresolved harm together show why judicial relief is now needed.

8. ***First***, starting in early 2017, Monroe began to secretly negotiate a self-dealing transaction whereby Globalstar would use its undervalued currency to acquire assets controlled by Thermo for $1.645 billion. The consideration being paid to acquire these assets from Thermo, which would have increased Monroe's ownership stake in Globalstar from 53% to nearly 90%, was grossly overvalued (specifically FiberLight). In addition, the Combination Transaction would have transferred $1.7 billion of Net Operating Losses from Globalstar to a new entity that would have been used to shield Monroe from personal taxes for years to come.[3]

[3] As alleged herein, much of Monroe's machinations concerning his investments in Thermo and Globalstar have been driven by a concern about personal income tax and minimizing his individual tax burden.

9. ***Second***, the Special Committee was complicit in Monroe's actions. Materials produced after the 220 Memorandum Opinion show the Special Committee tried to find ways to justify Monroe's valuation of FiberLight but struggled mightily to make the math work. Documents show a Special Committee that gets excited when they think they found a basis to accept Monroe's exorbitant price, and disappointed when they realize his demand is simply unjustifiable by any measure.

10. ***Third***, the Special Committee failed to properly due diligence FiberLight. The Special Committee stood by silently while Monroe provided self-serving responses to their requests and continued to block and narrow their routine requests for customary due diligence. As they soon learned, that diligence would show prior failed FiberLight auctions at far lower valuations and a [redacted]

11. ***Fourth***, the Special Committee inexplicably reversed their original insistence on a majority-of-the-minority vote as part of the Combination Transaction. Monroe initially struggled to get the Special Committee to approve the deal that could be imposed without a minority stockholder vote, since the Committee's counsel demanded a majority-of-the-minority vote as a key part of any deal. [redacted]

[redacted] With knowledge of the Special Committee's prior internal discussions, Monroe "reset" the negotiations a mere three months later and ultimately got the Special Committee to completely cave on the majority-of-the-minority provision and more.

12. ***Fifth***, the Special Committee ignored core aspects of its fiduciary duties, namely evaluating strategic alternatives for the Company. Although originally given authority to review strategic alternatives, within weeks, Monroe, with Board approval, eliminated that authority, opting instead to deputize Monroe with complete control over a supposed sales process. Operating under a debilitating conflict of interest, Monroe used the prospect of a strategic alternatives process as a ruse to block off potential buyers that he viewed as a threat in order to provide cover for the Combination Transaction, which was his ultimate goal. In fact, Monroe abruptly terminated the strategic alternative process in November 2017, despite [redacted].[4]

13. ***Sixth***, Monroe misled investors to believe that Globalstar was looking for acquirers and joint venture partners after FCC approval. This was misleading

[4] The [redacted] parties active in the strategic alternatives process included [redacted]

because Monroe had little intention of engaging in good faith with a third-party prior to executing his self-dealing Combination Transaction. Rather, Monroe seems to have spent months trying to line up *future acquirors or joint venturers* of a *combined* Globalstar/Thermo entity – an entity he would have nearly 90% ownership of, not 53% or less. This proved fruitless, as there is no commercial reason for Globalstar and Thermo to be merged.

14. ***Seventh***, Monroe manipulatively depressed the value of Globalstar stock, making the Combination Transaction more attractive for himself. While in possession of material, non-public information, Monroe sold 38 million shares of Globalstar in December 2017,[5] driving Globalstar's stock materially lower. In a public filing days later, the Company asserted it was not in any discussions regarding

[5] As noted in the October 2017 Prospectus accompanying the equity raise, the Company had been "informed by James Monroe, our Chairman and Chief Executive Officer, that Thermo may sell up to 38,000,000 of shares of our Common Stock beginning 45 days after the date of this prospectus supplement and prior to December 31, 2017 ***for tax purposes***." Defendant Pickens assured the Plaintiffs that Morgan Stanley required the inclusion of this language and that Plaintiffs should not concern themselves with the sale as "these shares would never see the market" because an alternative solution for Monroe's tax issues was being explored – a transaction similar to what Monroe had done previously in December 2014, where Thermo sold 12.3 million high-basis shares to another Thermo affiliate, generating a tax loss of $165 million. As Plaintiffs soon realized, this assurance from Defendant Pickens was false. Instead, what Plaintiffs have subsequently come to learn is that Monroe had a strong incentive to publicly sell a large chuck of stock because doing so would further depress the stock price of Globalstar shares and make the Combination Transaction more attractive solely for himself.

a merger. Having driven the stock close to a five year low, a mere three days later, Monroe restarted the Combination Transaction discussions with the Board.

15. ***Eighth***, Monroe bribed the Special Committee. On the very day that the Special Committee proposed the ultimate Combination Transaction value, Monroe awarded the Special Committee members restricted stock, which, based on Monroe's own valuations, were worth approximately $1.5 million for each member.

16. ***Ninth***, as a banker explained, Monroe had the Special Committee hire Moelis to "rubber stamp" the Combination Transaction. Moelis manufactured a valuation for FiberLight using unreliable management projections and unjustified future growth rates, while simultaneously undervaluing Globalstar stock by using outdated precedent transactions from 2012 and 2013.

17. Monroe's disloyal plan, which could not have happened without a Special Committee that has no place holding director positions on a public company board, was set to succeed, but for Mudrick Capital's pursuit of a Section 220 Books and Records demand. The information Mudrick Capital learned through that proceeding, and Monroe's recognition that Mudrick Capital was about to file a plenary breach of duty proceeding to enjoin the merger, forced Monroe to terminate the self-dealing Combination Transaction.

18. While blocking the Combination Transaction was a huge success for Globalstar and its minority stockholders, harm and damage flowing from the aborted

deal remains. The members of the Special Committee still hold the restricted stock handed to them as an illicit bribe. Monroe sold shares at prices drastically above the current stock price while in possession of material non-public information. Globalstar paid millions in fees and other expenses to push the corrupt deal through. And, most importantly, a company worth billions of dollars has become un-investable because no rational investor would invest in a company with no semblance of corporate governance and a predatory Executive Chairman and controlling stockholder.

19. These issues need to be remedied. Since minority stockholders cannot vote to install honorable directors or otherwise reign in the controlling stockholder, Plaintiffs bring this suit to employ all the tools of the judiciary to protect this investment, including by seeking a declaration proving Monroe's disloyalty as a predicate to achieve a subsequent judicial bar order against him (and possibly the other members of the Board).

THE PARTIES

20. Plaintiff Mudrick Capital, a large advisory firm, manages a series of SEC-registered investment funds. Mudrick Capital is located at 527 Madison Avenue, New York, New York 10022. Mudrick Capital, on behalf of certain funds and managed accounts it manages, is the largest independent stockholder of

Globalstar, with beneficial holdings of 70,689,669 shares of Globalstar common stock, which constitutes 5.6% of the Company's outstanding voting capital stock.

21. Plaintiff Warlander, a large advisory firm, acts as investment manager to certain SEC-registered, private investment funds. Warlander is located at 250 West 55th Street, 33rd Floor, New York, NY 10019. Warlander, through certain funds it manages, is the beneficial owner of 35,500,000 shares of Globalstar common stock, which constitutes 2.81% of the Company's outstanding voting capital stock.

22. Nominal Defendant and Defendant Globalstar is a Delaware corporation with its principal executive offices at 300 Holiday Square Boulevard, Covington, Louisiana 70433. Globalstar is a leading provider of mobile satellite voice and data services. Shares of Globalstar trade on the NYSE American Stock Exchange under the ticker symbol "GSAT."

23. Defendant Thermo Companies, Inc. is a holding company with its principal executive offices at 1735 19th Street, Suite 200, Denver, Colorado 80202. It is a diversified private holding company founded and controlled by Monroe that offers telecommunications, factoring, private equity, industrial distribution, real estate, and independent energy services. It operates through various subsidiaries, including Thermo Acquisitions, Thermo Capital Partners, LLC ("Thermo Capital

Partners"), and Thermo Development, Inc. ("Thermo Development") (collectively, "Thermo").

i. Management-Affiliated Director Defendants

24. Defendant James Monroe III is the Executive Chairman of the Board, former Chief Executive Officer, and majority stockholder of Globalstar. He chairs the Compensation Committee. Monroe is also the founder and controlling stockholder of the Thermo Companies.

25. In April 2004, Thermo Capital Partners acquired the underlying assets of Globalstar as it emerged from bankruptcy. From April 2004 through the present, Monroe has served as the Executive Chairman of Globalstar's Board. Monroe has also served as the Company's CEO from January 2005 through September 2018, apart from a two-year period from July 2009 through July 2011.

26. Based on his status as the majority stockholder of Globalstar and his control of Thermo Companies, Monroe has unique authority to direct the Company's actions. For example, even though amendments to Globalstar's Certificate of Incorporation and Bylaws generally require approval by two-thirds of the voting power of the Company, as long as Thermo Capital Partners and its affiliates control a majority of the Company's stock, Thermo Capital Partners can amend those documents unilaterally. (Globalstar Am. & Restated Art. of Incorporation, Art. VI, X.) Thermo Capital Partners can also remove directors with or without cause, so

long as it holds a majority of the Company's voting stock; otherwise, directors can only be removed for cause and only with the support of two-thirds of the Company's voting power. *Id.*, Art. VII.

27. Defendant James Lynch has served as a director of the Company since December 2003. Mr. Lynch has also served as the Managing Director of Thermo Capital Partners, LLC since October 2001 and is currently the Executive Chairman of FiberLight, one of the companies that was to be acquired by Globalstar in the now defunct Combination Transaction, where he served as CEO from 2015 to 2017. Monroe in his sole discretion granted Mr. Lynch 150,000 shares of Globalstar stock on February 20, 2018, the date the Special Committee proposed what would be the ultimate Combination Transaction purchase price of $1.645 billion to the Thermo Companies and before the Combination Transaction received final approval on April 24, 2018.

28. Defendant Richard Roberts[6] has served as a director of the Company since April 2004. He chairs the Nominating and Governance Committee. Mr. Roberts has also served as the Vice President and General Counsel of Thermo Development, the management company for several Thermo businesses, since June 2002. Monroe in his sole discretion granted Mr. Roberts 150,000 shares of

[6] Collectively with Messrs. Monroe and Lynch, the "Management-Affiliated Director Defendants."

Globalstar stock on February 20, 2018, the date the Special Committee proposed what would be the ultimate Combination Transaction purchase price of $1.645 billion to the Thermo Companies and before the Combination Transaction received final approval on April 24, 2018.

29. Each of the Management-Affiliated Director Defendants was put in place by Monroe, who "controls the election of all directors."[7]

30. This Court has jurisdiction over the Management-Affiliated Director Defendants pursuant to 10 *Del. C.* § 3114.

ii. Non-Management Director Defendants

31. Defendant William A. Hasler has served as a director for the Company since July 2009. He chairs the Audit Committee and, most recently, was part of the four-member Special Committee that approved the Combination Transaction. Although his term was set to expire in 2018, he was reappointed on May 22, 2018 for an additional term expiring in 2021.

32. Defendant John M. R. Kneuer has served as a director of the Company since February 2011. He is a member of the Audit and Compensation Committees and, most recently, was part of the four-member Special Committee that approved the Combination Transaction.

[7] Globalstar, Inc. Schedule 14A Definitive Proxy Statement, at 13 (Apr. 5, 2018).

33. Defendant J. Patrick McIntyre has served as a director of the Company since May 2007. He is a member of the Audit, Compensation, and Nominating and Governance Committees and, most recently, was part of the four-member Special Committee that approved the Combination Transaction.

34. Defendant Kenneth Young[8] has served as a director of the Company since November 2015. He is a member of the Nominating and Governance Committee and, most recently, was part of the four-member Special Committee that approved the Combination Transaction. Although his term was set to expire in 2018, he was reappointed on May 22, 2018 for an additional term expiring in 2021.

35. Each of the Special Committee Defendants was put in place by Monroe, who, according to the Company's 2018 Proxy Statement, "controls the election of all directors."

36. This Court has jurisdiction over the Non-Management Director Defendants pursuant to 10 *Del. C.* § 3114.

iii. Non-Director Employee Defendants

37. Defendant Tim Taylor is the Vice President of Finance, Business Operations, & Strategy at Globalstar. He has been with the Company since 2010.

[8] Collectively with Messrs. Hasler, Kneuer, and McIntyre, the "The Special Committee Defendants," and with the Management-Affiliated Director Defendants, the "Director Defendants."

He also serves as the Vice President of Thermo Companies. He is widely known to be one of Monroe's principal deputies and was intimately involved in the Combination Transaction.

38. Defendant Kyle Pickens is the Vice President of Strategy and Communications at Globalstar. He has been with the Company since 2017.[9] Like Mr. Taylor, Mr. Pickens is also one of Monroe's principal deputies and was intimately involved in the Combination Transaction. Prior to his role with Globalstar, Mr. Pickens was an investment analyst with Steelhead Partners, an investment firm that is also a Globalstar minority shareholder. Upon information and belief, Plaintiffs believe that Mr. Pickens also has a professional role with Thermo.

FACTUAL ALLEGATIONS

A. Globalstar's History

39. Globalstar is a wireless communications company that provides voice and data communications services via satellite. The Company operates a network or "constellation" of satellites in low-earth orbit and numerous ground stations or "gateways" that together form its proprietary communications network. The Company provides its services to customers through equipment—including satellite

[9] Collectively with Mr. Taylor, the "Non-Director Employee Defendants," and with the Management-Affiliated Director Defendants and Non-Management Director Defendants, the "Individual Defendants."

phones and one-way transmitters—designed to work only on its own network. Globalstar's communications network is operated utilizing specific spectrum frequencies within the L, S, and C-Bands, for which the Company is the exclusive licensed operator. The Company's S-band spectrum—specifically 2483.5-2500 MHz—is, as detailed below, one of the Company's most valuable assets.

40. Thermo acquired Globalstar in 2004 and carried out an initial public offering of the Company's shares in 2006. From the outset, Thermo recognized the significant value of Globalstar's rights to exclusive use of certain spectrum frequencies. As Thermo explains on its website: "The original investment in Globalstar was made at a fraction of Globalstar's replacement cost. . . . Beyond the core satellite operations, Thermo saw significant long-term upside potential from the company's spectrum assets." Monroe is the controlling shareholder of Globalstar, in part, through Thermo. Thermo also provides one of the Company's principal sources of financing through a loan agreement. As of June 30, 2018, the amount outstanding under the Thermo loan agreement was $112,616,000.

41. Globalstar's other principal source of financing is a credit facility issued by a consortium of French banks (the "Facility Agreement"). The Company first entered into the Facility Agreement with a syndicate of lenders including BNP Paribas, Société Générale, Natixis, Crédit Agricole Corporate and Investment Bank (formerly Calyon) and Crédit Industriel et Commercial in 2009. Thereafter, the

Facility Agreement was amended in July 2013, August 2015 and June 2017. Interest on the Facility Agreement is payable semi-annually in arrears on June 30 and December 31 of each calendar year. Ninety-five percent of the Company's obligations under the Facility Agreement are guaranteed by Bpifrance Assurance Export S.A.S., the French export credit agency. As of June 30, 2018, the Facility Agreement was fully drawn in the amount of $428,323,000. The Facility Agreement requires the Company to maintain a reserve account for purposes of making principal and interest payments under the Facility Agreement. As of June 30, 2018, the Company had $52.7 million in that reserve account.

42. Although covenants in the Facility Agreement restrict the Company's ability to carry out various forms of financial transactions, the Facility Agreement explicitly permits the Company to raise capital through the issuance of common stock and/or subordinated indebtedness (each referred to as an "Equity Cure Contribution") through December 2019. In its Form 10-Q filed on August 2, 2018, the Company stated that it "anticipates that it will need an Equity Cure Contribution to maintain compliance with financial covenants under the Facility Agreement for the measurement period ended December 31, 2018."

43. Historically, the Company has addressed the need for working capital, maintenance of financial covenants, and funds for debt obligations by issuing common stock, in accordance with the terms of the Facility Agreement. Between

2004 and the present, the Company issued common stock in this manner on at least ten occasions. These stock issuances had the effect of incrementally diluting Monroe's beneficial interest in the Company's common stock. From 2014 to the present, piecemeal common stock issuances by the Company have resulted in Monroe's ownership decreasing from 70% in early 2014 to approximately 53% today.

44. Additionally, and adding to the decrease in Monroe's personal holdings, Monroe's participation in each equity issuance has declined over time. In the most recent October 2017 equity issuance, Monroe purchased less than his *pro rata* share of the offered shares. Any time Monroe participates in an equity issuance at a level below his then-existing ownership stake, he is diluted. By the end of 2017, further stock issuances would have created a significant likelihood that Monroe's beneficial ownership interest would fall below majority control of Globalstar. Monroe had and continues to have a powerful incentive to avoid that from happening. According to the Facility Agreement, Monroe is required to own 51% of economic and voting control in Globalstar, providing him with a strong incentive to avoid refinancing the Company's debt in an effort to perpetuate his control.

B. Monroe Has Complete Control Over Globalstar

45. Since Thermo has taken a control position in Globalstar, Monroe has had complete control over Globalstar's day-to-day business operations, strategic

plans, and corporate governance structure. As CEO and Executive Chairman, Monroe controlled the future direction of Globalstar without pushback from the Board. Although recently Monroe retired as CEO, the Board allowed him to resume as Executive Chairman, despite his disloyal conduct, as alleged herein.

46. In addition to his role as an executive, Monroe, through Thermo, has near total control over all aspects of the Company's governance and the Board of Directors. Each of the directors was handpicked by Monroe and placed on the Board by virtue of Monroe's controlling position.

47. Further, as set forth in the Company's Certificate of Incorporation, so long as Thermo beneficially owns a majority of Globalstar common stock, Thermo may remove any of the Company's directors at any time, for any reason, without prior notice, and without a vote of the stockholders.[10] *See* Globalstar Am. & Restated

[10] The certificate of incorporation defines "Thermo" as "Thermo Capital Partners, L.L.C. and its Affiliates (as defined in the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder)." SEC Rule 12b-2 defines "affiliate" as follows: "Affiliate. An 'affiliate' of, or a person 'affiliated' with, a specified person, is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified." 17 C.F.R. 240.12b-2; *see also In re Am. Int'l Group, Inc.*, 2014 U.S. Dist. LEXIS 143375, at *21 n.4 (S.D.N.Y. 2014) ("Rule 12b-2, which was promulgated under the Securities Exchange Act of 1934, similarly provides that an 'affiliate' of, or a person 'affiliated' with, a specified person, is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.") (internal quotation marks omitted). Under this definition, Thermo and Monroe are affiliates of each other.

Art. of Incorporation, Art. Seventh (stating that if "Thermo owns beneficially a majority in voting power of the outstanding shares of capital stock of the Corporation entitled to vote in the election of the directors, directors may be removed with or without cause").[11] The certificate of incorporation provides further that if "Thermo owns beneficially a majority in voting power of the outstanding shares of capital stock of the Corporation entitled to vote in the election of the directors, any action that is required to be or that may be taken at any annual or special meeting of the stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote" by Thermo. *Id.*

48. Under the Second Amended and Restated Globalstar, Inc. 2006 Equity Incentive Plan (the "2006 Equity Incentive Plan"), which governs the issuance of restricted stock to directors, any director that is removed from the Board for any reason loses all restricted stock awards that have not yet vested at the time of removal. Specifically, Section 9.5 of the 2006 Equity Incentive Plan provides that "if a Participant's Service terminates for any reason, whether voluntary or involuntary (including the Participant's death or Disability), then the Participant

[11] In the absence of majority control by Thermo, the certificate of incorporation provides that "directors may be removed only for cause by the holders of at least 66 2/3% in voting power of the outstanding shares of capital stock of the Corporation then entitled to vote in the election of the directors." Globalstar Am. & Restated Art. of Incorporation, Art. Seventh.

shall forfeit to the Company any Restricted Stock Units pursuant to the Award which remain subject to Vesting Conditions as of the date of the Participant's termination of Service."[12]

49. Not only does Monroe have the power to appoint and terminate Board directors at his choosing, he is also the Chair of the Compensation Committee and until September 2018, had the sole power to decide whether to compensate the Board's directors and, if so, the quantity and form of any such compensation. *See* Globalstar Definitive Proxy (filed Apr. 5, 2018) ("Director compensation is established by the Board, ***based upon recommendations of the Chief Executive Officer***.").

C. Thermo's History

50. Thermo describes itself as a "diversified holding company" that invests in numerous sectors, including satellite and wireless telecommunications, wireline telecommunications, real estate, and financial services. Thermo was founded by Monroe in 1984 and he remains its majority owner. The Combination Transaction sought to combine Globalstar with several other investments owned or controlled by

[12] The Plan defines "Vesting Conditions" as "those conditions established in accordance with the Plan prior to the satisfaction of which shares subject to an Award remain subject to forfeiture or a repurchase option in favor of the Company exercisable for the Participant's monetary purchase price, if any, for such shares upon the Participant's termination of Service."

Monroe and Thermo, most notably FiberLight, a fiber-optic cable provider, and publicly traded CenturyLink stock.

51. Thermo came to own both FiberLight and CenturyLink stock as a result of its initial investment in a company called e.Spire in 2002. Thermo reorganized e.Spire into Xspedius, which it then sold to Time Warner Telecom in 2006 in return for $260 million in Time Warner Telecom stock. Prior to that transaction, Xspedius spun off FiberLight to Thermo. Directly or indirectly, Thermo has owned and managed FiberLight since around 2006.

52. Thermo's holdings of Time Warner Telecom stock obtained from the Xspedius deal ultimately led to its holdings of CenturyLink stock. In 2014, Thermo exchanged its Time Warner Telecom shares for shares of Level 3 Communications as part of a merger between those companies. Three years later, CenturyLink merged with Level 3 Communications, leading to Thermo becoming one of CenturyLink's largest stockholders.

D. FiberLight's History

53. FiberLight, LLC ("FiberLight"), headquartered in Alpharetta, Georgia, owns and installs fiber-optic network assets and provides associated services to businesses and government organizations in parts of six states. FiberLight operates in a highly competitive market and requires significant capital expenditures to grow its fiber-optic network.

54. There exists little information in the public domain regarding FiberLight's activities, namely because FiberLight is privately owned by Monroe and Thermo. According to internal documents, news reports, and other limited publicly available information, Thermo has attempted several times to sell FiberLight, but with no success. In 2011, Thermo attempted to sell FiberLight, but, per news reports, ultimately shelved the process after failing to get traction.

55. Further, the Section 220 Production contains an email between McIntyre and Monroe, in which McIntyre forwards a 2015 memo discussing a previous asset sale transaction contemplated between Globalstar and FiberLight. [redacted] is a strong suggestion that the Board knew that the proposed sale price for FiberLight in the Combination Transaction far exceeded the company's actual value.

56. Subsequently, in 2016, Thermo again explored a transaction with a buyer for FiberLight. Thermo hired the investment bank Evercore Partners to facilitate informal discussions with four parties, three of which conducted initial due diligence and an additional one that conducted more extensive due diligence.

[13] FiberLight currently has 14,000 route miles of fiber.

According to news reports, Thermo was marketing FiberLight between $350 million and $450 million, a valuation range reflecting a seven-to-nine times multiple of EBITDA.[14] Thermo was again unable to consummate a sale of FiberLight at that value, even though the telecommunications sector was experiencing "a steady flow of M&A" at the time.

57. Thermo's difficulty in finding an arm's-length buyer for FiberLight is unsurprising given FiberLight's substantial accounting irregularities and public allegations of fraud and deviation from industry standards when financing and expanding its fiber-optic network. As reflected in the Special Committee's meeting minutes, FiberLight's financials for 2015 and 2016 had to be restated due to revenue recognition issues and, as of the signing of the Merger Agreement, the 2017 audit was not yet completed.

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[14] The Section 220 Production contains a "Buyer Update" created by Evercore relating to the 2016 FiberLight sale process, showing four bidders who expressed interest in FiberLight, including [redacted]. The Buyer Update shows that FiberLight was not worth the amounts contemplated by the Special Committee. For instance, it states that: (1) [redacted] initially proposed a [redacted] merger, (2) [redacted] indicated a ***potential offer*** of [redacted] prior to conducting any due diligence, (3) [redacted] explained it could not move higher than [redacted], implying a [redacted] valuation, and (4) [redacted] offered [redacted] but needed until October 2016 to raise funds to finance the deal, which never happened. In any event, the Buyer Update is highly suspect as it represents a snapshot in time and provides no insight into why the FiberLight process ultimately failed. The only explanation for termination of the process is found in a document drafted by Monroe during his negotiations with the Special Committee, making it unreliable. Discovery is necessary to uncover the truth.

58. Based on Plaintiffs' own investigation and the Section 220 Production, there is substantial support to conclude that FiberLight [redacted]

59. FiberLight's accounting and business practices, all of which were known to Monroe and known or readily knowable to the Special Committee, may well explain why bidders were unwilling to pay anything close to the EBITDA

[15] According to [redacted] Executive Vice President of Customer Operations at FiberLight, in 2015, FiberLight [redacted]

multiple that Monroe later proposed Globalstar pay for FiberLight. These facts also make it hard to fathom how Monroe can assert that he complied with his fiduciary duties while presenting the Combination Transaction to Globalstar – and how the Special Committee could have possibly complied with theirs despite endorsing it.

60. The former CEO of FiberLight, [redacted][16] has also asserted that in 2015, Monroe and individuals at FiberLight [redacted] Shortly thereafter, [redacted] was terminated, and, just days later, 17 other FiberLight senior managers were also fired. Lynch and Monroe then infused cash into FiberLight themselves to meet covenant requirements, even though it was prohibited under the loan agreements, by using [redacted]

61. [redacted] FiberLight's then-Chief Financial Officer, Kevin Coyne, who remains with the

[16] [redacted] served as CEO of FiberLight from 2013 until he was terminated.

company as its COO and Director, [redacted] One reason for this may have been that the company was struggling to meet the requirements of debt ratio covenants in loan agreements governing FiberLight debt. Indeed, in late 2014, FiberLight was insolvent on a cash-flow basis, and was forced to execute a large IRU—an "indefeasible right of use," i.e., a long-term, contractual use right over its fiber infrastructure in exchange for upfront or recurring payments—to meet debt ratio covenants in FiberLight's loan agreements.

62. Accordingly, for at least the past three years, Monroe has known that the issues described above would make FiberLight nearly impossible to sell and that he could never achieve the price he wanted for the business. In an act directly contrary to the interests of Globalstar and its minority stockholders, Monroe found the only buyer whose purse-strings he could manipulate – Globalstar.

E. The FCC Approves Terrestrial Use of Globalstar's 2.4GHz Spectrum

63. In late December 2016, the FCC unanimously approved Globalstar's request to repurpose 11.5MHz of its licensed 2.4GHz spectrum for terrestrial usage. Prior to this authorization, usage of this spectrum band had been limited solely to downlink communications between Globalstar's satellites and its users' devices; this authorization enabled Globalstar's spectrum to be utilized for more traditional LTE wireless services. This was truly a watershed moment for Globalstar, as licensed

spectrum with terrestrial usage authority is tremendously more valuable than spectrum authorized only for satellite usage.

64. Spectrum is the backbone of all wireless communication. All such communications—including radio, Wi-Fi, Bluetooth, cellular, and satellite—occur through particular frequencies on the electromagnetic spectrum. Low frequency spectrum bands have excellent propagation characteristics, meaning they are able to carry signals great distances and penetrate physical structures, but are unable to transmit large amounts of data per unit of time. High frequency spectrum bands have poor propagation characteristics but can transmit significant amounts of data per unit of time. Mid-band spectrum, where Globalstar's 2.4GHz spectrum is situated, lies in the proverbial "sweet spot" on the scale of propagation and capacity.

65. Global wireless data consumption continues to compound rapidly, but the spectrum frequencies capable of carrying these communications are finite—they are a limited natural resource. The FCC, which regulates the usage of various spectrum bands in the United States, continues to seek to repurpose spectrum bands for terrestrial usage to keep up with growing user demand for wireless communications. However, as Globalstar can attest, the process to repurpose spectrum can be long, cumbersome and uncertain. Thus, spectrum that is already authorized to be used for terrestrial wireless services is incredibly valuable.

66. Knowing all this, Monroe, within two weeks of receiving FCC approval, hosted a call with investors on January 6, 2017 to tout the benefits of Globalstar's recently approved spectrum. On the call, Monroe and John Dooley, a founder and managing director of Jarvinian Ventures, highlighted the lack of any buildout requirements, speed to deployment, and the numerous use cases for the spectrum. Additionally, Monroe emphasized the one-of-a-kind nature of Globalstar's spectrum, especially with respect to its global potential:

> [T]here's something very, very unique here versus any other slice of spectrum globally and that is that it is the same slice of spectrum globally. This is unprecedented, that there would be a single slice of spectrum that could be used similarly everywhere and it is also unprecedented that, that single slice of spectrum would be controlled by one company.

67. During the Q&A session in that call, Jason Mudrick, President and Chief Investment Officer of Mudrick Capital, asked Monroe about the recent FCC auction of spectrum licenses—the so called "AWS-3" auction—and how Globalstar's S-band spectrum should be valued in comparison. In response, Monroe agreed that the spectrum in the U.S. alone would be worth nearly $8 billion:

> **Question**: So the average sale price in the AWS-3 auction was $2.19 per megahertz pop. **If I apply that value to your domestic asset alone, I get to a value of $7.9 billion**. Is that math right?
>
> **Monroe: Yes, I agree with that math.**

68. Mr. Mudrick continued, walking through a detailed breakdown of Globalstar's equity valuation to arrive at an $8.7 billion figure. Monroe expressed agreement here as well:

> **Question**: We assume your satellite business is worth another $500 million. I understand you think it's worth more, given how much capital you've spent and its growth characteristics, but we're just taking a 10 times multiple on the 50 that you discussed earlier. Then you have international optionality, which is much more difficult to handicap, but haircutting it, and being conservative, we think it's worth another $500 million. Then you have a $1.5 billion NOL, which depending on how you monetize these assets, we estimate to be worth between $200 million and $500 million. So we have a midpoint of $350 million.
>
> You also have 7.75 megahertz of L-band spectrum. But let's leave that out of the equation now, although we think it's quite valuable. If you add all this up and you give no value to your L-band spectrum, I get to a value of $9.25 billion. Net off your $560 million of debt, **it gets to an equity value of $8.7 billion, which is $6.60 per share. Does all that math sound right**?
>
> **Monroe**: **Yes, I understand the math that you're going through and I don't disagree with any of it**. Like you, it's difficult for anybody to value the international opportunity at this moment. But that opportunity is large. I mean, certainly, if you just take a single example and you say the value that you ascribe to spectrum in the United States is the same in a heavily, heavily, heavily spectrum constrained market like Europe and Europe is 150% of the number of people as the United States is, that $500 million discounted international opportunity is much, much, much larger.
>
> But given that those approvals have not taken place, but some of them will, I think that $500 million makes sense. The math on the NOL is very straightforward and I agree with your math there; leaving out the L-band, I agree with your premise. It is valuable but leave it out for present purposes. **So I think I agree pretty much with the way that you've pulled together your calculations**.

69. Materials presented to the Board of Directors in the wake of the FCC approval likewise demonstrated the significant potential upside inherent in Globalstar's spectrum. A May 2, 2017 presentation to the Board set forth a detailed assessment of the long-term value of the spectrum. The presentation identified numerous factors, including increasing demand for wireless data and the limited supply of spectrum, noting for example that while "unlimited data plans and generally increasing data consumption increase spectrum demand" it was also the case that "more limited opportunities for additional auctioned spectrum limit the supply side."

70. The May 2, 2017 Board presentation also contained a slide showing the "[r]ecord breaking" AWS-3 auction, which had garnered $44.9 billion in spectrum purchases. The presentation indicated that the spectrum prices obtained at this auction had greatly exceeded expectations, demonstrating the high prices that spectrum assets could obtain: "This auction surprised nearly all the experts with virtually no one suspecting an average $/Mhz-Pop over $2."

71. Notably, this is the precise data point that Monroe agreed—on the January 6, 2017 call—would lead to an asset value for Globalstar's domestic S-Band spectrum of nearly $8 billion. The May 2, 2017 Board presentation recognized that telecommunications companies were paying huge sums for spectrum—with AT&T spending $18.2 billion at the auction and Verizon and Dish each spending

approximately $10 billion—just to own spectrum for the future: "Despite the high price paid for Spectrum in 2015, none of this spectrum was in any current ecosystem at that time and none of it is even used to this day."

72. Similarly, a February 2018 presentation entitled "Proposed Combination Materials" that was provided to the Special Committee in connection with the Combination Transaction recognized the potential massive lease value of Globalstar's domestic S-band spectrum. [redacted]

73. Globalstar is also the licensee of a substantial amount of C-Band spectrum, which has garnered significant industry interest over the past 12 months. However, Monroe and the Board have taken no meaningful steps to pursue this opportunity, in direct breach of their fiduciary duties. Plaintiffs, upon information and belief, consider this opportunity to be worth in the billions of dollars. It is now evident that Monroe first wanted to consummate the Combination Transaction (and thus increase his ownership stake from 53% to nearly 90%) prior to pursuing this multi-billion-dollar opportunity. This is evidenced on the August 2, 2018 earnings call (following termination of the Combination Transaction), when Monroe is asked by a questioner why the Company has not been more aggressive in pursuing this opportunity to date:

> **Question:** You mentioned the C-Band as well in some earlier comments. There has been a material increase in the value of C-Band as I'm sure you guys are well aware. I mean, just look at Intelsat stock going from $4 to $21. . . . Why hasn't that become a more important focus internally?
>
> **Monroe:** We've been busy.

As alleged herein, Monroe and the Board were busy working to secretly negotiate and approve the Combination Transaction for the benefit of Monroe and to the detriment of Globalstar and its minority stockholders.

74. Likewise, Thermo's website as of the filing of this Complaint emphasizes the unique value of Globalstar:

> Globalstar's unique collection of satellite and spectrum assets justified the significant investment to date. With the primary risks of U.S. regulatory and satellite launches behind the company, efforts are now focused on driving value by deploying the terrestrial spectrum in the U.S. and abroad[.]

75. According to Monroe, Globalstar had one impediment to maximizing the value of the Company's spectrum – a healthy balance sheet. In several presentations to the Board (and potential investors) in May 2017, Monroe explained that spectrum companies with healthy balance sheets fetch a far greater valuation than distressed companies. Monroe's repeated focus on the Company's financial situation clearly indicates that Monroe recognized that Globalstar would be a stronger takeover target after improving its balance sheet. Once that was resolved, a buyer would pay a much higher valuation than the then-current market valuation of approximately $2.2 billion.

76. Monroe, however, had unilaterally determined that Globalstar had no alternative solutions in order to buttress the Company's balance sheet. Yet, as Plaintiffs well-know, that is *not* the case because other options did exist. In fact, there were other sources of financing that could shore up the Company's balance sheet – specifically, other hedge fund investors. When Plaintiffs suggested to Monroe that he engage with lenders that would be willing to refinance the Company's existing debt, Monroe and Pickens insisted that they would never want hedge funds as lenders because it risked Monroe's equity control. Instead, Monroe

was singularly focused on using the cover of an unhealthy balance sheet as a pretext to have Globalstar use its stock to acquire Thermo's assets, thereby transferring as much as possible of the latent 47% of Globalstar's equity value that he did not already own from the minority investors to himself.

F. Monroe Launches Effort to Enrich Himself at the Expense of Minority Stockholders

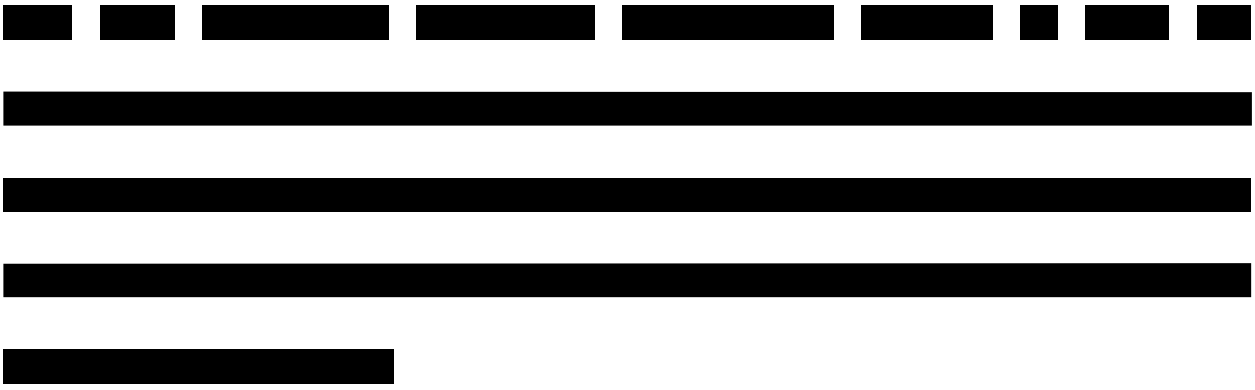
77. Within several months of the FCC approval, in early 2017 Monroe directed the Board to explore a strategic transaction for Globalstar.

78. Specifically, Monroe purported to advance a two-track parallel process. *First*, Monroe submitted a proposal to the Board whereby Globalstar would acquire assets controlled or owned by the Thermo (the "Combination Transaction"). A Special Committee of purportedly "independent" directors would consider the potential Combination Transaction. *Second*, Monroe would lead an effort to find a third-party investor or partner interested in leasing or otherwise utilizing Globalstar's spectrum ("Third-Party Process").

79. It appears that Monroe directed and controlled the Third-Party Process without any involvement by or input from the Special Committee (or the Board). Investment banks Allen & Co. ("Allen") and Centerview Partners ("Centerview") were retained by Globalstar (not the Special Committee) to evaluate the possibility of a Third-Party Process, but documents indicate that it was typically Monroe himself reaching out to potential third parties to discuss such a transaction.

80. During the third quarter earnings call in 2017, Monroe indicated that Globalstar was considering strategic opportunities, including the lease of spectrum. Monroe, however, failed to disclose material, non-public information regarding Globalstar's plans to purchase FiberLight and other assets controlled by Thermo. This was a major omission and a piece of information that would have been critical for the Company's minority shareholders in evaluating their investments.

81. From the outset, however, it appears that Monroe had no interest in a sale of Globalstar on a stand-alone basis to a third party. For example,



G. The Proposed 2017 Combination Transaction

82. The Special Committee—formally constituted on May 2, 2017 to assess the Combination Transaction[17]—was comprised of four purportedly "independent directors": McIntyre (as Chairman), Hasler, Young and Kneuer.

[17] The Special Committee was previously constituted to assess a transaction with Monroe whereby Thermo would provide capital to Globalstar for purposes of building a new corporate headquarters. It was not until May 2, 2017 that the Special

83. On April 9, 2017, Monroe called a special meeting of the Board of Directors, the "sole purpose" of which was to discuss a combination of Globalstar with the Thermo Companies. The Special Committee indicated they would confer with their recently retained counsel, Goodwin Proctor, to determine their willingness to consider such a combination.

84. Before the Special Committee formally notified Monroe of its decision to move forward with the Combination Transaction in 2017, Monroe already knew the answer via a backchannel from the Special Committee members. On April 22, 2017, Tim Taylor, Vice President of Finance, Business Operations, & Strategy at Globalstar, received an email from Stan Holtz from Moelis (a potential candidate for the financial advisor position during the first process) regarding contacts with Kenneth Young most likely about whether Moelis would be retained to act as financial advisor for the Special Committee. Tim Taylor immediately forwarded the email to Monroe for response. In responding to Tim Taylor and Stan Holtz, Monroe stated, "I think he'll [Kenneth Young] reach out to you on Monday since the special committee met yesterday and decided to take the next step. ***You didn't hear it from me.***" (Emphasis added).

Committee received formal authority from the Board to assess the Combination Transaction.

85. During an April 30, 2017 meeting, the Special Committee discussed hiring Allen and Centerview, investment banks which had already been retained by the Company for purposes of the Third-Party Process process. At the meeting and during three separate subsequent meetings, the Special Committee acknowledged the potential conflict created by such an engagement. Nevertheless, on May 25, 2017, the Special Committee unanimously adopted resolutions approving the engagement of both Allen and Centerview.

86. During a May 2, 2017 meeting of the Board of Directors, the Board adopted resolutions authorizing the Special Committee to consider and evaluate: (1) the Thermo Companies' proposal, and (2) "any other proposals received by the Company relating to a merger, consolidation, business combination, recapitalization, restructuring, going-private or other strategic transaction that are received concurrently with or after any announcement with respect to the Thermo Companies' Proposal or any transaction resulting therefrom."

87. The May 2, 2017 resolutions also authorized the Special Committee to implement "any takeover defense measure that the Special Committee deem[ed] necessary, desirable, or appropriate."

88. At least in name, the Special Committee was given the authority to oversee any outreach to third-party strategic investors or buyers. The Special Committee's role, at least in theory, provided a necessary check on Monroe's

conflict of interest, ensuring that "independent" directors had an opportunity to assess Third-Party offers against the proposed transaction with Thermo, and even adopt measures to protect the minority stockholders against Monroe.

89. The influence of the Special Committee on the Third-Party Process was short-lived. On May 29, 2017, the Board adopted significantly narrower resolutions superseding those adopted only weeks earlier. The May 29 resolutions stripped the Special Committee of its ability to consider any transactions beyond the Thermo Companies' proposal. Thus, the Special Committee was **authorized only to negotiate and approve or disapprove the proposed Combination Transaction**. And the Special Committee could no longer implement defense mechanisms.

90. This limited mandate was in place from May 29, 2017 onwards—up through and including the Special Committee's ultimate approval of the proposed Combination Transaction.

91. Monroe conducted the Third-Party Process with little to no oversight. In fact, there is limited discussion concerning the Third-Party Process in any Board minutes or materials. Further, Monroe did not provide any updates to the Board or the Special Committee regarding the results of any outreach to third-parties. At the same time that the Plaintiffs believed, in good faith and with good reason, that Monroe and the Company were actively seeking strategic partners, the exact opposite was true. The lack of discussions in the Special Committee records

regarding the Third-Party Process – including what was produced to the Plaintiffs following the 220 Memorandum Opinion – show that Monroe ran the Third-Party Process without any oversight to account for his debilitating conflict of interest. As discussed below, Monroe's conduct throughout the Third-Party Process establishes that he only engaged with third parties he deemed beneficial to his interests, to the detriment of minority stockholders.

92. On May 17, 2017, Monroe provided the Special Committee with a Letter of Intent ("2017 Letter of Intent"), proposing a transaction that Monroe valued at [redacted]

93. Between May and September 1, 2017, the Special Committee negotiated with Monroe over the terms of the proposed Combination Transaction. Among other things, the negotiations focused on the following key aspects.

94. **Majority-of-the-Minority Provision**: The Special Committee was staunchly committed to the inclusion of a majority-of-the-minority provision. [redacted]

[redacted][18][redacted]

95. **Access to 2016 FiberLight Information**: The Special Committee—and its advisors, Allen and Centerview—repeatedly emphasized the importance of evaluating FiberLight's marketing process and results from 2016, when FiberLight had tried, and failed, to sell itself. For example, during a May 12, 2017 meeting, the Special Committee discussed the fact that FiberLight had engaged financial advisors in or around 2016 to conduct a marketing process, and the Committee requested that Allen and Centerview ask FiberLight for additional information related to this marketing process. The Special Committee understood that the results of that process were directly relevant to assessing the value of FiberLight.

96. [redacted]

[18] The Special Committee's meeting minutes dated May 19, June 9, June 20, June 28, July 2, July 24, and August 25 confirm this.

[redacted]

97. On July 2, 2017, the Special Committee authorized Allen to request a comparison of FiberLight's budget versus actual financial performance for the past three years. [redacted] Clearly, McIntyre took his instructions from Monroe. And the Special Committee followed.

98. **Deal Price for the Proposed Combination Transaction**: [redacted]

[redacted]

Since the assumed growth rate of US spectrum rates far exceeded any conceivable growth for FiberLight and the CenturyLink stock, the conclusion of this presentation would be self-evident to anyone reviewing it.

99. By July 13, 2017, Monroe revised that deal price downward to [redacted] showing his disappointment that the Company could not justify paying more to buy Monroe's assets.

100. To the Special Committee's dismay, by July 21, 2017, it had to inform Monroe that it was "not prepared to agree to a transaction value of [redacted] even though Monroe had stated that he was "not willing to accept a value below [redacted]

101. On September 1, 2017 the Special Committee formally voted to cease consideration of the proposed Combination Transaction and terminated the Special Committee's engagement of Allen and Centerview. On September 11, 2017, the Board of Directors voted to terminate the Special Committee's power to consider the proposed Combination Transaction.

102. Importantly, on September 15, 2017, Rick Roberts emailed the Special Committee to let them know that the resolution terminating the Special Committee, "***for the time being at least***, relieves the Special Committee of responsibility for approving the transaction between Globalstar and Thermo." (Emphasis added). The wording of the email suggests that Globalstar merely put the approval on hold so that the Company could raise capital (and issue stock) without having to disclose material non-public information to stockholders−***i.e.,* that Globalstar intended to approve the conflicted transaction after raising capital from unknowing investors**. The ability to turn negotiations around this highly conflicted transaction on and off like a light switch is indicative of the level of control that Monroe maintained. As is the presumption that the Special Committee was responsible for "approving the transaction" rather than assessing its attractiveness in the first place.

103. Finally, although Monroe never once attended a Special Committee meeting during the 2017 process, in October 2017, [redacted]

[redacted]

[redacted] This email chain and the subsequent conversation between McIntyre and Monroe constitute a waiver of privilege, call into question the accuracy of the Special Committee's minutes, and most importantly, lay to waste any pretense that the Special Committee functioned independently of their master.

H. Monroe Hijacks The 2017 Third-Party Process Transaction

104. The Third-Party Process was tainted from the outset. Although on May 2, 2017, the Special Committee had been authorized to review all offers for the sale of the Company, Monroe and his executive team never had any intention to engage in a sale of Globalstar or lease transaction with its spectrum.

105. Starting in April 2017, Monroe himself began to reach out to strategic investors and partners regarding a potential investment in Globalstar. Based on internal emails and confidential information memoranda, Monroe focused on explaining to third parties that Globalstar had many unique assets, ***including FiberLight*** – in some cases, discussing Globalstar and Thermo as a combined company. As previously noted, the Section 220 Production contains scant details about the Third-Party Process. For instance, Monroe rarely, if ever, provided any updates to the Board about the progress of the Third-Party Process. Rather, Monroe

routinely pressed forward with the Combination Transaction, explaining that it was the best (and implicitly only) option for Globalstar to unlock value.

106. For example, in June 2017, [redacted] emailed Jay Monroe to explain "a couple of strategic concepts relative to the Globalstar company." [redacted] Monroe forwarded the email to his management team, David Kagan and Tim Taylor. Importantly, Monroe states, [redacted] Although Monroe did not express interest in [redacted] his response made clear that Globalstar was focused primarily on the combination with Thermo, with other potential monetization opportunities taking a backseat until after the combination was completed.

107. There are documents showing that Monroe did reach out to several investors and partners. However, the Section 220 Production leaves the strong impression that Monroe did not pursue the Third-Party Process in an objective manner and with an eye towards maximizing value for all Globalstar investors. For instance, the Section 220 Production contains a confidentiality agreement entered into between the Company and [redacted]

However, there is little in the way of updates regarding the negotiations or discussions with any of this firm's – or any others firms' – representatives.

108. Importantly, though, the Section 220 Production does contain some notes, dated November 1, 2017, [redacted] In that document, it states that [redacted] It appears the firm [redacted], but at no time did Monroe provide this information to the Board. Further, there is no indication that the Company ever followed up on this offer.

109. Monroe's failure to objectively assess the [redacted] shows that Monroe did not want to deal with third parties who could have influence on the Company. Monroe rejected any potential [redacted] that would put his complete control of Globalstar into question, since all he wanted was to continue to consolidate his control and exercise absolute control over the Company's future strategies.

110. Additionally, there are other documents that suggest Monroe took steps to prematurely end the Third-Party Process in favor of pursuing the conflicted combination between Globalstar and Thermo. For instance, as part of the outreach for the Third-Party Process, Globalstar was in contact with [redacted]

Parties") and four asset management or investment firms (the "Financial Parties"). As of November 1, 2017, [redacted] were listed as "active" parties to the Transaction. Though under active status, [redacted]

111. In an internal document listing the third parties and relevant status updates, the Company specified the parties waiting on various follow-up reports and meetings. [redacted] A host of other parties were similarly waiting for follow-ups as they assessed their interest in Globalstar's spectrum.

112. Not surprisingly, Monroe did not welcome any such potential interest from bidders. [redacted] emailed Kristi O'Brien of Allen stating that they had approached several other interested parties and would now like a process update regarding other bidders. O'Brien emailed Monroe and Fields a draft response to [redacted] In her draft response, O'Brien proposed stating

that the Company was "engaged in dialogue with a number of interested potential counterparties," but that there were "a few key items of technical support which the [C]ompany [was] working to finalize in the coming weeks."

113. O'Brien never sent her draft response to [redacted] because less than an hour after receiving O'Brien's email, Monroe had already initiated the process of firing O'Brien and both Allen and Centerview. [redacted] Monroe had to act fast to nip any possible bids in the bud.

114. Upon receiving O'Brien's draft email response [redacted] Monroe sent an internal email to Kneuer, McIntyre, and Taylor, as well as his legal counsel, asking if they can conduct "a brief call…to discuss the removal of the investment bankers?" In his email, Monroe said he was looking for "the best rationale from the [Special Committee]," presumably for firing the investment banks, *i.e.*, Allen & Centerview.

115. On November 28, Richard Fields of Allen received another email from [redacted] from some of these parties, several were still open to discussion, [redacted] which had received access to Globalstar's data

room on October 25, 2017. According to [redacted]

116. At 3:45 pm that afternoon, Fields forwarded [redacted] email to Monroe asking for advice about a response, as well as "what and how" to "communicate with the existing parties in the process." Three minutes later, clearly not intending to respond [redacted] or any other interested parties with any useful information, Monroe emailed Taylor and Lynch saying they should discuss how to respond to Fields. By 4:05 pm, Monroe notified the Special Committee members, Roberts, Lynch and Taylor that he had already terminated Fields. In fact, Monroe had previously terminated the Company's agreements with both Allen and Centerview. With the investment bankers officially out of the picture, the Third-Party Process was as good as dead and the next step for the Combination Transaction was devaluing Globalstar stock to make the transaction more lucrative for Thermo. In Monroe's own words, he and his team were now "[o]n to the next phase…," with no other parties standing in their way.

I. Globalstar Issues New Shares and Monroe Sells Millions of Globalstar Shares into the Market, Further Depressing the Stock Price

117. In October 2017, Globalstar raised $115 million through an issuance of new common stock, of which Thermo purchased approximately $43 million. At this time, the Company once again did not disclose material, non-public information, including the evaluation of the proposed Combination Transaction or that Globalstar was still engaged in a Third-Party process.

118. During an October 31, 2017 Board of Directors meeting, Monroe reminded the Board that Allen and Centerview were still formally engaged by the Company for purposes of the Third-Party Process. Monroe then represented to the Board that "no transactions as envisioned by the [engagement] letters are currently under consideration, and no interested party discussions are expected to arise in the near or intermediate future." The Board unanimously recommended that Monroe proceed to terminate the engagement letters of both firms. Monroe would formally terminate Allen and Centerview roughly two weeks later in November.

119. At the October 31, 2017 Board Meeting, Monroe presented on the "Long-Term Implications" of the equity raise. The presentation shows that the Board was aware that the public disclosures in the months leading up to the equity raise "helped lead to a ~30% decline in GSAT's share price over the past five months." Despite the downward pressure from the announcements that the

Company would conduct an equity raise, in the coming months, the Special Committee would ***knowingly*** agree to the Combination Transaction using devalued stock, leading to substantial dilution to all non-Thermo, minority investors.

120. During a November 2017 earnings call, Monroe and Globalstar's management touted the recent equity raise and Monroe explained that he remained bullish on Globalstar. Monroe stated that "[t]he market has yet to recognize the full value we see in Globalstar's assets, but given time and our continued performance, I'm sure that will happen." Monroe was speaking truthfully about the value of Globalstar's spectrum, but also knew that the Combination Transaction would get approved by any means necessary. Also, to the extent Monroe sold his Globalstar stock for tax purposes, he had a near term motive to push the stock price up, knowing his stock sales would subsequently tank the stock price no matter what.

121. During the call, Globalstar's management further explained that, as of November 2017, "we have the cleanest balance sheet since the company was founded," Globalstar was "please[d] with our ability to have addressed our liquidity needs for the next year," and that "we . . . have a very good liquidity position right now." According to Monroe, "Globalstar is a growing satellite business . . . with a much improved liquidity profile and U.S. terrestrial authority with a 2.4 gigahertz spectrum. We are better positioned than ever to drive value from our satellite

business and spectrum assets both in the U.S. and abroad." Again, at no time was the Combination Transaction disclosed in part or in whole.

122. On December 12, 2017, Monroe sold 38 million shares of Globalstar into the open market, purportedly for tax reasons.[19] Obviously, there are other ways to manage tax exposure besides dumping millions of shares of stock that you just told the market was worth far more than market prices suggested. Predictably and as Monroe expected, investors did not react favorably to Globalstar's CEO selling tens of millions of dollars' worth of stock into the market. On the morning following the announcement, Globalstar's stock dropped by 11% (as compared to the prior day's open).[20]

123. In the Amended Schedule 13-D filed in connection with the stock sale, Monroe represented that "Thermo does not have any plans or proposals which related to or would result in . . . [a]n extraordinary corporation transaction, such as

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[19] At the time of this share sale, Monroe informed the Plaintiffs that his reason for selling Globalstar shares was that he was selling high-basis shares in order to effectuate a large tax loss in order to offset an enormous income windfall that he had received by virtue of the Level 3-CenturyLink merger. Monroe indicated that a prior tax-planning strategy that he had previously employed, whereby he transferred shares to an affiliated entity controlled by his Thermo partner and Globalstar board member, Jim Lynch, in order to "create losses," was no longer viable and that, as a result, it was necessary to sell these 38 million shares into the open market to create a loss and offset a substanital tax bill. The fact is that Monroe was incentivized to have a lower share price for Globalstar prior to the Combination Transaction.

[20] *See* FN 5 – Monroe did not care about the market's reaction and had no intention of doing anything other than this share sale.

a merger, reorganization or liquidation, involving [Globalstar] or any of its subsidiaries." This representation was patently false. Monroe has since admitted to investors – and the materials received by the Plaintiffs following the 220 Judgment show – that he had been planning to execute the Combination Transaction since early 2017.

124. Thus, **Monroe sold shares while in possession of material, non-public information** concerning the value-destructive related party merger he had already proposed between Globalstar and Thermo. Monroe knew that the Company intended to finance the purchase of Thermo using the Company's deflated stock. The manner of his disclosure also pushed down the stock price, thus improving the financial terms of the deal for himself.

J. With Globalstar's Stock Price at Near Five-Year Lows, Monroe Immediately Resets the Approval Process for the Combination Transaction

125. On December 15, 2017—**three days** after filing the SEC Schedule13-D in which he represented that Thermo did not have any plans or proposals to merge with Globalstar—Monroe sent the Board of Directors a detailed memorandum, captioned "Combination Rationale." The "Combination Rationale" memorandum, prepared by Monroe, Taylor, and Pickens, laid out the purported "rationale" for a materially similar merger that was previously under consideration by the Special

Committee in 2017. It is self-evident that Monroe and his management team were discussing and preparing this memo before and anticipating his December stock sale.

126. [redacted]

127. [redacted]

128. After sending the Board of Directors his "Combination Rationale," Monroe called a special meeting of the board of directors for January 12, 2018. All

directors, including the purportedly "independent directors" were present at this special meeting. Taylor was also present.

129. Monroe explained that the primary purpose of the special meeting was to "discuss, and determine to the extent possible, the sentiment of the Board concerning possible future reorganization" (i.e., the proposed combination contained in Monroe's December 15, 2017 memorandum). At the meeting, Monroe explained that he was "prepared to pursue the objectives of reorganization along lines substantially as described in [his December 15] memorandum."

130. Although the Board acknowledged that the reorganization under discussion could not be pursued effectively "without encountering the need to distinguish between possible conflicting interests of the Company and its public stockholders, on one hand, and Thermo, its controlling stockholder, on the other hand," the Board then engaged in a "vigorous, broadly ranging discussion" of the proposed reorganization.

131. Through that purportedly "vigorous" and "broadly ranging discussion," "***all*** questions raised by the Directors concerning the reorganization were addressed and ***resolved***." (Emphasis added). After all the Directors' questions concerning the reorganization were "resolved," "a consensus emerged that ***the Board should***, with appropriate recognition of and attention to potentially diverging minority and majority stockholder interests, ***proceed promptly to initiate reorganization of the***

Company." (Emphasis added). The Board then determined that a special committee should be constituted "to act to the full extent required on behalf of the Company and its minority stockholders."

132. Put in plain terms, having blocked all avenues to gaining outside financing or buyouts that would maximize share value (lest he lose control of the Company), Monroe publicly sold shares in a way that predictably tanked the stock price just days before he re-initiated talks about the Combination Transaction. When he formally told the Special Committee that he wanted his deal to go through, they acknowledged that the inherent conflicts in the deal required a *bona fide* governance mechanism and process, but nevertheless proceeded to address and resolve all questions concerning the Combination Transaction. Everything that followed was a "check-the-box" exercise to create the false patina of corporate governance.

133. As shown by the 220 Production, and as alleged herein, those boxes were barely checked, and the Special Committee's sham efforts do not withstand the slightest bit of scrutiny. Importantly, according to the 220 Documents, as of November 1, 2017, [redacted] remained in the Third-Party Process, and [redacted]

The Board moved forward with the Combination Transaction without ever asking about, much less assessing other potential investor or partnership opportunities.

134. On January 31, 2018, Nokia issued the results of its study that "proved the versatility of Globalstar's spectrum, showing that operators with a small cell network could benefit from Globalstar's clean spectrum, while those without small cell networks could benefit from its huge capacity." Nokia's study showed that "Globalstar's spectrum outperformed outdoor small cell deployments by 20%, while requiring 33% less infrastructure."

135. There is no documentary evidence showing the Board discussed the potential ways to monetize and maximize Globalstar's spectrum. This is so despite the Nokia study detailing six ways to do so, including (1) "Lease the spectrum to incumbent operators," (2) "Dedicated in-building small cell spectrum," (3) "Use the spectrum as a satellite service enhancement," (4) "Lease spectrum for private LTE to non-carriers," (5) "Directly provide private services to enterprises," and (6) "Mass market product enablement licensing."

136. These six ways to monetize Globalstar's spectrum were not theoretical. As alleged above, many interested parties awaited the issuance of the Nokia study, and therefore the conclusions should have drawn greater interest from third parties. Even Nokia publicly noted that "No matter what Globalstar decides to do, Nokia will be there to partner with them – in the U.S. and around the world."

137. As detailed below, rather than contact interested third parties, the Board displayed blind trust in Monroe, pursuing the Combination Transaction without any

attempt to determine interest from third parties following the issuance of the Nokia study. There is a reasonable inference that the Board understood it was their job to approve the Combination Transaction as a precursor to Monroe locking in a value-maximizing transaction with a third party.

K. The Special Committee is Re-Constituted Following the Board's Consensus to Initiate the Reorganization

138. Following the January 12, 2018 special meeting, the Board reestablished the Special Committee on January 19, 2018. The Special Committee was comprised of Hasler, McIntyre, Kneuer, and Young—each of whom attended the January 12, 2018 meeting at which they expressed their support to "proceed promptly to initiate" the Combination Transaction.

139. The Special Committee's narrow mandate was to "(i) consider and evaluate any Thermo Related Reorganization Transaction, (ii) participate in and direct the negotiation of the terms and conditions of any Thermo Related Reorganization Transaction, and (iii) approve or disapprove any Thermo Related Reorganization Transaction." **The Special Committee's mandate did not extend to considering alternative transactions.** The Special Committee was limited to considering Monroe's proposal to the exclusion of any other potential transaction—after having already apparently blessed the Combination Transaction at the January 12, 2018 meeting. And even though this Committee had already shown they would

never act to cross Monroe, they did not have the power to pursue either alternatives or defensive measures to counteract Monroe's self-interested disloyalty.

140. Five days after reestablishing the Special Committee, Monroe sent a draft letter of intent to the Special Committee ("2018 Draft Letter of Intent") outlining the transaction with a proposed price of [redacted] As set forth in the table below, the 2018 Draft Letter of Intent is roughly economically equivalent to the 2017 Letter of Intent rejected by the Special Committee in July 2017, except that it actually implies a higher price for FiberLight than the 2017 LOI.

[redacted]

141. Reflecting Monroe's efforts to override basic governance rules in order to satiate his personal objectives, the 2018 Draft Letter of Intent proposed (i) a breakup fee to be paid to Thermo if the Combination Transaction was not consummated for any reason, and (ii) that the Combination Transaction need only a majority vote to approve the transaction (*i.e.*, Thermo, as the controlling stockholder, would have the power to impose the Combination Transaction on the minority).

142. Following receipt of the 2018 Draft Letter of Intent, the Special Committee interviewed potential financial advisors. As noted above, Allen and

Centerview had previously served as the Special Committee's advisors—[redacted] Knowing that any litigation discovery of the records of Centerview and Allen would make it impossible to justify Monroe's 2018 proposal, the Special Committee did not make any effort to reengage those advisors. Instead, the Special Committee interviewed other candidates, including Houlihan Lokey and Moelis, who would come to the transaction with no prior knowledge of Monroe's machinations or FiberLight's fundamental flaws.

143. According to one of the co-heads of Houlihan Lokey's Technology Media Telecom Group, who interviewed with the Special Committee to serve as a financial advisor, it was self-evident that the Special Committee was not looking for a *bona fide* fairness opinion and related advisory services. Instead, the Special Committee was looking for an advisor to simply "rubber-stamp" the Combination Transaction no matter how unfair or one-sided the terms.

144. On February 11, 2018, the Special Committee selected Moelis as the financial advisor (passing a resolution formally retaining Moelis on February 17,

2018).[21] Along with Moelis's informal engagement, the Special Committee met to "consider" the 2018 Draft Letter of Intent. At the meeting, McIntyre updated the rest of the Special Committee on a conversation he had with Monroe in which Monroe, again, advised that Thermo would not enter into any transaction that was subject to a majority-of-the-minority provision. Once again, the sole "argument" against such a provision was the supposed "significant ownership of the Corporation's common stock by holders with a 'short' position."

145. This time, unlike in 2017 when the Special Committee was unpersuaded by Monroe's illogical "short-seller" theory and demanded inclusion of a majority-of-the-minority provision, the Special Committee readily capitulated. There is no indication that the Special Committee consulted with Moelis in making this decision. Further, the Special Committee did not explain why it was willing to drop the provision and did not provide any analysis supporting the purported concern that short sellers held a big enough stake of Globalstar's common stock to block a majority-of-the-minority vote. Moreover, there was no consideration of the reality

[21] Monroe had previously recommended that the Special Committee hire Moelis as a financial advisor during the 2017 process. In an email dated April 16, 2017, Monroe informed Young that both Tim Taylor and himself were interested in having the Special Committee hire one of two firms: Moelis or Rothschild. The Special Committee declined to follow Monroe's instructions in 2017 but did so in 2018. Further, Monroe's email to Stan Holtz on April 22, 2017, *infra* ¶83, and his friendly and secretive dialogue with him at the time, raises additional questions about Moelis's independence.

that announcement of the Combination Transaction would predictably cause Globalstar stock to decline, thus helping short sellers while hurting long investors.

146. As the Special Committee must have known, in a typical short sale, an investor borrows shares but does not have the right to vote such shares. If Monroe suggested otherwise, he purposely misled the Board. Further, the top ten non-Thermo affiliated stockholders alone owned a "majority-of-the-minority" of Globalstar's common stock, and therefore it is highly unlikely short sellers could have amassed the position necessary to block the transaction even if they acquired the voting rights that Monroe purported them to have.

L. The Formal Thermo Offer and the Special Committee's "Negotiation"

147. On February 15, 2018, Monroe presented a formal offer to the Special Committee that was materially identical to the 2018 Draft Letter of Intent. As with the 2018 Draft Letter of Intent, the proposed deal price was [redacted]

148. Only two days later, without any substantive analysis from Moelis (which had been on the job for all of six days), the Special Committee determined that they would request a [redacted] This counter

offer was informed almost entirely by assumptions provided by Thermo and FiberLight management as to transaction value.

149. Under the terms of the Combination Transaction, between two and three ***billion*** shares of Globalstar stock, worth $1.645 billion, would have been newly issued to Thermo. As a result, Thermo's stake in Globalstar would have increased from 53% to between 83% and 87%, and the minority stockholder's stake would have been severely diluted from 47% to between 13% and 17%.

150. Importantly, the Special Committee now felt comfortable acquiring FiberLight (and other assets) in a stock transaction, despite the value of Globalstar's stock plummeting since the prior process and the red flags that FiberLight was tainted by fraudulent conduct remaining in plain sight and unanswered.

151. It is inexplicable, and itself a sign of their own bad faith and disloyalty, that the Special Committee did not even assess the fair value of Globalstar stock. Rather, it blindly accepted the market price, despite the stock falling from over $2 to less than $1 since the 2017 process and despite Monroe's earlier public commentary regarding Globalstar's stock being worth more than $6 per share.

152. As with the prior proposals, the largest asset acquired was FiberLight, which had an implied value in the Combination Transaction of nearly $1.3 billion. As mentioned above, the Special Committee does not appear to have engaged in an independent valuation of FiberLight. Instead, the Special Committee relied on

Thermo's and FiberLight management's own valuation. Notably missing from the Special Committee's consideration were the results of the prior FiberLight sales process, which would have provided insight into what true arm's length purchasers were willing to pay for FiberLight. The Special Committee itself had previously indicated this information was critical to properly evaluate FiberLight's value.

153. On February 20, 2018, the Special Committee formally countered Monroe's offer with a $1.645 billion deal price. On that same day—after the Special Committee met Monroe 96.7% of the way on his asking price—Monroe decided to reward the Special committee with the issuance of new Globalstar shares.

154. Specifically, at the February 20, 2018 board meeting, Monroe "proposed that each member of the Special committee receive, on March 1, 2018, for service commencing January 22, 2018 . . . seventy-five thousand (**75,000**) shares of Globalstar, Inc. restricted common stock vesting on December 31, 2018." In addition, "Monroe then proposed that each current member of the Board of Directors receive, for service on the Board . . . an award of **150,000** shares of Globalstar, Inc. restricted common stock vesting in three annual installments of 50,000 shares each on February 28, 2019, February 28, 2020, and February 28, 2021." In total, Monroe, awarded the Special Committee members 225,000 shares on the very day that they proposed a $1.645 billion purchase price—a price Monroe would accept only 3 days later.

155. As alleged herein, Monroe and the Board consistently indicated and represented that the fundamental value of the Globalstar's stock far exceeded current trading prices. Based on Monroe's statement that he believed the stock was worth $6.60 per share, and internal documents supporting those public statements, he awarded each Special Committee member nearly $1.5 million worth of shares on the same day as they made their counteroffer.

156. As discussed above, however, under the structure of Globalstar's charter, Monroe held (and currently holds) the unilateral ability to terminate any directors from service, thus cancelling any unvested equity grants. Thus, Monroe bribed them as a reward for their willingness to elevate their loyalty to him ahead of their fiduciary duties to the minority investors, and they continue to be beholden to him by virtue of his ability to take back the bribe at will.

157. On February 22, 2018, Monroe accepted the Special Committee's counter offer and signed the letter agreement.

158. In total, the negotiation on price from Monroe's formal offer, on February 15, 2018, lasted seven days. Having refused a [redacted] transaction in July 2017, the Special Committee agreed—within days of Monroe's formal offer in 2018—to accept a transaction that was largely identical to the July 2017 proposal in economic terms.

159. In an ironic inconsistency, after insisting throughout 2017 that a majority-of-minority provision was non-negotiable, the Special Committee did not bother to negotiate for such a provision when presented with the 2018 Draft Letter of Intent. And while the Special Committee in 2017 made the rather obvious assertion that a break-up fee was inappropriate, in 2018 the Special Committee conceded without opposition the inclusion of a $25 million break-up provision.

160. The result of these unjustified concessions: the Special Committee agreed for Globalstar to acquire vastly overpriced assets with vastly undervalued Globalstar stock and took away the minority stockholder's ability to meaningfully vote on the deal.

M. The Special Committee Disloyally Ignores Serious Issues at FiberLight that are Revealed Before the Merger Agreement is Authorized

161. Following Monroe and the Special Committee's agreement on price but before the Special Committee formerly approved of the Merger Agreement, the Special Committee discovered multiple issues at FiberLight that should have caused the Special Committee to seriously question FiberLight's purported value.

162. On March 19, 2018, Hasler informed the Special Committee that "FiberLight's 2016 audited financial statements have been restated after a material weakness with respect to revenue recognition had been identified and that the 2017

audit was taking longer than expected as FiberLight's auditor [redacted]

163. Notably, the value of FiberLight was calculated as a multiple of FiberLight's 2017 unaudited EBITDA. Thus, [redacted]

164. Despite these [redacted] the Special Committee "agreed that it should continue to proceed with the negotiation of the Merger Agreement," but noted that "changes to the Merger Agreement or the transaction value may be required based on the results of the audit."

165. On March 30, 2018, the Special Committee learned that there were "allegations from a former FiberLight employee surrounding two transactions entered into by FiberLight in 2015 and 2016." Little color was provided in the minutes regarding the allegations, but the Special Committee purportedly "discussed the impact that such allegations may have on the audit of FiberLight's 2015, 2016, and 2017 financial statements by [Globalstar's] auditor." Again, the Special Committee's valuation of FiberLight was based on a multiple of FiberLight's 2017 EBITDA and projections provided by FiberLight's management. The Special

Committee instructed their counsel, Goodwin Proctor, to investigate the allegations and prepare a report of its findings prior to the entry into a definitive Merger Agreement with Thermo.

166. On April 5, 2018, Special Committee members McIntrye and Hasler discussed conversations they both had individually with Monroe regarding the investigation into FiberLight. The Special Committee members re-confirmed that Goodwin Proctor needed to complete its investigation prior to the execution of a definitive Merger Agreement.

167. On April 12, 2018, as part of the Special Committee's review into the whistleblower allegations, the Special Committee members "reviewed the records of the 2015 transaction that [redacted]

168. On April 17, 2018, Monroe emailed the Special Committee noting that the independent auditors work "has been dragging on." Monroe requested Hasler "bring up with Crowe [Globalstar's auditor] in [his] call this afternoon that we need to sign everything Friday so we can announce early next week. That means they need to be done Thursday…"

169. On April 18, 2018, Hasler informed the Special Committee that [redacted] Hasler also informed the Special Committee that FiberLight's own independent auditor could not issue its final opinion on FiberLight's 2017 audit until it received additional documentation from FiberLight. The Special Committee then discussed "the risks of proceeding to enter into a definitive Merger Agreement prior to [FiberLight's auditor] issuing its final 2017 audit opinion."

170. On April 20, 2018, heeding Monroe's demand to end the audit by the end of the week, the Special Committee gave up on any chance that Globalstar's auditor would audit FiberLight's financials prior to the signing of the definitive Merger Agreement. Instead, Hasler "reviewed the work *to be done* by the Corporation's independent auditors . . . to complete the audit of FiberLight's 2015, 2016, and 2017 financial statements for inclusion in the Proxy Statement/Prospectus for a potential transaction."

N. Mudrick Capital Offers Alternative Financing as the Special Committee Is Learning Of Potential Issues At FiberLight

171. Before the Combination Transaction received final approval and while the Special Committee was learning more details about the [redacted] FiberLight, on April 11, 2018, Mudrick Capital sent a letter to the Board in which it offered to lend Globalstar $150 million in a non-

convertible financing instrument that would have enabled Globalstar to access liquidity through at least the end of 2019 without undertaking additional secondary offerings or diluting the ownership stake of minority stockholders.

172. The market plainly considered this to be an attractive offer: after months of precipitous decline, Globalstar's share price immediately went up from ~$0.55 to ~$0.71. Mudrick Capital indicated that it was prepared to move quickly and welcomed the opportunity for other stockholders, including the Thermo Companies, to participate in the financing arrangement.[22]

173. Moelis instructed the Special Committee to reach out to Mudrick Capital to discuss its proposal. But neither the Company, the Board, the Special Committee, nor Moelis ever responded to Mudrick Capital on its proposal. Moelis Managing Director Lawrence Chu admitted to being "surprised" that the Special Committee had failed to respond to Mudrick Capital regarding its $150 million financing alternative.

174. In reality, the Combination Transaction was not driven by liquidity concerns. Monroe had no interest in alternative financing.

175. As Monroe candidly acknowledged in an internal document, if the Combination Transaction was really motivated by "solving the liquidity issue,"

[22] *See* Globalstar, Inc., Schedule 13D, Ex. 99.2 (Apr. 11, 2018).

Thermo would "probably only put in the cash and CTL" stock. But doing a cash and CTL stock deal would not give Monroe what he really wanted – to unload an overvalued FiberLight onto minority stockholders while increasing his equity ownership of the immensely valuable, yet still undervalued, Globalstar in the process.

176. Rather than give Mudrick Capital's financing proposal serious consideration, the Special Committee approved the Combination Transaction on April 24, 2018.

O. The Special Committee Had No Justifiable Reason to Rely on Moelis's Flawed Fairness Opinion

177. In assessing the fairness of the Combination Transaction, Moelis presented a fairness opinion to the Special Committee. Any director with the most basic understanding of fairness and finance would see that the Moelis fairness opinion suffered from obvious flaws.

178. As discussed above, the Special Committee authorized Allen and Centerview to request information regarding the bids submitted by third-parties during FiberLight's previous 2016 sales process. Despite public reports valuing FiberLight at $350 to $450 million in 2016, there is no indication that the Special Committee ever received or discussed the results of the 2016 sales process.

179. When Moelis reviewed and analyzed FiberLight's valuation in 2018, the Special Committee did not renew its request for this information. It is

inexcusable that independent directors acting in good faith would fail to inform a financial advisor about contemporaneous valuation information from other third-parties acting in an arm's-length transaction.

180. Further, Moelis assessed the fairness of using Globalstar stock by conducting a precedent transaction analysis. Although the Special Committee members had previously been told about the recent surge in spectrum values (including Straight Path's recent historic auction and the AWS-3 auction), they did not raise any concerns when Moelis utilized precedent transaction from 2012 and 2013, which severely undervalued Globalstar's spectrum. In short, the Special Committee knew the stock consideration was deeply undervalued and said nothing while Moelis assisted in papering the record.

P. The Market Reacts to The Merger Agreement

181. On April 24, 2018, Globalstar entered into the Merger Agreement.

182. The Combination Transaction was publicly announced on April 24, 2018, prior to the opening of the markets. The market reacted swiftly and harshly to the announcement of the Combination Transaction. Globalstar's stock fell nearly 11% from a prior close of $0.73 per share to $0.65 per share. **Over the next month, as the market fully digested the transaction and the futility of looking to any Board members as a cushion to Monroe's overreaching, Globalstar's stock fell to $0.55 per share, for a one-month decline of nearly 25%.**

183. Independent market analysts took a similarly negative view of the transaction. For example, third-party research firm Cowen concluded that the agreed to purchase price would have constituted a massive overpayment, as the Company appeared to agree to pay $1.2 billion for FiberLight's equity value when Cowen's analysis indicates that FiberLight's equity was worth approximately $336 million.[23] Cowen described the Combination Transaction as "value destroying."

Q. Plaintiff Mudrick Capital's Efforts to Block the Unfair Deal are Successful, But Harm Remains Uncured

184. Plaintiff Mudrick Capital, recognizing the significant damage that the Combination Transaction would cause for the Company and the minority stockholders, made a demand to investigate certain books and records of the Company to investigate potential breaches of fiduciary duties. After the Company refused to provide the relevant books and records, Plaintiff Mudrick Capital initiated the Section 220 Action. Plaintiffs also prepared to file a suit seeking to halt the Combination Transaction, and in that regard: (a) hired contingent fee counsel, who entered an appearance in the Section 220 action before the Defendants abandoned the Combination Transaction, in order to negotiate the scope of the Order granting relief in that action; (b) conducted additional investigation and legal work to protect

[23] Cowen Credit Research (April 26, 2018) (ascribing to FiberLight a valuation of $536 million minus $200 million in debt, equaling $336 million).

the Company's best interests; and (c) prepared an extensive complaint seeking to halt the Combination Transaction, which was ready to be filed immediately following receipt of the documents Ordered by the Court in the Section 220 Action.

185. Following a trial in the Section 220 Action, on July 30, 2018, the Court of Chancery issued an order granting Mudrick Capital's demand for documents. Letting Monroe know that he would soon be facing an onslaught of injunction related litigation, the law firms of Richards Layton & Finger, Bernstein Litowitz Berger & Grossmann and Quinn Emanuel entered notices of appearance that evening.

186. Not even two full days later, Globalstar terminated the Merger Agreement. While the cancellation of the Merger Agreement itself represents a rare victory for minority stockholders over Monroe's disloyal efforts, the Company and its minority investor remain tremendously damaged from the harm Monroe inflicted by announcing the CombinationTransaction and by running an artificial third-party process that was never designed to achieve the outcome that the minority shareholders were led to believe.

187. As discussed above, Monroe bribed the Board generally and the Special Committee in particular with equity grants worth about $1.5 million each based on Monroe's own Globalstar valuation. Those shares remain unvested and remain as a carrot to ensure each Board member's loyalty is to Monroe alone. Of course,

Monroe's ability to terminate each director and deny them the future value of those shares is all the stick he needs to keep them beholden to him. Plaintiffs bring this case, so those shares can be cancelled by the Court.

188. In addition, Globalstar paid millions of dollars to Allen, Centerview and Moelis for financial advisory work that is a fiction at best. Monroe used fees to these bankers to put lipstick on the pig that was the Combination Transaction. Monroe also used other advisors, like auditors and lawyers, as pawns in a scheme that never had any chance of reaching an outcome besides the Combination Transaction. Globalstar should not bear the cost of those false outside advisor retentions. Plaintiffs bring this case to recover those fees from Monroe himself as well as the other Defendants.

189. Further, Monroe sold shares in December 2017, right after touting the value of Globalstar stock and before news of his predatory transaction hit the market and caused the stock to drop. Accordingly, Monroe used material non-public information to avoid losses he would have suffered on his Globalstar investments absent those sales. Plaintiffs bring this suit to hold Monroe liable to disgorgement of those profits to Globalstar.

190. Relatedly, his stock sales were part of his broader scheme to devalue Globalstar's equity in order to gain the greatest personal benefit when the Board approved using that equity as currency to affect the Combination Transaction. While

the Combination Transaction was abandoned, the stock price is currently trading near $0.50 per share. In other words, the first part of Monroe's scheme – devaluing Globalstar in the marketplace – was a huge success and remains as damage owed to Globalstar and its minority investors. Plaintiffs bring this suit to hold Monroe and the other Defendants liable in damages for the "success" of the first part of Monroe's scheme, even though he failed to affect the second part of his scheme (*i.e.*, closing the Combination Transaction).

191. As also discussed above, Monroe had previously terminated the Third-Party Process, despite several parties continuing to express interest in Globalstar, in order to force the Company to pursue the conflicted Thermo transaction. Plaintiffs seek to hold Monroe and the other Defendants liable for derailing, in bad faith, the Third-Party Process.

R. The Company Trades at a Massive Discount Because of the Expectation of Monroe's Next Wave of Grossly Disloyal Acts

192. Monroe stated after announcing the cancellation of the Combination Transaction that the Company would consider a strategic transaction if it arose.

193. However, the Third-Party Process documents clearly show that numerous third parties were in the process of evaluating a potential investment and/or partnership with Globalstar when Monroe shut down the process because he had no intention of giving up his complete control of the Company. Without

intervention, history will repeat itself, and Monroe will sabotage any prospect of a successful Third-Party Process.

194. Indeed, based on information and belief, Monroe and his controlled Board are continuing to look for another transaction to permit Monroe to consolidate and expand his control over the Company.

195. On September 4, 2018, however, the Company announced a change in management structure. Mr. Kagan was promoted to the position of CEO and Monroe continued as Executive Chairman of the Board. This shift emphasizes the enormous (and self-interested) control that Monroe maintains over the spectrum assets. Indeed, in the press release describing the change in management structure, Monroe explained that the reason for the shift is to allow him to "focus on both spectrum monetization opportunities and other strategic financing initiatives."

196. The Board, despite being aware of Monroe's earlier actions to eviscerate any opportunity for the Company to engage in a fair deal, refuses to hold Monroe accountable and chooses instead to further empower him to take control of the Company's future, despite his disloyal acts. Thus, there is reason to believe that Monroe's continued, unfettered control over the strategic alternative process will result in another failed third-party process, requiring instead a conflicted and unfair transaction.

197. Although the Combination Transaction has been terminated, nothing has truly changed at Globalstar. The minority shareholders continue to have no standard minority protections (board representation and/or majority-of-the-minority voting) and no ability to check the actions of Monroe and this sham Board of Directors.

198. The same circumstances that led to Monroe's ability to nearly execute such a self-enriching transaction at the expense of all other public shareholders remains. Investors will continue to avoid Globalstar stock, no matter how attractive the Company's assets, simply because the curtain has now been partially pulled back and the market can now see for itself what an unconstrained Monroe has been up to.

199. Plaintiffs not only seek recovery for the ongoing uncured harm flowing from the cancelled Combination Transaction, but also seek to ensure that Monroe and his captive Board be removed and replaced in order to allow for someone else who will act in the best interests of the Company and **all of its shareholders**. Voting rights are illusory at this Company. Plaintiffs should not be forced to capitulate in their belief that a Globalstar led by faithful fiduciaries would be worth multiples of its current share price. Thus, Plaintiffs and all Globalstar minority investors are left with only one source of protection of their investments – this Court.

DERIVATIVE AND DEMAND FUTILITY ALLEGATIONS

200. In addition to and parallel with their direct claims against the Director Defendants, Plaintiffs bring this action derivatively in the right and for the benefit of Globalstar, which is named as a defendant solely in a nominal capacity, except for Count VII.

201. Plaintiffs were stockholders of Globalstar at the time of the wrongdoing complained of, have continuously been stockholders since that time, and are current Globalstar stockholders.

202. Plaintiffs will adequately and fairly represent the interests of Globalstar in enforcing and prosecuting their rights, and Plaintiffs have retained counsel experienced in litigating this type of derivative action.

203. The current Board consists of seven individuals: Defendants Monroe, Lynch, Roberts, Hasler, Kneuer, McIntyre, and Young.

204. Plaintiffs have not made any demand on the Board to institute this action because such a demand would be a futile, wasteful, and useless act.

205. The facts alleged in the Complaint demonstrate that, at a minimum, reasonable doubt exists as to whether a majority of the Board is disinterested and independent with respect to a demand.

206. As detailed herein and summarized below, demand is excused for three categories of reasons: (a) a majority of the Board accepted a bribe from Monroe to

approve conduct they had previously resisted, showing that they both are beholden to Monroe and improperly elevated their own and Monroe's personal interests ahead of the public stockholders' interests; (b) the process through which a majority of the Board approved the Merger Agreement demonstrates breaches of duty that expose them to a substantial likelihood of liability for acting in bad faith; and (c) a majority of the Board has sufficient connections and relationships with Monroe to disqualify them from considering a demand to sue Monroe.

A. A Majority of the Board Accepted A $1.48 Million Bribe To Consummate the Combination Transaction.

207. Monroe bribed the Special Committee with millions of dollars of discretionary grants of restricted shares of Globalstar stock ***in the middle of the negotiations over the Merger Agreement***. This highly unusual compensation arrangement compromised and continues to compromise the Special Committee Defendants (a majority of the Board), rendering them incapable of objectively assessing a demand.

208. As Globalstar's Chairman of the Board and majority stockholder, Monroe "controls the election of all directors."[24] Monroe also chairs the Company's

[24] Globalstar, Inc. Schedule 14A Definitive Proxy Statement, at 13 (Apr. 5, 2018).

Compensation Committee, where he has unique control over the Board's compensation.

209. At the Board meeting on February 20, 2018, Monroe, in his sole discretion, proposed that each director be granted 150,000 restricted shares of Globalstar stock and each supposedly "independent" member of the Special Committee an additional 75,000 shares of restricted stock.

210. Monroe offered, and the Board approved, this unusual compensation arrangement ***on the very same day*** the Special Committee made the counteroffer Monroe accepted.

211. Monroe offered to deliver the Special Committee members their shares on March 1, 2018. These unprecedented equity issuances were structured so that 75,000 shares would vest on December 31, 2018, and the other 150,000 will vest in equal tranches at the end of February 2019, 2020, and 2021.

212. As Monroe stated on the January 6, 2017 investor call, he believed that considering the late 2016 FCC grant of Globalstar's spectrum license applications, the Company's true equity value was $8.7 billion, or ***$6.60 per share***. At that value, Monroe granted the Special Committee members ***$1.48 million each*** amid their supposedly independent and impartial evaluation of an inherently conflicted transaction. By approving and accepting the equity grants during the transaction

negotiation process, all members of the Board breached their duty of loyalty and face a substantial likelihood of liability.

213. Monroe's discretionary grant of equity to the Special Committee members was highly atypical, both in terms of size and timing. The compensation was not set in advance of the Committee's work. The compensation was not a flat-fee stipend for the directors' work. Rather, the compensation was a clear bribe—awarded ***on the same day*** the Special Committee made its one and only counteroffer.

214. To be sure, the Company had never once issued shares to any directors in March of a given year. Further, the grant of ***restricted stock*** was itself uncharacteristic, since the Company historically issued options to directors, and had never issued a grant of this size or character.

215. The grants that Monroe issued, and the Board approved, are material to the Special Committee Defendants. For each director, the grant represents a material portion of the number of shares that that director holds.

- Prior to the grant, Director Defendant Hasler held ***10,000 shares***. After the issuance of the grant, he held ***235,000 shares***.
- Prior to the grant, Director Defendant Young held ***0 shares***. After the issuance of the grant, he held ***225,000 shares***.
- Prior to the grant, Director Defendant McIntyre held ***97,983 shares***. After the issuance of the grant, he held ***322,983 shares***.
- Prior to the grant, Director Defendant Kneuer held ***85,500 shares***. After the issuance of the grant, he held ***305,500 shares***.

216. Making Monroe's bribe (and the Special Committee's acceptance of the bribe) all the more disabling is the fact that Monroe retains the ability, ***in his complete discretion***, to cancel the equity grants at any time prior to vesting.

217. Specifically, under the 2006 Equity Compensation Plan, pursuant to which the foregoing restricted stock grants occurred, termination of service prior to vesting forfeits any unvested portion of an equity grant. Section 9.5 of that plan states that "[u]nless otherwise provided by the Committee and set forth in the Award Agreement evidencing a Restricted Stock Unit Award, if a Participant's Service terminates for any reason, whether voluntary or involuntary (including the Participant's death or Disability), then the Participant shall forfeit to the Company any Restricted Stock Units pursuant to the Award which remain subject to Vesting Conditions as of the date of the Participant's termination of Service."

218. Under the Company's Certificate of Incorporation, Thermo can remove directors at any time, with or without cause. The first paragraph of the Seventh article states that "[i]f Thermo owns beneficially a majority in voting power of the outstanding shares of capital stock of the Corporation entitled to vote in the election of the directors, directors may be removed with or without cause." Notably, under the second paragraph of the same article, Thermo may do so "without a meeting, without prior notice and without a vote."

219. In sum, because Thermo, which Monroe controls, can remove any of the Special Committee members from the Board at any time and for any reason, they are incapable of assessing a demand (even if their conduct did not expose them to personal liability, which it does) because each Special Committee members faces the very real risk that Monroe would take back the bribe he paid them in the first place as punishment for any action on such a demand.

220. Further, while the Combination Transaction has been terminated, these restricted stock grants have not been terminated. This is further evidence that Monroe is maintaining his debilitating influence over the Board and preparing for an additional transaction, which he needs a compliant Board and Special Committee to approve.

B. A Majority of the Board Breached Their Fiduciary Duty of Loyalty by Elevating Monroe's Interests Ahead of That of the Public Stockholders

221. In approving the Combination Transaction and completely tendering control over the Third-Party Process to Monroe, the Special Committee acted with complete deference to Monroe, which evidences his domination over the Special Committee members (who make up a majority of the Board). Their conduct also evidences their own liability for disloyalty and waste, exposing them to a substantial likelihood of personal liability.

222. As an initial matter, the Special Committee cancelled the Combination Transaction after Vice Chancellor Tamika Montgomery-Reeves's 220 Memorandum Opinion following trial. By being forced to cancel the Combination Transaction, the Special Committee has conceded the impropriety of the Combination Transaction creating a reasonable doubt that the Special Committee is capable of objectively assessing a demand for breaches of fiduciary duty relating to the Combination Transaction. The following particularized facts support a finding of demand futility against the Special Committee members:

223. ***First***, in the 220 Memorandum Opinion following the Section 220 trial, the Court summarized the inherently troubling circumstances surrounding the Special Committee's negotiations and acceptance of the Merger Agreement. The pertinent facts the Court found in support of a reasonable basis to suspect wrongdoing (from pages 21-24 of the 220 Memorandum Opinion) are quoted below:

a) Monroe owns a majority of Thermo stock;

b) Globalstar is paying $1.645 billion for the Combination Transaction assets that are controlled by Monroe with no explanation for that valuation; in particular, the Company valued FiberLight at $1.245 billion, although it is likely worth $300-500 million;

c) The Special Committee valued FiberLight at $1.245 billion, but all the information concerning FiberLight appears to have come from Monroe;

d) Neither the Special Committee nor Moelis appear to have included in their analysis the failed attempt to sell FiberLight in 2016 for less than $500 million;

e) There are unresolved accounting and governance concerns surrounding FiberLight, which are cited in the Special Committee minutes as issues that may affect FiberLight's value;

f) The Special Committee was negotiating for much of the time without an outside financial advisor;

g) The Special Committee initially retained conflicted advisors (Allen & Co. and Centerview Partners) to advise on the Combination Transaction, while those advisors were also representing the Company in a possible sale of Globalstar;

h) Moelis in its fairness opinion disclaimed having performed "any independent evaluation or appraisal of any of the assets included" in the Combination Transaction;

i) The Special Committee's negotiations were very brief, and the limited information provided in the Board and Special Committee minutes regarding the negotiations contradicts the April 24, 2018 Moelis presentation.

224. ***Second***, this Court identified several documents strongly supporting Mr. Mudrick's testimony, and which raise troubling facts:

a) Special Committee minutes state that "[t]he members of the Committee asked numerous questions regarding . . . the potential conflicts of interest and a discussion ensued" but give no information regarding these "potential conflicts of interest";

b) Special Committee minutes state that the members of the Special Committee requested an evaluation of each member's independence and, after the evaluation, a report of the results, but no subsequent minutes reference any such report;

c) Special Committee minutes state that each member of the Special Committee had conversations with Monroe about the Combination Transaction even though the members had agreed that "independent conversations with Mr. Monroe on the terms of the contemplated [Combination Transaction] should be avoided to the extent possible";

d) The Special Committee's counsel advised the Special Committee that "it is appropriate to discuss further a minority shareholder vote requirement given the related party nature" of the Combination Transaction, and the Special Committee wanted a majority-of-the-minority provision;

e) Thermo's counsel advised the Special Committee against requesting a majority-of-the-minority provision in the Combination Transaction;

f) Special Committee minutes state that FiberLight's accounting issues may "result in a material change that would necessitate revisiting the transaction value"; but no subsequent minutes address these issues, and the value does not appear to change.

225. Moreover, the Section 220 Production sheds light on the process that further undermine any suggestion that the Special Committee members can act independently of Monroe.

226. ***First***, on May 2, 2017, the Board approved the Special Committee's resolution authorizing them to assess (1) any incoming[25] third-party offers to purchase Globalstar, and (2) a potential merger with Thermo. The May 2, 2017 Resolution also authorized the Special Committee to implement defensive measures to protect against Monroe's overreach.

227. On May 29, 2017, the Board revoked the May 2 Resolution and narrowed the Special Committee's authority to ***solely*** reviewing and assessing a

[25] To be sure, the original grant of authority was itself limited because it did not allow any solicitation by the Committee, and simply reads like a "fiduciary out" to operate if an unsolicited bid emerges. But this point is mooted by the May 29 narrowing of the grant of authority.

potential transaction with Thermo and stripped the Special Committee of the power to implement defensive measures against Monroe.

228. ***Second***, the Special Committee members discussed internally how best to value FiberLight using recent precedent transactions, such as Crown Castle's acquisition of LightTower. The email chain shows that the Special Committee members originally viewed the Crown Castle transaction as supporting a price Monroe would be willing to accept. However, when they realized that the valuation was not justified because FiberLight had [redacted] in debt, McIntyre expressed disappointment, evidencing a desire to pay more to Monroe in direct violation of the Special Committee's obligations under Delaware law.

229. ***Third***, on December 12, 2017, Monroe sold 38,000,000 shares of Globalstar common stock on the open market, leading to a death spiral. Within three days, on December 15, 2017, Monroe requested that the Board evaluate a combination transaction between Globalstar and Thermo using Globalstar stock. The suspicious timing of the stock sale coupled with the immediate request by Monroe raises serious questions about his intent in selling the stock, as well as the Board's decision that using stock consideration was fair to the Company and its minority stockholders.

230. ***Fourth***, on January 12, 2018, ***the Board***, including Monroe, had a lengthy discussion about the proposed Combination Transaction. During this

meeting, Monroe tainted the process by forcing the Board to have a "vigorous, broadly-ranging discussion . . . concerning the reorganization." At the close of the Board meeting, without the establishment of a special committee, "a consensus emerged that the Board should, with appropriate recognition of and attention to potentially diverging minority and majority stockholder interests, proceed to promptly ***initiate*** reorganization of the Company." The Board, including Monroe, determined to "promptly initiate reorganization of the Company," which suggests the Special Committee was only tasked with rubber-stamping the Combination Transaction.

231. ***Fifth***, on seven separate occasions in 2017, the Special Committee members met to discuss the necessity of a majority-of-the-minority provision as a condition to any transaction with Thermo. These discussions included detailed analysis of the basis (or lack thereof) for Monroe's opposition to including a majority-of-the-minority provision: that short sellers would vote down the Merger Agreement. At each of the seven meetings, the Special Committee stood firm that any deal with Thermo required a majority-of-the-minority provision. However, in 2018, after only one meeting, the Special Committee adopted Monroe's illogical short seller argument (despite knowing the actual stockholder composition rendered that argument silly) and dropped the demand of including a majority-of-the-minority provision.

232. ***Sixth***, the Special Committee received Monroe's formal indication of interest for the sale of Thermo in February 2018. Within one week, without the benefit of any negotiations beyond a single counteroffer, and without having conducted any fairness review, the Special Committee followed the Board's instruction and "promptly initiate[d] reorganization of the Company."

233. ***Seventh***, on April 18, 2018, the Board received and promptly rejected Mudrick Capital's offer to arrange financing to Globalstar, based on the objections of Monroe and his insider management. The very next day, April 19, 2018, the Special Committee summarily dismissed Mudrick Capital's offer for the same reasons as identified by management the day before. No formal response or engagement with Mudrick Capital was provided.

234. ***Finally***, outside advisors to Globalstar have confirmed the Board's lack of impartiality and Monroe's dominance. Specifically, Lawrence Chu, a Managing Director of the Special Committee's financial advisor, Moelis, acknowledged explicitly that the Board was not independent of Monroe and was independent only in name. Moelis's statement was a sensational, highly evocative claim for a retained financial advisor to make.

235. Further, a Managing Director of Houlihan likewise confirmed that the Special Committee was not looking for an independent analysis or a fair process, but for a financial advisor to "rubber stamp" the Combination Transaction.

236. Moelis's and Houlihan's unusual and blunt statements further show Monroe's dominance of the Board and the unfair process resulting in the Combination Transaction.

237. For all these reasons, a majority of the Board is beholden to Monroe and faces a substantial likelihood of liability for acting in bad faith by approving the Combination Transaction and the share issuance.

C. Demand Is Excused Because the Board Is Incapable of Acting Independently of Monroe.

i. Management-Affiliated Director Defendants

Monroe

238. Monroe is conflicted because he stood on both sides of the Combination Transaction, serving as CEO and acting as majority stockholder of both Globalstar and Thermo Companies during the period leading up to the Combination Transaction and its entire development. If the Combination Transaction would have been successful, Monroe would have dramatically increased his stake in the Company at the expense of the minority stockholders. Monroe cannot impartially consider a demand.

Lynch

239. Lynch is beholden to Monroe. For the last fourteen years, Lynch has served Monroe in various capacities at Globalstar, FiberLight, and Thermo Companies, deriving substantial income and benefits in the process. Lynch stood

on both sides of the transaction, serving as a Globalstar director and as the Managing Director of Thermo Capital Partners and Executive Chairman of FiberLight. The proxy statement admits that Lynch is not independent of Monroe.

Roberts

240. Roberts is beholden to Monroe. For the last fourteen years, Roberts has served Monroe in various capacities at both Globalstar and Thermo Companies, deriving substantial income and benefits in the process. Roberts stood on both sides of the transaction, having been a member of the Board since April 2004 and currently serving as Vice President and General Counsel of Thermo Development—the management company for several Thermo businesses. The proxy statement admits that Roberts is not independent.

ii. Non-Management Director Defendants

McIntyre

241. McIntyre is beholden to Monroe. McIntyre has been a member of the Board since 2007. McIntyre was also the Chair of the Special Committee and was one of four supposedly "independent" directors who accepted the 225,000-share bribe to approve the Merger Agreement.

242. Moreover, from April 2017 to May 2018, McIntyre's son, Andrew McIntyre, worked as a Regional Sales Manager at Globalstar. This was never publicly disclosed. McIntyre's son was hired while McIntyre served as Chair of the

Special Committee. Monroe controlled the fate of McIntyre's son's employment at Globalstar. McIntyre knew that if he contradicted Monroe, opposed the Combination Transaction, or recused himself, Monroe could have terminated his son's employment.

243. In addition, McIntyre is Chairman and CEO of a company called ET Global, where Special Committee member Hasler serves as a director. Thus, Monroe's influence over McIntyre extends to the ability to harm Hasler.

Hasler

244. Hasler holds an incredible number of directorships and trusteeships, including being a director of BoardVantage, InsideTrack, ET Water, Tenera, Inc., Genitope, Inc., and Globalstar, Inc., as well as being a named trustee for 42 separate trusts for Schwab Capital and Landus. The sheer volume of work that Hasler has on a day-to-day basis renders him incapable of carrying out his duties to Globalstar stockholders. As such, Hasler is beholden to Monroe because he is incapable of diligently attending to his responsibilities as a director of Globalstar.

245. Additionally, Hasler is currently a director and stockholder in a private company known as ET Water—a California-based company founded in 2002, specializing in irrigation services for commercial, residential, and other purposes. He has been involved with that entity, in one form or another, since at least July 14, 2005, when he and former Globalstar director Kenneth E. Jones were identified as

stockholders in ET Water's corporate filings. Hasler became a director of ET Water on June 26, 2007—joining Peter Dalton, another former director and CEO of Globalstar, on the ET Water board.

246. And, as mentioned, McIntyre is the current Chairman and CEO of ET Water. Given Hasler's close and ongoing financial ties to individuals with interests in Monroe-controlled entities and former management at Globalstar, including the fact that McIntyre can currently remove Hasler from the ET Water board if Monroe so instructs, demand is excused as to Hasler.

Kneuer

247. Kneuer is beholden to Monroe. Kneuer has been a member of the Board since February 2011 and was one of four supposedly "independent" directors who accepted the bribe and then approved the Merger Agreement negotiated by Monroe.

248. Although also undisclosed to the public, Kneuer has as recently as 2016 served as an interested director for Jarvinian, a company that has had extensive financial ties to Monroe and Globalstar since 2011. Jarvinian is a wireless venture fund focused on emerging technology solutions to the problem of radio frequency spectrum scarcity. From on or about May 2015 to June 2016, Kneuer served as the Regulatory Director of Jarvinian Spectrum Opportunity Fund, a subsidiary of Jarvinian LLC, also known as Jarvinian Wireless Innovation Fund or Jarvinian

Ventures. Kneuer's work with Jarvinian, as an executive and director, means he has substantial business relationship with John Dooley, the controller of Javinian.[26]

249. Further, John Dooley and Jarvinian have extensive ties to Monroe and Globalstar since at least 2010. The relationship between Dooley and Monroe first began in 2010 when Dooley contacted Monroe to solicit money for a venture capital fund investing in wireless technology. Since then, Dooley has served Globalstar in a consultant capacity as the Company's Technical Director on all spectrum-related matters.

250. Dooley has presented with Monroe and other Globalstar executives and directors at conferences and seminars. In his capacity as Managing Director of Jarvinian, Mr. Dooley attended a webinar hosted by FierceWireless entitled "Globalstar's New Wi-Fi Super Highway" on January 22, 2013. He presented at this webinar with L. Barbee Ponder, Globalstar's General Counsel and Vice President for Regulatory Affairs. On March 4, 2013, Dooley attended the Deutsche Bank dbAccess Media, Internet & Telecom Conference in his capacity as principal of the Jarvinian Wireless Innovation Fund, where he presented alongside Monroe. On November 6, 2013, Monroe personally thanked Dooley on a conference call with

[26] John Dooley is the sole member of Jarvinian LLC and Jarvinian Advisors, the Managing Partner of Jarvinian Spectrum Opportunity Fund, the Managing General Partner of Jarvinian Ventures, and the Managing Director of Jarvinian Advisors.

investors and stockholders for his work as the "architect of many of our TLPS plans" and "represent[ing] Globalstar's interests on a daily basis." The following year, on October 9, 2014, Monroe introduced Dooley as the Founder and Managing Director of Jarvinian. Dooley spoke "on behalf of" Globalstar at the J.P. Morgan Technology, Media and Telecom Conference in Boston, Massachusetts in May 2015. Dooley was also an integral part of the January 6, 2017 call with investors following FCC approval.

251. Kneuer and Dooley appeared together in November 2015 at the Smart Spectrum Summit, a technology industry event in Washington D.C. Kneuer appeared at this event in his capacity as an independent consultant. His connection both to Mr. Dooley's Jarvinian entities and to Globalstar—an entity with close connections to Jarvinian—raise a substantial doubt as to Kneuer's independence and have not been disclosed to stockholders in bad faith.

COUNT I:
Breach of Fiduciary Duty for Insider Trading
(Derivatively Against Monroe)

252. Plaintiffs repeat and incorporate by reference each of the allegations above as set forth herein.

253. At the time that Monroe sold 38 million shares of Globalstar stock into the market, set forth herein, he was in possession of material, adverse, non-public

information as alleged herein and sold Globalstar common stock while in possession of such information.

254. Specifically, Monroe knew that his prior statements to investors regarding Globalstar assessing strategic alternatives (including a potential sale of Globalstar or lease of spectrum) were false because the Third-Party Process had been terminated in November 2017 – a fact never publicly disclosed. Further, Monroe knew that the Special Committee's assessment of the Combination Transaction had been terminated in September 2017 only "for the time being" so that the Company could raise equity in October 2017 and he could sell his Globalstar stock for tax purposes.

255. Moreover, as the controlling stockholder and then-CEO of Globalstar, Monroe knew that his sale of this large block of Globalstar stock would drive the price of the market for Globalstar down in the wake of his sales – just in time for him to pivot and announce his intention to be a *buyer* through the Combination Transaction.

256. The information described above was proprietary, non-public information material to the Company's financial condition and future business prospects. It was a proprietary asset belonging to the Company, which Monroe used for his own benefit when he sold Globalstar common stock.

257. Since the use of the Company's proprietary information for his own gain constitutes a breach of his fiduciary duties, the Company is entitled to the imposition of a constructive trust on any profits he obtained thereby.

258. Plaintiffs have no adequate remedy at law.

COUNT II:
Breach of Fiduciary Duty
(Derivatively Against the Director Defendants in Their Capacities as Directors and Monroe in His Capacity as an Officer)

259. Plaintiffs repeat and incorporate by reference each of the allegations above as set forth herein.

260. Director Defendants, as directors of Globalstar, owed and continue to owe fiduciary duties of good faith, fair dealing, and loyalty to Globalstar and its stockholders, including Plaintiffs.

261. Monroe, as an officer, director, and controlling stockholder of Globalstar, owed and continues to owe fiduciary duties of good faith, fair dealing, loyalty, and due care to Globalstar and its stockholders, including Plaintiffs.

262. The fiduciary duties owed by Director Defendants and Monroe preclude them from taking actions to injure Plaintiffs or other minority stockholders or from favoring their own interests or the interests of others over the interests of Plaintiffs or other minority stockholders.

263. As alleged herein, the Director Defendants and Monroe have breached their fiduciary duties to Plaintiffs.

264. Specifically, Director Defendants and Monroe have violated and breached their fiduciary duties of care and loyalty when considering and approving the Merger Agreement by: (a) taking actions to purposely devalue Globalstar, (b) failing to conduct a fair and unconflicted Third-Party Process, (c) failing to consider in good faith alternative financing options offered by investors, including Fortress and Mudrick Capital; (d) approving the October 2017 equity raise while actively concealing and failing to disclose material, non-public information relating to the Combination Transaction and the Third-Party Process, (e) failing to require structural or other protections for minority holders; (f) approving the Combination Transaction when the share price of Globalstar stock had reached near five year lows due directly to Monroe's sales of his stock, and (g) taking actions to benefit Monroe and perpetuate his control, at the expense of Globalstar's minority stockholders.

265. Director Defendants' and Monroe's breaches of their fiduciary duties have caused harm to Plaintiffs by: (a) causing the Company to sell stock in the October 2017 equity raise without disclosing all materially, non-public information, (b) causing the Company to incur excessive transaction costs relating to the Combination Transaction; and (c) causing significant damage to the Company's goodwill, public reputation, and stock price.

266. Plaintiffs are entitled to recover damages sustained in an amount to be determined at trial.

COUNT III:
Unjust Enrichment
(Derivatively Against Director Defendants)

267. Plaintiffs repeat and incorporate by reference each of the allegations above as set forth herein.

268. The grant of the Restricted Stock Units to the Special Committee and the Board of Directors, described above, was the product of the bad faith conduct of Monroe and the Director Defendants.

269. The grant of these Restricted Stock Units were improper and were derived by improper means.

270. The Director were unjustly enriched by the grant of these Restricted Stock Units, and Globalstar is entitled to restitution.

COUNT IV:
Breach of Fiduciary Duty
(Derivatively Against Monroe and Thermo
in Their Capacities as Controlling Stockholders)

271. Plaintiffs repeat and incorporate by reference each of the allegations above as set forth herein.

272. As outlined above, Monroe and Thermo are the controlling stockholders of Globalstar. As controlling stockholders, Monroe and Thermo owed and continue to owe fiduciary duties of care and loyalty to Globalstar.

273. Monroe and/or Thermo breached their fiduciary duties to Globalstar by (i) effectuating the Combination Transaction in order to advance their own self-

interest at the expense of the minority stockholder and (ii) undermining the Third-Party Process in order to cement their control of Globalstar.

274. Because of Monroe's and Thermo's disloyal conduct, the Company has experienced harm and damages, including the payment of advisory fees for the sham processes as well as harm to the Company's reputation and good will.

275. Globalstar is entitled to recover damages sustained in an amount to be determined at trial.

COUNT V:
Aiding and Abetting Breach of Fiduciary Duty
(Derivatively Against the Non-Director Employee Defendants)

276. Plaintiffs repeat and incorporate by reference each of the allegations above as set forth herein.

277. As outlined above, Director Defendants breached their fiduciary duties in negotiating and approving the Combination Transaction.

278. Non-Director Employee Defendants knowingly solicited, encouraged, and/or participated in the Combination Transaction.

279. Thus, through their own efforts, Non-Director Employee Defendants aided and abetted the Director Defendants to breach their fiduciary duties in approving the Combination Transaction.

280. Globalstar is entitled to recover damages sustained in an amount to be determined at trial.

COUNT VI:
Declaratory Judgment
(Derivatively Against Monroe)

281. Plaintiffs repeat and incorporate by reference each of the allegations above as set forth herein.

282. Under the Delaware Declaratory Judgment Act, Delaware courts "have power to declare rights, status and other legal relations, whether or not further relief is or could be claimed." 10 *Del. C.* § 6501. According to the Act, "[a] person ... whose rights, status or other legal relations are affected by a statute, municipal ordinance, contract or franchise, may have determined any question of construction or validity arising under the instrument, statute, ordinance, contract or franchise and obtain a declaration of rights, status or other legal relations thereunder." *Id.* § 6502. The power of Delaware courts to grant declaratory relief is to "be liberally construed and administered." *Id.* § 6512.

283. Monroe, as an officer, director, and controlling stockholder of Globalstar, owed and continues to owe fiduciary duties of good faith, fair dealing, loyalty, and due care to Globalstar and its stockholders, including Plaintiffs.

284. Monroe has violated and breached his fiduciary duty of loyalty by: (a) taking actions to purposely devalue Globalstar, (b) failing to conduct a fair and unconflicted Third-Party Process, (c) failing to consider in good faith alternative financing options offered by investors, including Fortress and Mudrick Capital; (d)

approving the October 2017 equity raise while actively concealing and failing to disclose material, non-public information relating to the Combination Transaction and the Third-Party Process, (f) bribing the Special Committee with restricted stock grants in order to effectuate the Combination Transaction, (g) forcing the Combination Transaction when the share price of Globalstar stock had reached near five year lows due directly to his sales of stock, and (h) taking actions to benefit himself and perpetuate his control, at the expense of Globalstar's minority stockholders.

285. Monroe remains Executive Chairman of Globalstar and has taken on the responsibility of overseeing the Company's spectrum assets and strategic initiatives relating to the monetization of such assets. However, Monroe has recently acted in bad faith by promoting his own self-interest (*i.e.*, the Combination Transaction) over the interests of Globalstar stockholders (*i.e.*, the Third-Party Process and third party offers to finance to the Company). Thus, there is a real threat to Globalstar stockholders that Monroe will continue to take actions to perpetuate his control and harm the Company and its minority stockholders.

286. Plaintiffs seek a declaratory judgment that Monroe has breached his duty of loyalty to Globalstar so that Plaintiffs can bring a subsequent action pursuant to Section 225 to permanently bar Monroe from ever again serving as an officer or director of a Delaware corporation. Absent expeditious adjudication and relief,

Plaintiffs face a real threat that Monroe's position at Globalstar will once again allow him to pursue his own self-interest in violation of his duty of loyalty to Globalstar.

COUNT VII:
Entitlement to Attorneys' Fees
(Plaintiffs against the Company)

287. Plaintiffs repeat and incorporate by reference each of the allegations above as set forth herein.

288. In response to Plaintiffs' successful Section 220 Action and additional legal work and investigation, which raised meritorious legal claims with respect to the Board's breaches of fiduciary duty with respect to the Combination Transaction and in response to the emergence of Plaintiffs' contingent fee trial team, the Company chose to terminate the Merger Agreement and not go forward with the deal. The termination of the Combination Transaction attained by Plaintiffs and their counsel directly conferred a substantial benefit on the Company and its stockholders, which entitled Plaintiffs and their counsel to receive a reasonable attorneys' fee.

289. Under Delaware law, a stockholder is entitled to reasonable attorneys' fees from a corporation if the stockholder and his counsel: (1) investigated and identified a corporate wrongdoing; (2) presented a meritorious claim to the board of directors concerning the wrongdoing; and (3) thereby caused the corporation's board of directors to take remedial action that conferred a benefit on the corporation. That

fee is based on a percentage of the benefit created by the Plaintiffs' actions, and not merely the time they spent in the matter.

290. As described above, Plaintiffs' counsel expended time and expense, completely at risk of loss and without remuneration, in pursuit of preparing an action to halt the Combination Transaction. In addition, Plaintiffs undertook to and did pay from its own funds its hourly based (non-contingent) counsel to support their making a Section 220 Demand and performing additional legal work and investigation, the resolution of which produced substantial benefits for the Company and its stockholders in the form of terminating the Combination Transaction. In addition, Plaintiffs personally paid for various other costs of preparing this action, including the retention of investigative firms, which provided material useful to the prosecution of both the Section 220 Action and this case.

291. Plaintiffs and their counsel are a direct and proximate cause of the benefits conferred on the Company, such that it would be unjust and inequitable not to compensate Plaintiffs and their counsel for the substantial benefits achieved by the prosecution of Section 220 Demand and conducting additional legal work and investigation. Plaintiffs have incurred and paid substantial amounts to their former Section 220 counsel and for the costs of preparing to launch an action to halt the Combination Transaction, and Plaintiffs' contingent fee counsel have likewise expended substantial time and effort in preparing to file the case halting the

Combination Transaction prior to the time that the Court ruled in the Section 220 case and the Defendants gave up on their ill-advised scheme to push through the Combination Transaction.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs respectfully request that the Court enter an Order:

a. Declaring that Plaintiffs may bring this action derivatively on behalf of Globalstar;

b. Declaring that Director Defendants breached their fiduciary duties to Globalstar in their capacities as directors;

c. Declaring Monroe breached his fiduciary duties to Globalstar in his capacity as an officer and director;

d. Declaring that Thermo and Monroe breached their fiduciary duties to Globalstar in their capacities as controlling stockholders;

e. Declaring that the Non-Director Employee Defendants aided and abetted in the breach of fiduciary duties by the Director Defendants;

f. Declaring that demand on the Board is excused as futile;

g. Awarding compensatory and rescissory damages in an amount to be determined at trial against all Defendants, jointly and severally, for all losses and damages suffered by Globalstar because of the acts complained of herein, together with pre-judgment interest;

h. Awarding compensatory damages in an amount to be determined at trial against all Defendants, jointly and severally, for all losses and damages suffered by Plaintiffs because of the acts complained of herein, together with pre-judgment interest;

i. Awarding Plaintiffs costs and disbursements of the action, the Section 220 Action, and the additional investigation and legal work associated with investigating the Combination Transaction, including reasonable attorneys' fees, accountants' and experts' fees, costs, and expenses; and

j. Granting such other and further relief as the Court deems just and proper.

Date: September 25, 2018

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