



PUBLIC NOTICE

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December 21, 2004

AUTHORIZATIONS GRANTED

Applications of Satamatics Inc., Satamatics Worldwide Limited, and Richtec PLC to Transfer Control of Licenses and Authorizations and Request for a Declaratory Ruling on Foreign Ownership

IB Docket No. 04-285

By the Chief, International Bureau and Chief, Wireline Competition Bureau:

On July 15, 2004, Satamatics Worldwide Limited (“Satamatics Worldwide”), and Richtec PLC (“Richtec”, and collectively with Satamatics Worldwide, the Applicants”) filed applications pursuant to sections 214 and 310(d) of the Communications Act of 1934, as amended (the “Act”) and Satamatics, Inc. (“Satamatics”) filed a petition for declaratory ruling under section 310(b)(4) of the Act.¹ The unopposed Applications seek Commission approval for the transfer of control of licenses and authorizations from Richtec to Satamatics Worldwide pursuant to a Stock Purchase Agreement entered into by and among the Applicants. These applications pertain to a license for an earth station, and domestic and international section 214 authorizations. Satamatics also requests a declaratory ruling that the indirect foreign ownership of Satamatics that would result from the proposed transaction is consistent with the public interest.²

On August 30, 2004, the United States Department of Justice, including the Federal Bureau of Investigation and the United States Department of Homeland Security (collectively, the “Executive Branch Agencies”), submitted a petition requesting that the Commission defer grant of these applications until potential national security, law enforcement, and public safety issues have been addressed by the parties.³ Subsequently, on December 10, 2004, the Executive

¹ 47 U.S.C. §§ 214, 310(b)(4), and 310(d). On July 30, 2004, the Commission placed the Applications and Petition for Declaratory Ruling on public notice as acceptable for filing. *Satamatics, Inc., Satamatics Worldwide Limited, and Richtec PLC Seek FCC Consent to Transfer Control of Licenses and Authorizations and a Declaratory Ruling on Foreign Ownership*, IB Docket No. 04-285, Public Notice, DA 04-2421 (Int’l Bur. rel. July 30, 2004).

² A list of the applications and the petition for declaratory ruling filed in this proceeding is set forth in Appendix A of this Public Notice.

³ In the petition, the Executive Branch Agencies stated that they were “evaluating whether the proposed transfer of control from Richtec to Satamatics Worldwide could impair the ability of authorized governmental agencies in the

Branch Agencies notified the Commission that they have decided not to file an objection or other public comments regarding these applications, and they withdrew their Petition to Defer.⁴

Upon consideration of the record, the International Bureau and the Wireline Competition Bureau find that grant of the Applications will serve the public interest, convenience and necessity.⁵ As a preliminary matter, there is no evidence in the record to suggest that Satamatics Worldwide lacks the basic qualifications to control the blanket satellite earth station license held by Satamatics.⁶ Further, the record contains no evidence that the proposed transfer of control would harm competition in the relevant U.S. telecommunications services markets. Satamatics provides INMARSAT D+ services and will continue to provide such service after consummation.⁷ The only U.S. domestic telecommunications service it provides is INMARSAT D+ service where the origination and termination may both be in the United States.⁸ Further, Satamatics Worldwide does not presently provide telecommunications services in the United States.⁹ An affiliate, Satamatics Limited, a U.K. company that is based in the United Kingdom, provides INMARSAT D+ services there to distributors, value added resellers and application service providers.¹⁰ Under these circumstances, we find that approving the proposed transaction will not harm competition in U.S.-international or domestic telecommunications markets. Further, we find that the transfer of control will have little impact on the day-to-day operations of Satamatics, but will produce efficiencies in the business and financial operations of its corporate parents.¹¹

The International Bureau further finds that it would not serve the public interest to deny the application to transfer control of the blanket satellite earth station license on the basis of proposed indirect foreign ownership of Satamatics in excess of the 25 percent benchmark of section 310(b)(4). Specifically, Satamatics requests a declaratory ruling that the Commission find permissible up to 100 percent indirect foreign ownership of Satamatics by Satamatics Worldwide, a company incorporated under the laws of England and Wales, and its shareholders

United States to satisfy their obligations to preserve national security, enforce the laws, and protect public safety.” Department of Justice, Federal Bureau of Investigation, Department of Homeland Security Petition to Defer, IB Docket No. 04-285 at 2 (dated Aug. 30, 2004).

⁴ Letter from Laura H. Parsky, United States Department of Justice, and Patrick W. Kelley, Federal Bureau of Investigation, to Marlene H. Dortch, FCC, filed in IB Docket No. 04-285 (dated Dec. 10, 2004) (*Executive Branch December 10 letter*). (The letter states that DOJ is authorized to state that DHS joins in this request for withdrawal of the Petition to Defer.)

⁵ 47 U.S.C. §§ 214(a), 310(d).

⁶ See 47 U.S.C. § 308(b).

⁷ According to the Applicants, INMARSAT D+ service is a low cost, low data rate two-way short messaging and tracking system.

⁸ See Application for Transfer of Control of International and Domestic Section 214 Authority, IB Docket No. 04-285, at 8.

⁹ *Id.*

¹⁰ *Id.* at 6.

¹¹ *Id.* at 2-3.

from the United Kingdom and Liechtenstein. In addition, Satamatics seeks approval to have up to and including an additional aggregate 25 percent indirect ownership interests from other unnamed foreign investors.¹²

The Petition states that under the proposed transaction, Satamatics, a U.S. corporation, will be wholly owned by Satamatics Holdings, Inc. (“Satamatics Holdings”), also a U.S. corporation. Satamatics Holdings, in turn, will be wholly owned by Satamatics Worldwide, a company incorporated under the laws of England and Wales. According to Satamatics, Satamatics Worldwide is owned by four citizens of the United Kingdom (with ownership interests ranging from 7 percent to 13.12 percent) and by Canterbury Limited and Liverpool Limited (each with a 28.43 percent ownership interest). Canterbury Limited and Liverpool Limited, which are privately held companies registered in St. Vincent and the Grenadines, are wholly owned and controlled by a citizen of Liechtenstein. Satamatics asserts that, pursuant to the rules and policies established in the Commission’s *Foreign Participation Order*, the “home market” of Satamatics Worldwide and each of its current investors is the United Kingdom, St. Vincent and the Grenadines, or Liechtenstein, all of which are World Trade Organization (“WTO”) member countries.¹³

Based upon a review of the record, we conclude that Satamatics is entitled to a rebuttable presumption that its indirect foreign ownership by and through Satamatics Worldwide does not raise competitive concerns, and there is no evidence in the record that would rebut this presumption. Additionally, as noted, the Executive Branch Agencies have advised the Commission that they do not object to Commission approval of the proposed transaction. Accordingly, we grant the petition for declaratory ruling. Specifically, this ruling permits Satamatics Worldwide and its named shareholders from the United Kingdom and from Liechtenstein (through Canterbury Limited and Liverpool Limited) to own indirectly up to and including 100 percent of the equity and voting interests in Satamatics. Additionally, Satamatics may acquire up to and including an additional aggregate 25 percent indirect equity and/or voting interest from the four U.K. investors named in the petition and from other foreign individuals and entities without seeking further Commission approval under Section 310(b)(4) subject to the following conditions: (1) no single foreign individual or entity, with the exception of Satamatics Worldwide, Canterbury Limited and Liverpool Limited (and the latter two companies’ 100 percent common shareholder named in the petition), may acquire indirect equity or voting ownership interests of Satamatics in excess of 25 percent without Commission approval; and (2) Satamatics shall seek additional approval before it accepts any additional indirect investment from Canterbury Limited and Liverpool Limited (and the latter two companies’ 100 percent common shareholder named in the petition).

Consistent with Commission precedent, the Bureaus accord the appropriate level of deference to the Executive Branch Agencies’ expertise on national security and law enforcement

¹² See Satamatics, Inc. Petition Under Section 310 of the Communications Act of 1934, as amended, for Declaratory Ruling, File No. ISP-PDR-20040715-00006 (filed July 15, 2004) (*Petition for Declaratory Ruling*).

¹³ *Petition for Declaratory Ruling* at 3 (citing *Rules and Policies on Foreign Participation in the U.S. Telecommunications Market*, Report and Order and Order on Reconsideration, 12 FCC Rcd 23891 (1997), Order on Reconsideration, 15 FCC Rcd 18158 (2000) (*Foreign Participation Order*)).

issues.¹⁴ The Executive Branch Agencies have informed us that they have decided not to file an objection or other public comments with the Federal Communications Commission regarding the applications.¹⁵

The transaction shall be completed within 60 days from the date of authorization.¹⁶ Within 30 days of consummation, the Commission shall be notified by letter of the date of consummation and the file numbers of the applications involved in the transaction.¹⁷ Failure to comply with all relevant Commission rules and policies will result in automatic rescission of the Commission's approval, dismissal of the underlying application, and could subject the applications to enforcement action, including but not limited to the imposition of forfeitures.

Pursuant to section 1.103 of the Commission's rules, the grant is effective upon release of this Public Notice.¹⁸ Petitions for reconsideration under section 1.106 or applications for review under section 1.115 of the Commission's rules may be filed within 30 days of this Public Notice.¹⁹

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¹⁴ The Commission considers national security, law enforcement, foreign policy, and trade policy concerns when analyzing a transfer of control or assignment application in which foreign ownership is an issue. *See Amendment of the Commission's Regulatory Policies to Allow Non-U.S. Licensed Satellites Providing Domestic and International Service in the United States*, Report and Order, 12 FCC Rcd 24094, 24170-72, ¶¶ 178-182 (1997) ("DISCO II Order"); *Foreign Participation Order*, 12 FCC Rcd 23891, 23919-921, ¶¶ 61-66. In assessing the public interest, the Commission considers the record and accords the appropriate level of deference to Executive Branch expertise on national security and law enforcement issues. *See Foreign Participation Order*, 12 FCC Rcd at 23919-921, ¶¶ 61-66.

¹⁵ *Executive Branch December 10 letter*.

¹⁶ 47 C.F.R. § 25.119(f).

¹⁷ *Id*; *see also* 47 C.F.R. § 1.948(d).

¹⁸ 47 C.F.R. § 1.103.

¹⁹ 47 C.F.R. §§ 1.106, 1.115.

Appendix A

Section 310 Applications

Part 25 – Satellite Communications

<u>File Number</u>	<u>Transferor</u>	<u>Transferee</u>	<u>Call Sign</u>
SES-T/C-20040715-01000	Richtec PLC	Satamatics Worldwide Limited	E020074

International Section 214 Authorization

<u>File Number</u>	<u>Transferor</u>	<u>Transferee</u>	<u>Authorization Number</u>
ITC-T/C-20040715-00293	Richtec PLC	Satamatics Worldwide Limited	ITC-214-20020228-00160

Petition for Declaratory Ruling

File Number

ISP-PDR-200400715-00006

Domestic Section 214 Authorization

Domestic Section 214 Application filed for Transfer of Control of Satamatics, Inc. from Richtec PLC to Satamatics Worldwide Limited