

through a series of wholly owned intermediate companies formed in the United States, Canada and England and Wales. In connection with the transfer of control of Stratos Offshore to Inmarsat plc, the Commission determined that

these entities have their principal places of business in Canada, the United Kingdom, or the United States, all of which are WTO Member countries, and that at least 75 percent of Inmarsat's equity and voting interests are properly ascribed to the United States and other WTO Member countries. Accordingly, we find that Stratos Offshore and Stratos Communications are entitled to a rebuttable presumption that their indirect foreign ownership resulting from the transaction will not pose a risk to competition in the U.S. market.²

The Commission authorized the foreign ownership of Stratos Offshore by the intermediary companies and Inmarsat plc "individually, up to and including 100 percent of the equity and voting interests" and by Inmarsat plc's shareholders "collectively, up to and including 100 percent of the equity and voting interests."³ The Commission further allowed Stratos Offshore to accept up to and including an additional, aggregate 25 percent indirect equity and/or voting interests from other foreign investors without prior Commission approval, provided that Stratos Offshore secures prior Commission approval before its indirect equity and/or voting interests from non-WTO Member countries exceeds 25 percent, or before any foreign individual or entity, other than those already approved, acquires an indirect equity and/or voting interest in excess of 25 percent.⁴

Stratos Offshore is filing an application to participate in the upcoming FCC auction of BRS spectrum scheduled to commence on October 27, 2009 (the "BRS Auction"). As

² Robert M. Franklin, *Transferor and Inmarsat, PLC, Transferee, Consolidated Application for Consent to Transfer of Control of Stratos Global Corporation and Its Subsidiaries from an Irrevocable Trust to Inmarsat, plc*, Memorandum Opinion and Order and Declaratory Ruling, 24 FCC Rcd 449, 479-80, ¶ 69 (IB 2009) ("*Inmarsat Transfer Order*").

³ *Id.* at 480, ¶ 70.

⁴ *Id.*

reported in detail in that application, there has been no change in the identity and principal place of business of each intermediate company in the ownership chain between Stratos Offshore and Inmarsat plc. Moreover, there is no new or increased indirect foreign ownership in Stratos Offshore requiring additional Commission approval in connection with the BRS licenses that Stratos Offshore may acquire. To the extent that Stratos Offshore acquires BRS licenses and uses those licenses for common carrier purposes, its indirect foreign ownership is within the scope of the Commission's prior approval.⁵

Description of Foreign Ownership

Stratos Offshore is directly held by Stratos Holdings, Inc. ("Stratos Holdings") (a Delaware corporation), which is wholly owned by Stratos Wireless Inc. ("Stratos Wireless") (a Canadian corporation). Stratos Wireless is wholly owned by Stratos Global Corp. ("Stratos Global") (a Canadian corporation), which is wholly owned by CIP Canada Investment Inc. ("CIP Canada") (also a Canadian corporation). CIP Canada is wholly owned by CIP UK Holdings Limited ("CIP UK"), which is a wholly-owned subsidiary of Inmarsat Finance III Limited ("Inmarsat Finance"), which, in turn, is wholly owned by Inmarsat plc. Each of CIP UK, Inmarsat Finance, and Inmarsat plc is a company formed under the laws of England and Wales. Each of the entities in the organizational structure between Stratos Offshore and up to and including Inmarsat plc holds 100 percent of the equity and 100 percent of the voting interests of the entity below it. Inmarsat plc is a widely-held public company, listed on the London Stock Exchange.

⁵ Stratos Offshore submits that it is consistent with Commission precedent to extend foreign ownership approvals to newly acquired licenses, where the licensee's indirect foreign ownership remains within the parameters previously authorized by the Commission. *See, e.g., Request for Declaratory Ruling filed by Cellco Partnership d/b/a Verizon Wireless*, File No. ISP-PDR-20071129-00016.

In its *Foreign Participation Order*,⁶ the Commission determined that it would promote competition in the United States and serve the public interest to allow indirect foreign investment beyond the 25 percent benchmark established by Section 310(b)(4) the Act. Since adopting the *Foreign Participation Order*, the Commission consistently has permitted non-U.S. individuals and entities to hold up to 100 percent of the equity and voting power in holders of FCC authorizations.⁷ In fact, in its order approving the transfer of control of Stratos Offshore to Inmarsat plc, the Commission permitted up to 100 percent foreign ownership of Stratos Offshore by Inmarsat plc and its shareholders, and by each of the intermediate entities in the ownership chain between Inmarsat plc and Stratos Offshore.⁸

The Commission has already found that each of Stratos Holdings, Stratos Wireless, Stratos Global, CIP Canada, CIP UK, Inmarsat Finance, and Inmarsat plc has its principal place of business in the United States, the United Kingdom, Canada – each a WTO Member country.⁹ The Commission found further that Inmarsat plc is over 75 percent owned (measured either by equity or voting interests) by citizens of, or entities with principal places of business in, the United States or another WTO-member country, and as such that Stratos Offshore is entitled to the presumption that foreign ownership in excess of the Section 310(b)(4)

⁶ *Rules and Policies on Foreign Participation in the U.S. Telecommunications Market*, 12 FCC Rcd 23891 (1997) (“*Foreign Participation Order*”).

⁷ *See, e.g., Intelsat, Ltd., Transferor, and Zeus Holdings Ltd., Transferee*, 19 FCC Rcd 24820 (2004); *Applications of Comsat General Corporation*, 19 FCC Rcd 21216 (2004); *Voicestream Wireless Corporation*, 16 FCC Rcd 9779 (2001).

⁸ *See Inmarsat Transfer Order*, 24 FCC Rcd at 480, ¶ 70.

⁹ *Id.*, at 476-77, ¶¶ 63-66.

benchmark serves the public interest.¹⁰ The same public interest rationale that applied in that decision should apply also to any BRS licenses that Stratos Offshore may acquire.

Public Interest Statement

The public interest will be served if the Commission approves the indirect foreign ownership of Stratos Offshore for any BRS licenses that it may acquire. In the *Foreign Participation Order*, the Commission concluded that allowing additional foreign investment in common carrier wireless licensees beyond the 25% benchmark of Section 310(b)(4) will promote competition in the U.S. market, thereby serving the public interest.¹¹ The Commission, therefore, adopted a presumption in favor of allowing such investment if the investment is from entities organized under the laws of WTO Members.¹² As the Commission previously concluded, the principal places of business of Inmarsat plc and its subsidiary companies that hold interests in Stratos Offshore are the United States, the United Kingdom and Canada, all WTO Members.¹³

The Commission has already determined that the public interest would be served by allowing Inmarsat plc and its subsidiaries and shareholders to hold up to a 100 percent interest in the common carrier licenses held by Stratos Offshore.¹⁴ The same public interest rationale that applied in that decision should apply with equal force to BRS licenses. The Commission should therefore issue a declaratory ruling extending such prior approval to any BRS licenses that Stratos Offshore may acquire.

¹⁰ *Id.*, at 477, 479-80, ¶¶ 66 & 69.

¹¹ *Foreign Participation Order*, 12 FCC Rcd at 23940, ¶ 111.

¹² *Id.* at 23913 ¶ 50, 23940 ¶¶ 111-12.

¹³ *Inmarsat Transfer Order*, 24 FCC Rcd at 476-77, ¶¶ 63-66.

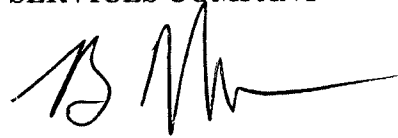
¹⁴ *Id.* at 480, ¶ 70.

Conclusion

For the reasons stated herein, Stratos Offshore respectfully requests that the Commission extend its prior approval of Stratos Offshore's indirect foreign ownership to any BRS licenses that Stratos acquires.

Respectfully submitted,

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