

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
WorldCom, Inc. and its Subsidiaries (debtors-	)	
in-possession), Transferor,	)	WC Docket No. 02-215
	)	
and	)	
	)	
MCI, Inc., Transferee,	)	
	)	
Applications for Consent to Transfer and/or	)	
Assign Section 214 Authorizations, Section	)	
310 Licenses, and Submarine Cable Landing	)	
Licenses	)	

**MEMORANDUM OPINION AND ORDER**

**Adopted:** December 15, 2003

**Released:** December 19, 2003

By the Commission:

**I. INTRODUCTION**

1. We have before us assignment and transfer of control applications seeking authority to assign or transfer control of section 214 authorizations, section 310 licenses, and submarine cable landing licenses held by WorldCom, Inc. (debtor-in-possession) d/b/a MCI ("WorldCom DIP," "WorldCom," or "applicant") and its subsidiaries as debtors-in-possession to the newly formed MCI, Inc. ("MCI").<sup>1</sup> Our approval of these applications is necessary to effectuate WorldCom DIP's reorganization and emergence from bankruptcy. As discussed below, we conclude, pursuant to our review under sections 214(a) and 310(d) of the Communications Act of 1934, as amended (the "Act"), and under section 2 of the Cable Landing License Act<sup>2</sup> that approval of the Applications will serve the public interest, convenience, and necessity.

<sup>1</sup> See, e.g., Application of WorldCom, Inc. (debtor-in-possession) d/b/a MCI and Certain of its Subsidiaries (as debtors-in-possession) for Authorization to Transfer and/or Assign Blanket Domestic Section 214 Authorization and International Section 214 Authorizations, WC Docket No. 02-215 (filed June 13, 2003) (Application).

<sup>2</sup> See An Act Relating to the Landing and Operation of Submarine Cables in the United States, 47 U.S.C. §§ 34-39 ("Cable Landing License Act"), at § 35.

2. In this Order, we address a reformed debtor-in-possession seeking to finalize its reorganization pursuant to the bankruptcy laws. Since petitioning for bankruptcy, WorldCom DIP has aggressively rid itself of the individuals who allegedly committed acts of corporate fraud<sup>3</sup> and has substantially reformed the corporate structures and policies that enabled such alleged fraud to occur. In the aftermath of public revelations concerning WorldCom's accounting problems, we review the qualifications of WorldCom and MCI in the context of these license and authorization transfers to the newly formed MCI. As explained in detail below, the Commission has an obligation to undertake its own independent assessment of whether an applicant has the basic qualifications to be a Commission licensee, but we see no reason here to second-guess the extensive corporate governance reforms made under the careful review and special expertise of expert agencies including the SEC and the federal courts that have been involved in proceedings related to WorldCom's proposed reorganization. Thus, on matters of corporate governance reforms in this case, we give due attention to the extensive review by several other expert federal agencies and courts. Although final decisions on liability for the acts committed under the pre-bankruptcy WorldCom continue to proceed in other *fora*, the applicants have established that granting their applications is in the public interest.

## II. BACKGROUND

3. On June 25, 2002, WorldCom publicly disclosed substantial accounting improprieties.<sup>4</sup> On July 21, 2002 and November 8, 2002, WorldCom and 221 of its direct and indirect domestic subsidiaries filed voluntary bankruptcy petitions under chapter 11 of the United States Code in the Bankruptcy Court for the Southern District of New York.<sup>5</sup> On August 16, 2002, WorldCom and its subsidiaries filed applications seeking Commission approval of the involuntary *pro forma* assignment of the licenses and authorizations held by WorldCom and some of its subsidiaries to WorldCom and those subsidiaries as debtors-in-possession.<sup>6</sup> The

<sup>3</sup> Civil and criminal charges have been levied against several of WorldCom's former officers including former Chief Executive Officer Bernard J. Ebbers, former WorldCom Controller David F. Myers, former WorldCom Director of General Accounting Buford "Buddy" Yates, Jr., and former accountants in WorldCom's General Accounting Department, Betty L. Vinson and Troy M. Normand. These former officers and employees have no ongoing relationship with the applicant. *See, e.g.*, WorldCom Reply at 4. Some of these former officers and employees have pled guilty to criminal charges. *See, e.g.*, Susan Pulliam and Jared Sandberg, *Two WorldCom Ex-Staffers Plead Guilty to Fraud*, WALL ST. J., Oct. 11, 2002, at A3 (describing guilty pleas from Vinson, Normand, Yates, and Myers.)

<sup>4</sup> Application at 7; *see also* WorldCom, *WorldCom Announces Intention to Restate 2001 and First Quarter 2002 Financial Statements*, Press Release (dated June 25, 2002); WorldCom, SEC Form 8-K (filed June 25, 2002).

<sup>5</sup> Application at 2, 7; *see also In re WorldCom, Inc., et al.*, Chap. 11 Case No. 02-13533 (AJG), Voluntary Petition (Bankr. S.D.N.Y. July 21, 2002); *In re WorldCom, Inc., et al.*, Chap. 11 Case No. 02-13533 (AJG), Notice of Commencement of Chapter 11 Cases and First Day Motions (Bankr. S.D.N.Y. Nov. 8, 2002).

<sup>6</sup> *See, e.g., WorldCom Inc., on Behalf of its Subsidiary MCI Communications Corp., Application for Authority for Pro Forma Assignment of Cable Landing Licenses*, WC Docket 02-215 (filed Aug. 16, 2002). At this time, WorldCom also notified the Commission of its debtor-in-possession status in compliance with Rule 63.03(d)(2). *See* 47 C.F.R. § 63.03(d)(2); Letter from Richard S. Whitt and Karen M. Johnson, WorldCom, to Marlene H. Dortch, Secretary, FCC, Docket No. WC 02-215 (filed Aug. 16, 2002) (*WorldCom Rule 63.03(d)(2) Notice*).

Commission approved the assignment to WorldCom and its subsidiaries as debtors-in-possession.<sup>7</sup> The applications under review in this Order seek Commission authorization for WorldCom DIP to transfer its licenses and authorizations to the reorganized MCI, Inc. in connection with its emergence from bankruptcy.

**A. Transferor**

4. WorldCom is a Georgia corporation with its principal place of business in Ashburn, Virginia employing approximately 55,000 people.<sup>8</sup> WorldCom provides local, long distance, switched access, broadband, Internet access, and Internet backbone services throughout the United States.<sup>9</sup> WorldCom serves over 20 million customers worldwide ranging from residential and small business consumers to large businesses and government offices.<sup>10</sup> WorldCom's Internet backbone spans six continents (reaching over 2,800 cities in 140 countries), includes 4,500 points of presence, supports over 3.2 million dial modems and consists of over 98,000 global network route miles, including terrestrial undersea cable.<sup>11</sup> WorldCom is also a large facilities-based provider of communications services. Through acquisitions of companies such as Williams Telecommunications Group, Inc., MFS Communications Company, Brooks Fiber, and MCI Communications Corporation, WorldCom has gained substantial local and long distance fiber optic and microwave transmission facilities in and around numerous cities throughout the United States and Europe.<sup>12</sup> WorldCom states that it possesses affiliates in a variety of countries worldwide<sup>13</sup> and that it qualifies for non-dominant status on all international routes except on the U.S.-Brazil route.<sup>14</sup>

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<sup>7</sup> See *Wireless Telecommunications Bureau Grants Applications for Assignment of Licenses to WorldCom, Inc. and its Subsidiaries as Debtors In Possession*, WC Docket No. 02-215, Public Notice, 17 FCC Rcd 24530 (WTB 2002); *International Authorizations Granted*, Public Notice, 18 FCC Rcd 7142 (Int'l Bur. 2003) (cable landing licenses); *International Authorizations Granted*, Public Notice, 18 FCC Rcd 7142 (Int'l Bur. 2003) (international section 214 authorizations); *Cable Television Relay Service (CARS) Applications re: Actions on Pending Applications*, Public Notice, Report No. 3878, 2002 WL 31828901 (MB rel. Dec. 18, 2002).

<sup>8</sup> Application at 4, 26; WorldCom Reply, Ex. 2, Written Statement of Nicholas DeB. Katzenbach, *The WorldCom Case: Looking at Bankruptcy and Competition Issues: Hearing Before the Senate Committee on the Judiciary* at 2, 5 (July 22, 2003) (*Katzenbach Testimony*).

<sup>9</sup> *Id.* at 4.

<sup>10</sup> *Id.* at 4-5.

<sup>11</sup> *Id.* at 5.

<sup>12</sup> *Id.* at 5-7.

<sup>13</sup> Application at 28; Application, Ex. G.

<sup>14</sup> Application at 25, 29-30.

## B. Transferee

5. WorldCom will become MCI upon consummation of the Plan of Reorganization (“Plan”) and its emergence from bankruptcy.<sup>15</sup> MCI will be a Delaware corporation with principal offices in Ashburn, Virginia.<sup>16</sup> MCI will continue to hold an ownership interest in Empresa Brasileira de Telecomunicacoes, S.A. (Embratel), and the applicant agrees to continue to be classified as dominant on the U.S.-Brazil route pursuant to section 63.10 of the Commission’s rules.<sup>17</sup>

## C. The Proposed Transaction

### 1. Terms of the Transaction

6. WorldCom’s proposed reorganization contemplates the creation of 15 classes of holders of claims against, and equity interests in, WorldCom.<sup>18</sup> The Plan specifies that each class of individuals and entities with allowed claims will receive, generally speaking, a cash payment and/or securities in the form of new common stock and/or senior unsecured notes, in exchange for complete and full satisfaction of such allowed claims.<sup>19</sup> The Plan calls for the new common stock and new notes to be issued according to the following aggregate distribution of new securities: (i) up to two billion shares of new common stock, par value \$ 0.01 per share, and (ii) between \$4.5 and \$5.5 billion of new notes.<sup>20</sup> It is estimated that an aggregate of approximately 318 million shares of new common stock of the reorganized company will be issued to holders of allowed claims. Upon consummation of the Plan, all previous equity interests in WorldCom and certain of its subsidiaries will extinguish.<sup>21</sup>

7. Under the Plan, no single shareholder will own a controlling interest in MCI. However, the Applicants state that two parties, Matlin Patterson Global Opportunities Partners, L.P. and Financial Ventures, L.L.C., each will own beneficially more than five percent of the new common stock of MCI as of the effective date of the company’s emergence from Chapter 11

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<sup>15</sup> *Id.* at 4, 26.

<sup>16</sup> *Id.* at 4, 26.

<sup>17</sup> *Id.* at 25, 28; *see also* 47 C.F.R. § 63.10. We note that the applicant reserves its right to petition for reclassification at a later date. Application at 25, 30.

<sup>18</sup> Application at 12; *In re WorldCom, Inc., et al.*, Chap. 11 Case No. 02-13533 (AJG), Modified Second Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code (Bankr. S.D.N.Y. Oct. 21, 2002).

<sup>19</sup> Application at 2, 12

<sup>20</sup> *Id.* at 12.

<sup>21</sup> *See In re WorldCom, Inc., et al.*, Chap. 11 Case No. 02-13533 (AJG), Modified Second Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code (Bankr. S.D.N.Y. Oct. 21, 2002).

bankruptcy.<sup>22</sup> No other holder of allowed claims will receive a distribution of new common stock that would provide that holder with ten percent or greater ownership in MCI.

## 2. Public Comment

8. On July 9, 2003, the Commission issued a consolidated Public Notice in WC Docket No. 02-215, finding the applications acceptable for filing on initial review and setting forth a two-part pleading cycle to permit interested parties an opportunity to comment.<sup>23</sup> In addition to the Applicants, several parties filed comments, reply comments, or other pleadings in this docket. The Official Committee of Unsecured Creditors of WorldCom, Inc., *et al.* (Unsecured Creditors Committee) filed comments and reply comments in support of the application.<sup>24</sup> The Office of Communications of the United Church of Christ (UCC) filed a Petition to Deny the applications, contending that the alleged fraud perpetrated by various officers and employees of WorldCom makes the applicant unfit to hold Commission licenses and UCC also requests that the Commission designate these applications for a hearing on character qualification issues.<sup>25</sup> We also note that the UCC Petition incorporates by reference its October 15, 2002 petition seeking Commission adoption of a Notice of Proposed Rulemaking and initiation of a section 403 inquiry regarding the establishment of new standards of conduct to be required of all telecommunications providers receiving authorizations to operate from the Commission.<sup>26</sup> We make no determination in this Order regarding the merits of UCC's Petition for Rulemaking. Margaret Snyder filed a Petition to Deny the application on the basis of the alleged fraud perpetrated by various officers and employees of WorldCom, before the Commission and other governmental agencies.<sup>27</sup> Ms.

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<sup>22</sup> Application at 28.

<sup>23</sup> *Commission Seeks Comment on Applications for Consent to Assign and/or Transfer Control of Licenses and Authorizations Filed by WorldCom, Inc. (Debtor-In-Possession) and MCI, Inc.*, WC Docket No. 02-215, Public Notice, 18 FCC Rcd 14179 (2003), corrected by Erratum to DA 03-2193 (rel. July 14, 2003) (*July 9, 2003 Public Notice*).

<sup>24</sup> Comments of the Official Committee of Unsecured Creditors of WorldCom, Inc., *et al.*, WC Docket No. 02-215 (filed Aug. 8, 2003) (Unsecured Creditors Committee Comments); Reply Comments of the Official Committee of Unsecured Creditors of WorldCom, Inc., *et al.*, WC Docket No. 02-215 (filed Aug. 18, 2003) (Unsecured Creditors Committee Reply).

<sup>25</sup> Office of Communication of the United Church of Christ, Inc., Petition to Deny, WC Docket No. 02-215 at 2-5 (filed Aug. 8, 2003) (UCC Petition). We note that on December 5, 2002, the Wireless Telecommunications Bureau denied UCC's informal objection to WorldCom's *pro forma* application to transfer licenses to its debtor-in-possession status. See *Wireless Telecommunications Bureau Grants Applications for Assignment of Licenses to WorldCom, Inc. and its Subsidiaries as Debtors In Possession*, WC Docket No. 02-215, Public Notice, 17 FCC Rcd 24530 (WTB 2002).

<sup>26</sup> Office of Communication of the United Church of Christ, Petition for Rulemaking and Request for Initiation of § 403 Proceeding into Character of WorldCom, Inc. and Other Commission Licensees, RM-10613 (filed Oct. 15, 2002).

<sup>27</sup> See generally Margaret F. Snyder, Petition to Deny Transfer of Licenses, Authorizations, and Certifications of WorldCom, Inc., WC Docket No. 02-215 (filed Aug. 7, 2003) (Snyder Petition). In particular, Ms. Snyder contends that her allegations should be reviewed under the Commission's *Character Qualifications Policy*. Snyder Petition at (continued....)

Snyder has supplemented her Petition to Deny six times to discuss events that have occurred since the close of the pleading cycle.<sup>28</sup> In addition, three parties submitted information in response to staff inquiries regarding settlement agreements with WorldCom that do not relate directly to the applications and pleadings before us. The Wireless Telecommunications Bureau has addressed these issues separately.<sup>29</sup>

### 3. Bankruptcy Court Action

9. As noted above, on July 21, 2002, and November 8, 2002, WorldCom and 221 of its direct and indirect domestic subsidiaries commenced voluntary bankruptcy cases under Chapter 11 of the bankruptcy code.<sup>30</sup> The bankruptcy court appointed a 15 member committee to

(Continued from previous page)

6 (citing *Policy Regarding Character Qualifications in Broadcast Licensing*, 102 FCC 2d 1179 (1986) (*Character Qualifications Policy*)).

<sup>28</sup> Ms. Snyder first supplemented her petition to include in the record the State of Oklahoma's criminal indictment of WorldCom and six of its former managers. Margaret Snyder, First Supplement to Petition to Deny Transfer of Licenses, Authorizations, and Certifications of WorldCom, Inc., WC Docket No. 02-215 (filed Aug. 29, 2003) (Snyder First Supplement). Second, Ms. Snyder supplemented her petition to include in the record the civil complaint AT&T filed regarding WorldCom's call-routing practices. Margaret Snyder, Second Supplement to Petition to Deny Transfer of Licenses, Authorizations, and Certifications of WorldCom, Inc., WC Docket No. 02-215 (filed September 11, 2003) (Snyder Second Supplement). Third, Ms. Snyder supplemented her petition to assert that WorldCom lacks candor in its present application for failing to update its application under Section 1.65 of the Commission's rules, 47 C.F.R. § 1.65, to formally notify the Commission of the Oklahoma indictments. Margaret Snyder, Third Supplement to Petition to Deny Transfer of Licenses, Authorizations, and Certifications of WorldCom, Inc., WC Docket No. 02-215 (filed Oct. 8, 2003) (Snyder Third Supplement). Fourth, Ms. Snyder supplemented her petition to assert that the Commission should inquire into a possible violation of the Commission's "greenmail" rule, 47 C.F.R. § 1.935, in light of recent filings. Margaret Snyder, Fourth Supplement to Petition to Deny Transfer of Licenses, Authorizations, and Certifications of WorldCom, Inc. and Request to Inspect Documents, WC Docket No. 02-215 (filed Oct. 15, 2003) (Snyder Fourth Supplement). Fifth, Ms. Snyder supplemented her petition to assert that WorldCom violated Commission's *ex parte* notification rule, 47 C.F.R. § 1.1206(b)(2) by failing to summarize with sufficient detail its *ex parte* meetings with FCC staff. Margaret Snyder, Fifth Supplement to Petition to Deny Transfer of Licenses, Authorizations, and Certifications of WorldCom, Inc., WC Docket No. 02-215 (filed Nov. 6, 2003) (Snyder Fifth Supplement). Sixth, Ms. Snyder amended her argument introduced in her Fourth Supplement with facts specific to the settlement agreements filed in this docket. Margaret Snyder, Sixth Supplement to Petition to Deny Transfer of Licenses, Authorizations, and Certifications of WorldCom, Inc., WC Docket No. 02-215 (filed Dec. 1, 2003) (Snyder Sixth Supplement).

<sup>29</sup> The Bureau reviewed each agreement and the evidence concerning potential threats by each party to oppose WorldCom's applications. The Bureau found that there is insufficient evidence to conclude that any of these parties made the type of threat covered by section 1.935 and, therefore, the agreements are not covered by the rule. See Letter from John Muleta, Chief, Wireless Telecommunications Bureau, to Arthur V. Belendiuk, counsel to Ms. Snyder, and Stephen L. Earnest, Regulatory Counsel, BellSouth Corporation, DA 03-3844 (rel. Dec. 19, 2003); Letter from John Muleta, Chief, Wireless Telecommunications Bureau, to Arthur V. Belendiuk, counsel to Ms. Snyder, and Ann H. Rakestraw, Assistant General Counsel, Verizon, DA 03-3845 (rel. Dec. 19, 2003); Letter from John Muleta, Chief, Wireless Telecommunications Bureau, to Arthur V. Belendiuk, counsel to Ms. Snyder, and Jim Lamoureux, Senior Counsel, SBC Telecommunications, Inc., DA 03-3846 (rel. Dec. 19, 2003).

<sup>30</sup> Application at 2, 7; see also *In re WorldCom, Inc.*, Chap. 11 Case No. 02-13533 (AJG) (Bankr. S.D.NY).

represent the unsecured creditors of the debtors.<sup>31</sup> After negotiations with the Unsecured Creditors Committee, WorldCom filed its proposed Plan and Disclosure Statement with the bankruptcy court on April 14, 2003, and it was approved by the Court in substantially similar form on May 28, 2003.<sup>32</sup> As discussed in greater detail below, on August 6, 2003, the bankruptcy court approved the penalty resulting from the settlement of civil charges brought against WorldCom by the Securities and Exchange Commission (SEC).<sup>33</sup> WorldCom solicited acceptances of the Plan from its creditors and received the requisite approval, as memorialized by the bankruptcy court's October 31, 2003 Order confirming the approval.<sup>34</sup>

#### 4. SEC Civil Case

10. On June 26, 2002, the SEC filed civil charges against WorldCom alleging fraud and improper accounting.<sup>35</sup> On November 1, 2002, the SEC amended its complaint against WorldCom to allege additional violations, broaden the time period for those violations back to 1999, and recognize WorldCom's acknowledgment that its improper overstatement of income amounted to approximately \$9 billion during the period covered by the SEC's charges. With the consent of the parties, the District Court for the Southern District of New York ("District Court") entered a Judgment of Permanent Injunction on November 26, 2002 resolving the equitable relief the SEC sought against WorldCom, as well as additional equitable relief.<sup>36</sup> The permanent injunction requires WorldCom "(1) not to violate securities laws in the future, (2) to provide reasonable training and education to its senior operational officers and financial reporting personnel to minimize the possibility of future violations, (3) to conduct a review of the effectiveness of its material internal accounting control structure and policies, (4) to follow recommendations concerning WorldCom's corporate governance and ethics policies made by Richard Breeden, in his capacity as WorldCom Corporate Monitor, and (5) to make a

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<sup>31</sup> Application at 7.

<sup>32</sup> Application at 10; Application, Ex. C.

<sup>33</sup> *In re WorldCom et al.*, Chap. 11 Case No. 02-13533 (AJG), Order Granting Debtors' Motion for Approval of Compromise and Settlement with Securities and Exchange Commission (Bankr. S.D.N.Y. Aug. 6, 2003).

<sup>34</sup> *In re WorldCom et al.*, Chap. 11 Case No. 02-13533 (AJG), Order Confirming Debtors' Modified Second Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, Dated October 21, 2003 (Bankr. S.D.N.Y. Oct. 31, 2003); *In re WorldCom et al.*, Chap. 11 Case No. 02-13533 (AJG), Findings of Fact and Conclusions of Law (1) Approving (i) Substantive Consolidation and (ii) the Settlements Under Debtors' Modified Second Amended Joint Plan of Reorganization, Dated October 21, 2003, and (2) Confirming Debtors' Modified Second Amended Joint Plan of Reorganization, Dated October, 21, 2003 (Bankr. S.D.N.Y. Oct. 31, 2003) (Findings of Fact and Conclusions of Law).

<sup>35</sup> *See Securities and Exch Comm'n v. WorldCom*, No. 02 Civ. 4963 (JSR) (S.D.N.Y.) (*SEC v. WorldCom*).

<sup>36</sup> *See U.S. Securities and Exchange Commission, In SEC v. WorldCom, Court Imposes Full Injunctive Relief, Orders Extensive Reviews of Corporate Governance Systems and Internal Accounting Controls, and Orders Training and Education Program to Minimize Future Violations*, Litigation Release No. 17866, Accounting and Auditing Enforcement Release No. 1678 (Nov. 26, 2002); Application at 8.

commitment to transparency and candor in all company affairs.”<sup>37</sup> On July 7, 2003, the District Court approved the proposed settlement of the SEC’s claim for a civil penalty against defendant WorldCom, and entered a Final Judgment as to Monetary Relief providing that WorldCom is liable for a civil penalty in the amount of \$2.25 billion, but that WorldCom may satisfy this obligation by paying to the SEC \$500 million in cash and transferring \$250 million in common stock of the reorganized company.<sup>38</sup> Under the terms of the settlement, the funds paid and the common stock transferred by WorldCom to satisfy the SEC’s judgment will be distributed to shareholder victims of WorldCom’s fraud, pursuant to section 308 (Fair Funds for Investors) of the Sarbanes-Oxley Act of 2002.<sup>39</sup> As a result, it is possible that some equity holders in the pre-bankruptcy company may be granted an equity interest in the reorganized company, pursuant to the SEC’s implementation of section 308 of the Sarbanes-Oxley Act of 2002, including the potential distribution of \$250 million in common stock in the reorganized company.<sup>40</sup> The bankruptcy court overseeing WorldCom’s bankruptcy reorganization approved this penalty on August 6, 2003.<sup>41</sup>

## 5. Other Proceedings

11. Although not directly related to the reorganization of WorldCom, two other proceedings involving WorldCom commenced after the filing of this application and remain pending. First, on August 27, 2003, the State of Oklahoma filed criminal charges against WorldCom and six of its former managers for violations of the Oklahoma Securities Act.<sup>42</sup> Second, on September 2, 2003, AT&T filed a civil complaint against WorldCom and others alleging improper routing of certain calls to reduce access charge payments.<sup>43</sup> This civil case

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<sup>37</sup> *Id.*

<sup>38</sup> *SEC v. WorldCom*, 273 F. Supp. 2d 431, 435 (S.D.N.Y. 2003); *SEC v. WorldCom*, No. 02 Civ. 4963 (JSR), Final Judgment as to Monetary Relief, slip op. (S.D.N.Y. July 7, 2003).

<sup>39</sup> *See SEC v. WorldCom*, 273 F. Supp. 2d at 434-35 (S.D.N.Y. 2003).

<sup>40</sup> *See SEC v. WorldCom*, 273 F. Supp. 2d at 434-35 (S.D.N.Y. 2003) (describing the concerns the SEC must weigh in implementing a plan for section 308 distributions to victim shareholders and noting that the details of the distribution plan are forthcoming); *see also infra* note 71.

<sup>41</sup> *In re WorldCom et al.*, Chap. 11 Case No. 02-13533 (AJG), Order Granting Debtors’ Motion for Approval of Compromise and Settlement with Securities and Exchange Commission (Bankr. S.D.N.Y. Aug. 6, 2003).

<sup>42</sup> *See In re State of Oklahoma v. WorldCom et al.*, Case No. CF 2003-4689, Felony Counts (Dist. Ct. Oklahoma County, Okla. Aug. 27, 2003). The individuals charged include former Chief Executive Officer Bernard J. Ebbers, former Chief Financial Officer Scott D. Sullivan, former Controller David F. Myers, former Director of General Accounting Buford T. Yates, Jr., former Director of Management Accounting Betty L. Vinson, and former Director of Legal Accounting Troy M. Normand. *Id.* We note that on November 20, 2003, the State of Oklahoma dismissed the criminal charges against Mr. Ebbers with plans to refile the charges at a later time to avoid conflicts with federal prosecution. *See* W.A. Drew Edmondson, Oklahoma Attorney General, *State Dismisses Case Against Ebbers; Plans to Refile*, News Release (Nov. 20, 2003), available at: <[www.oag.state.ok.us](http://www.oag.state.ok.us)>.

<sup>43</sup> *In re AT&T Corp. v. MCI, Inc. et al.*, No. 03-1114-A, Complaint (E.D. Va. Sept. 2, 2003).

initiated by AT&T was stayed by the bankruptcy court on October 30, 2003 until further ruling by the bankruptcy court.<sup>44</sup>

### III. PUBLIC INTEREST ANALYSIS

12. In considering WorldCom's applications, the Commission must determine, pursuant to sections 214(a) and 310(d) of the Act, and the Cable Landing License Act,<sup>45</sup> whether the proposed transfers of control will serve the public interest.<sup>46</sup> The legal standards that govern our public interest analysis for assignment and transfer of control applications under sections 214(a) and 310(d) and the Cable Landing License Act require that we weigh the potential public interest harms against the potential public interest benefits to ensure that, on balance, the proposed transaction will serve the public interest, convenience, and necessity.<sup>47</sup> Our analysis considers the likely competitive effects of the proposed transfers and/or assignments and whether such transfers and/or assignments raise significant anti-competitive concerns.<sup>48</sup> In addition, we consider the efficiencies and other public interest benefits that are likely to result from the

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<sup>44</sup> *In re WorldCom et al.*, Chap. 11 Case No. 02-13533 (AJG), Order Regarding the Debtors' Motion for Sanctions and Adjudging AT&T Corp. in Contempt of Court (Bankr. S.D.N.Y. Oct. 30, 2003).

<sup>45</sup> 47 U.S.C. §§ 34-39. *See also* Exec. Ord. No. 10530, § 5(a), *reprinted as amended in* 3 U.S.C. § 301 ("Executive Order 10530"); *Review of Commission Consideration of Applications under the Cable Landing License Act*, IB Docket No. 00-106, Report and Order, 16 FCC Rcd 22167, 22169-70, para. 5 (2001) (*Submarine Cable Report and Order*); 47 C.F.R. § 1.767(b) (2003); *Streamlined Procedures for Executive Branch Review of Submarine Cable Landing License Requests*, Media Note (Revised) (Dec. 20, 2001), available at <[www.state.gov/r/pa/prs/ps/2001](http://www.state.gov/r/pa/prs/ps/2001)> (visited March 28, 2003). Pursuant to section 1.767(b) of the Commission's rules, the Cable Landing License Act, and Executive Order 10530, we informed the Department of State of the Submarine Cable Applications. Letter to Steven Lett, U.S. Department of State, from George Li, FCC, (dated July 10, 2003).

<sup>46</sup> 47 U.S.C. §§ 214(a), 310(d).

<sup>47</sup> *See, e.g., Application of VoiceStream Wireless Corporation, Powertel, Inc., Transferors, and Deutsche Telekom AG, Transferee, for Consent to Transfer Control of Licenses and Authorizations Pursuant to Sections 214 and 310(d) of the Communications Act and for Declaratory Ruling Pursuant to Section 310 of the Communications Act*, IB Docket No. 00-187, Memorandum Opinion and Order, 16 FCC Rcd 9779, 9789, para. 17 (2001) (*VoiceStream/Deutsche Telekom Order*). *See also AT&T Corp., British Telecommunications, PLC, VLT Co. LLC, Violet License Co. LLC, and TNV (Bahamas) Limited, Applications For Grant of Section 214 Authority, Modification of Authorizations and Assignment of Licenses in Connection with the Proposed Joint Venture Between AT&T Corp. and British Telecommunications, PLC*, IB Docket No. 98-212, Memorandum Opinion and Order, 14 FCC Rcd 19140, 19147, para. 15 (1999) (*AT&T/BT Order*); *Motient Services Inc. and TMI Communications and Company, LP, Assignors, and Mobile Satellite Ventures Subsidiary LLC, Assignee*, Order and Authorization, 16 FCC Rcd 20469, 20473, para. 11 (Int'l Bur. 2001); *Rules and Policies on Foreign Participation in the U.S. Telecommunications Market*, IB Docket Nos. 97-142, 95-22, Report and Order and Order on Reconsideration, 12 FCC Rcd 23891, 23919-21, paras. 61-66, 23933-35, paras 93-96 (1997) (*Foreign Participation Order*), Order on Reconsideration, 15 FCC Rcd 18158 (2000).

<sup>48</sup> *See, e.g., AT&T/BT Order*, 14 FCC Rcd at 19148, para. 15.

proposed transfers of control of the licenses and authorizations.<sup>49</sup> We must also address the basic qualifications of the applicants in this case.

### A. Character Qualifications

13. As a threshold matter, we must determine whether the applicant has the requisite qualifications to hold and transfer control of licenses under section 310(d) of the Act and Commission rules.<sup>50</sup> In prior orders, the Commission has used its character policy, initially developed in the broadcast area, as guidance in resolving similar questions in common carrier license transfer proceedings.<sup>51</sup> We find no differently today.<sup>52</sup> However, we note that many of the underlying public interest concerns in the broadcast arena – such as indecency regulation or compliance with affirmative public interest obligations like the Commission’s children’s television requirements – do not apply with equal force to common carrier facilities, where content is divorced from conduit.<sup>53</sup> In making its character qualifications determination, the Commission does not, as a general rule, re-evaluate the qualifications of the transferors unless

<sup>49</sup> See, e.g., *VoiceStream/Deutsche Telekom Order*, 16 FCC Rcd at 9789, para. 17.

<sup>50</sup> 47 C.F.R. § 310(d); 47 C.F.R. § 1.948 (transfer of control of wireless licenses); *Jefferson Radio v. FCC*, 340 F.2d 781 (D.C. Cir. 1964); *Applications of KOLA, Inc. et al. for Assignment of the License of Radio Station KOLA(FM)*, Memorandum Opinion and Order, 11 FCC Rcd 14297, 14305, para. 16 (1996).

<sup>51</sup> See, e.g., *Lockheed Martin Corporation, et al., Applications for Transfer of Control of COMSAT Corporation and its Subsidiaries, Licensees of Various Satellite, Earth Station Private Land Mobile Radio and Experimental Licenses and Holders of International Section 214 Authorizations*, Order on Reconsideration, 17 FCC Rcd 13160, 13167-68, paras. 17-18 (2002) (*Lockheed/COMSAT Order*); *Global Crossing Ltd. (Debtor-in-Possession), Transferor, and GC Acquisition Limited, Transferee, Applications for Consent to Transfer Control of Submarine Cable Landing Licenses, International and Domestic Section 214 Authorizations, and Common Carrier and Non-Common Carrier Radio Licenses, and Petition for Declaratory Ruling Pursuant to Section 310(b)(4) of the Communications Act*, IB Docket No. 02-286, Order and Authorization, DA 03-3121 at n.74 (Int’l Bur., WTB & WCB rel. Oct. 8, 2003) (*Global Crossing Order*); *Application of GTE Corporation, Transferor, and Bell Atlantic Corporation, Transferee, for Consent to Transfer Control of Domestic and International Sections 214 and 310 Authorizations and Applications to Transfer Control of a Submarine Cable Landing License*, 15 FCC Rcd 14032, 14227-28, para. 429 (2000) (*Bell Atlantic/GTE Merger Order*) (“In prior incumbent LEC merger orders, the Commission has used the Commission’s character policy in the broadcast area as guidance in resolving similar questions in license transfer proceedings.”).

<sup>52</sup> We note that we treat this application as a whole, including various Title II authorizations and Title III licenses. See *July 9, 2003 Public Notice* at 2 (stating, “we find that it is appropriate . . . to consider the proposed transaction as a whole.”)

<sup>53</sup> See, e.g., *MCI Telecommunications Corporation Petition for Revocation of Operating Authority*, Order and Notice of Apparent Liability, 3 FCC Rcd 509, 515 n.14 (1988) (“Although not directly applicable to common carriers, the character qualification standards adopted in the broadcast context can provide guidance in the common carrier area as well.”); see also *Cablecom-General, Inc. Seeking Authority to Transfer Control from RKO General Inc. (RKO) to Capital Cities Cable of Delaware, Inc.*, 87 FCC 2d 784, 787-91 (1981) (distinguishing the public interest review required for point-to-point common carrier microwave, domestic satellite, and CARS services from broadcast public interest requirements); see generally 47 C.F.R. Part 73, Subpart H (regulating, among other things, broadcast hoaxes, broadcasts of lottery information, licensee-conducted contests, political advertising, cigarette advertising, drug lyrics, and sponsorship identification).

issues related to basic qualifications have been designated for hearing by the Commission or have been sufficiently raised in petitions to warrant the designation of a hearing.<sup>54</sup> On the other hand, section 310(d) requires the Commission to consider the qualifications of the proposed transferee as if the transferee were applying for the license directly under section 308 of the Act.<sup>55</sup> The Commission previously has stated that it will review allegations of misconduct directly before it,<sup>56</sup> as well as conduct that takes place outside of the Commission.<sup>57</sup> As described above, two parties in this proceeding, UCC and Margaret Snyder, have alleged that the character of the transferor and transferee raise public interest concerns under Commission precedent. For the reasons discussed more fully below, we find that these allegations do not warrant designation of a hearing or denial of WorldCom's applications to proceed with its reorganization.

14. The Commission typically organizes its discussion of character qualification issues into separate analyses of both the transferor and transferee. However, in this application, WorldCom has entered bankruptcy, operates as a debtor-in-possession, and plans to emerge from bankruptcy largely maintaining its original assets. Specifically, in this application, the transferor is the debtor-in-possession which has undergone significant structural and accounting changes, rather than the pre-bankruptcy entity under which substantial fraud was committed.<sup>58</sup> The transferee in this case, MCI, Inc., essentially will assume control of the reformed debtor-in-possession, pursuant to the bankruptcy court's control. Thus, the distinction between transferor and transferee in this case is less clear than usual. As such, we address together all of the character qualification issues raised in the record and do not explicitly bifurcate the issues into the typical transferor and transferee categories.

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<sup>54</sup> See, e.g., *VoiceStream/Deutsche Telekom Order*, 16 FCC Rcd at 9790, para. 19; *Jefferson Radio v. FCC*, 340 F.2d 781 (D.C. Cir. 1964); *Applications of KOLA, Inc. et al. For Assignment of the License of Radio Station KOLA(FM)*, Memorandum Opinion and Order, 11 FCC Rcd 14297, 14305, para. 16 (1996).

<sup>55</sup> 47 U.S.C. §§ 310(d), 308(b) (applications must set forth such facts as the Commission may require as to citizenship, character, and financial, technical and other qualifications); see also *Applications of AirTouch Communications, Inc., Transferor, and Vodafone Group, PLC, Transferee, For Consent to Transfer of Control of Licenses and Authorizations*, Memorandum Opinion and Order, 14 FCC Rcd 9430, 9432-34, paras. 5-9 (1999).

<sup>56</sup> The Commission will consider any violation of any provision of the Act, or of the Commission's rules or policies, as predictive of an applicant's future truthfulness and reliability and, thus, as having a bearing on an applicant's character qualifications. *Bell Atlantic/GTE Merger Order*, 15 FCC Rcd at 14227-28, para. 429; *Character Qualifications Policy*, 102 FCC 2d at 1209-10, para. 57, modified, 5 FCC Rcd 3252 (1990) (*Character Qualifications Modification*), recon. granted in part, 6 FCC Rcd 3448 (1991), modified in part, 7 FCC Rcd 6564 (1992) (*Further Character Qualifications Modification*).

<sup>57</sup> The Commission previously has determined that in its review of character issues, it will consider forms of adjudicated, non-Commission related misconduct that include: (1) felony convictions; (2) fraudulent misrepresentations to governmental units; and (3) violations of antitrust or other laws protecting competition. See, e.g., *Bell Atlantic/GTE Merger Order*, 15 FCC Rcd at 14227-28, para. 429.

<sup>58</sup> See *supra* para. 3 (describing the Commission's grant of WorldCom's *pro forma* applications to transfer and/or assign its licenses and authorizations to WorldCom DIP).

## 1. Second Thursday Analysis

15. The Commission's *Second Thursday* policy applies in license transfer and assignment proceedings in which the character of a bankrupt transferor entity is in dispute. The policy states that "a grant without hearing of the renewal, extension and assignment applications pending before us may be made only if the individuals charged with misconduct will have no part in the proposed operations and will either derive no benefit from favorable action on the applications or only a minor benefit which is outweighed by equitable considerations in favor of innocent creditors."<sup>59</sup> Thus, the *Second Thursday* doctrine "accommodates the policies of the federal bankruptcy law with those of the Communications Act."<sup>60</sup> In conducting our *Second Thursday* review of whether the character of the Applicant raises public interest concerns, we first analyze whether any individuals charged with misconduct continue to hold operational positions within the company or will otherwise benefit from the proposed transaction. Next, we identify the equitable benefits attendant to the proposed transaction resulting from the bankruptcy proceeding.<sup>61</sup> Finally, we weigh the public interest harms associated with allowing wrongdoers to benefit under the transaction against the public interest benefits of allowing reorganization under the bankruptcy laws.<sup>62</sup>

16. Applying our *Second Thursday* policy to the instant case, we find that individuals charged with misconduct will have no part in the proposed operations and will derive no benefit from favorable action on the applications. WorldCom has been subject to extraordinary reviews of its governance structure, accounting policies, and internal ethics. WorldCom states that its Special Investigative Committee of the Board of Directors conducted a detailed review of the fraud within the company.<sup>63</sup> WorldCom has also engaged KPMG to review the company's internal controls and to comprehensively audit the company's financial statements for the years 2000 through 2002.<sup>64</sup> Additionally, as bankruptcy court examiner, the Honorable Richard

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<sup>59</sup> *Application of Second Thursday Corp. (WWGM), Nashville, Tenn. for Renewal of License*, Docket No. 17914, Memorandum Opinion and Order, 22 FCC 2d 515, 516, para. 5 (1970) (*Second Thursday*) (internal citations omitted). The Commission's *Second Thursday* policy is an exception to the general rule that a licensee may not transfer facilities involved in a hearing concerning its character qualifications unless it is found qualified to remain a licensee. See *Jefferson Radio Co. v. FCC*, 340 F.2d 781, 783 (D.C. Cir. 1964).

<sup>60</sup> *LaRose v. FCC*, 494 F.2d 1145, 1146 n.2 (D.C. Cir. 1974).

<sup>61</sup> See *id.*, 494 F.2d at 1146 n.2.

<sup>62</sup> The Commission's *Second Thursday* policy "does not limit approval of a transfer only to those situations in which suspected wrongdoers receive no direct benefit from the sale. . . . Rather, the Commission balances the possible injury to regulatory authority that might flow from a wrongdoer's realization of benefit with the public interest in innocent creditors' recovery." *Mobilemedia Corporation, et al. Applicant for Authorizations and Licenses of Certain Stations in Various Services*, WT Docket No. 97-115, Memorandum Opinion and Order, 14 FCC Rcd 8017, 8023, para. 21 (1999) (*Mobilemedia Order*) (citing *Walter S. Kelley, Trustee, WXFL(TV)*, 10 FCC Rcd 4424, 4426, para. 12 (1995)).

<sup>63</sup> See Application at 19; WorldCom Reply at 4.

<sup>64</sup> See WorldCom, Inc., SEC Form 8-K (filed June 3, 2003) (including KPMG report on its audit); see also *In re WorldCom et al.*, Chap. 11 Case No. 02-13533 (AJG), Findings of Fact and Conclusions of Law, slip op. at 29 (continued....)

Thornburgh continues to conduct a review of the accounting and corporate policies and activities that led WorldCom into bankruptcy.<sup>65</sup> WorldCom's activities are also monitored closely by a court-appointed corporate monitor, Richard Breeden.<sup>66</sup> On its own initiative and in response to these reviews, WorldCom has endeavored to reform itself in many far-reaching ways including structural, policy, and personnel changes, and under careful continuing review by these multiple parties.<sup>67</sup> WorldCom has demonstrated that all ties have been severed between the company and any alleged wrongdoers and that no benefits will accrue to any wrongdoers as a result of a grant of the instant applications.<sup>68</sup> WorldCom represents that the officers and employees involved in accounting fraud, including those "insufficiently attentive in preventing the fraud," have been discharged or otherwise have left the company<sup>69</sup> and that WorldCom has a new chief executive officer, new board of directors, and a radically reformed governance structure with "safeguards to ensure that the Company remains a good corporate citizen."<sup>70</sup> Finally, and, importantly for purposes of our *Second Thursday* analysis, the Plan and the SEC settlement specifically deny any benefits to those responsible for fraud or other wrongdoing.<sup>71</sup>

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(Bankr. S.D.N.Y. Oct. 31, 2003) (stating, "[t]he debtors have established teams and developed plans to remediate the internal control weaknesses identified by KPMG . . . and [will] develop remediation plans for any other weaknesses that may be discovered.").

<sup>65</sup> Application at 19; see *In re WorldCom et al.*, Chap. 11 Case No. 02-15533 (AJG), Second Interim Report of Dick Thornburgh, Bankruptcy Court Examiner (Bankr. S.D.N.Y. June 9, 2003).

<sup>66</sup> Application at 19; *In re SEC v. WorldCom*, No. 02 Civ. 4963 (JSR), Richard C. Breeden, Corporate Monitor, Restoring Trust, Report to the Hon. Jed S. Rakoff, The United States District Court for the Southern District of New York on Corporate Governance for the Future of MCI at 8 (S.D.N.Y. Aug. 26, 2003) (Breeden Report) (stating, "[a]fter exhaustive multiple investigations, the fraudulent accounting activities seem to have involved fewer than 100 persons out of the entire employee base."); see also *SEC v. WorldCom*, 273 F. Supp. 2d at 432 (S.D.N.Y. 2003) (stating, "[f]ew if any companies have ever been subject to such wide-ranging internal oversight imposed from without; but to the company's credit it has fully supported the Corporate Monitor's efforts and the strict discipline thereby imposed.").

<sup>67</sup> See Application at 19; WorldCom Reply at 4-7; see also *Katzenbach Testimony* at 3, 6-9.

<sup>68</sup> Application at 19; WorldCom Reply at 8; see also *Katzenbach Testimony* at 2, 6-71; *In re WorldCom et al.*, Chap. 11 Case No. 02-13533 (AJG), Findings of Fact and Conclusions of Law, slip op. at 104 (Bankr. S.D.N.Y. Oct. 31, 2003) (stating, "[t]he individuals associated with the prior wrongdoings of the Debtors have either resigned or have been discharged by the Debtors. The current directors have exemplary reputations, and distinguished credentials."); *id.* at 25 (stating, "[v]irtually the entire accounting staff of the Debtors has turned over since June 2002. Approximately 400 new professionals have been hired.").

<sup>69</sup> WorldCom Reply at 4 (citing *SEC v. WorldCom*, 273 F. Supp. 2d 432); Application at 19. See *supra* note 3 (describing criminal charges against former WorldCom officers).

<sup>70</sup> Application at 9, 19; WorldCom Reply at 4.

<sup>71</sup> *In re SEC v. WorldCom*, No. 02 Civ. 4963 (JSR), Submission of the Securities And Exchange Commission Addressing the Issues Identified in the Court's May 19, 2003 Order Concerning the Proposed Settlement Of The Commission's Monetary Claims Against WorldCom, Ex. 1 (June 6, 2003) (*SEC Proposed Settlement*) (approved in substantial part by the Court in, *SEC v. WorldCom*, 273 F. Supp. 2d 431 (S.D.N.Y. 2003)). The SEC plan specifically excludes receipt of any portion of the penalty that is to be returned to holders of WorldCom or affiliated (continued....)

17. Ms. Snyder questions the completeness of the removal of culpable employees and speculates that other WorldCom employees may also be guilty of wrongdoing.<sup>72</sup> Ms. Snyder asserts that any such employees “have been rewarded, either by being able to keep the jobs they do not deserve or by receiving promotions to fill the places of those whose culpability could not be denied.”<sup>73</sup> We focus our attention primarily on any benefit that officers and employees identified as involved in the wrongdoing could derive from the grant of this application. As discussed above, the record indicates that all of the employees found at all culpable in the fraud as the result of several different independent reviews have been removed from any involvement with the company and are not eligible as claimants under the reorganization. We find that the alleged possibility of an as yet unknown culpable individual deriving a benefit from the grant of this application is speculative in nature, and without identifying any specific individuals, is even more speculative. We note that denying the applications would not necessarily result in the discovery of any such possibly culpable individual.<sup>74</sup> Finally, the comprehensive reforms established by the applicant, under the supervision of the SEC, the corporate monitor, and the bankruptcy court, further minimize the suggested possibility that any culpable individual will realize improper benefits.<sup>75</sup>

18. Commenters’ allegations that WorldCom lacks the requisite fitness of character to hold Commission licenses have largely to do with the failings of WorldCom’s corporate governance structure and financial misconduct prior to reorganization.<sup>76</sup> Ms. Snyder also maintains that WorldCom filed inaccurate information with the Commission, such as its SEC 10-

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debt or stock (including MCI) by any “past or present director or officer of WorldCom or any of its past or present subsidiaries, . . . any employee of WorldCom who has been terminated for cause by WorldCom’s management in connection with the fraud, . . . any employee, officer or director of WorldCom who has been charged criminally in connection with the accounting fraud, [or] . . . any defendant in any class action lawsuit related to the fraud . . . .” *SEC Proposed Settlement*. Moreover, the approved Disclosure Statement denies compensation or benefits to any “[c]ulpable [i]ndividual.” Application, Ex. B, Plan of Reorganization and Disclosure Statement. This exceeds what the Commission has found acceptable in the past. See *Mobilemedia Order*, 14 FCC Rcd at 8021-23, paras. 13, 15, 20-21 (finding that continuing claims to performance, health, and insurance benefits by wrongdoers are “incidental benefits” under a *Second Thursday* analysis).

<sup>72</sup> Snyder Petition at 7.

<sup>73</sup> Snyder Petition at 7.

<sup>74</sup> We also find it not at all clear that denying this application would change corporate managers’ conduct, as suggested by opponents. See, e.g., Snyder Petition at 10. For example, the possibility that a necessary license transfer would be denied does not, in our view, add significantly to the existing incentives on senior management to avoid fraud (which may include termination, and civil and criminal liability).

<sup>75</sup> See *supra* para. 16. We note that WorldCom has appointed a Chief Ethics Officer and instituted a “zero tolerance” policy to address violations of law, company policy, or its Code of Ethics and Business Conduct. See *Katzenbach Testimony* at 8; see also MCI, *MCI Names Nancy Higgins As Chief Ethics Officer*, Press Release (Oct. 14, 2003).

<sup>76</sup> See UCC Petition at 2-5; Snyder Petition at 3-7. See also Application at 21.

K report filed with the Commission.<sup>77</sup> The same changes in corporate governance and internal policy discussed above that are designed to prevent inaccurate submissions to the SEC and other governmental entities should operate to ensure that MCI does not file inaccurate financial information with this Commission in the future.<sup>78</sup> Should any irregularities occur in the future, we will not hesitate to take appropriate enforcement action.<sup>79</sup>

19. The SEC, the court-appointed Corporate Monitor, the bankruptcy court examiner, the United States Attorney's Office, and the Department of Justice have worked closely with WorldCom to identify the faults of the pre-bankruptcy entity and to ensure that WorldCom has "rapidly and [] completely divorced itself from the misdeeds of the immediate past and [has] undertaken . . . extraordinary steps to prevent such misdeeds in the future."<sup>80</sup> The Commission has a statutory obligation to undertake its own independent assessment of whether an applicant has the basic qualifications to be a Commission licensee, but we see no reason here to second-guess the extensive corporate governance reforms made under the careful review and special expertise of the Securities Exchange Commission and the federal courts that have been involved in proceedings related to WorldCom's proposed reorganization.

20. Under the second part of our *Second Thursday* analysis, we find that there are likely to be significant equitable benefits attendant to the reorganization of WorldCom under the bankruptcy laws. As discussed above, the reorganization plan, confirmed by the bankruptcy court on October 31, 2003,<sup>81</sup> controls how each class of claimants can satisfy their allowed claims through receipt of compensation including cash payments, new common stock, and notes issued by the reorganized company. The applicants assert that granting these applications would advance the economic and social benefits of Chapter 11 of the Bankruptcy Code including the protection of innocent creditors and the maximization of value to those creditors.<sup>82</sup> The

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<sup>77</sup> Snyder Petition at 8-9 (describing Commission rules requiring the filing of SEC 10-K reports); 47 C.F.R. § 1.785(b); 47 C.F.R. § 43.21(b).

<sup>78</sup> Application at 21-22. We note that WorldCom maintains that it continues to support government programs such as the Universal Service Fund and local number portability. WorldCom Reply at 13.

<sup>79</sup> As the Commission has stated before, "[w]e consider misrepresentation to be a serious violation, as our entire regulatory scheme rests upon the assumption that applicants will supply [the Commission] with accurate information." *SBC Communications, Inc.*, Notice of Apparent Liability for Forfeiture and Order, 16 FCC Rcd 19091 (2001).

<sup>80</sup> *SEC v. WorldCom*, 273 F. Supp. 2d at 433 (S.D.N.Y. 2003); see also *In re SEC v. WorldCom*, No. 02 Civ. 4963 (JSR), Breeden Report at 8 (S.D.N.Y. Aug. 26, 2003) (stating, "[t]he new company is being built around a commitment to create a corporate culture based on transparency and integrity, and to establish a model of excellence in governance to replace the odious practices of the past.")

<sup>81</sup> *In re WorldCom et al.*, Chap. 11 Case No. 02-13533 (AJG), Order Confirming Debtors' Modified Second Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, Dated October 21, 2003 (Bankr. S.D.N.Y. Oct. 31, 2003).

<sup>82</sup> Application at 14-17; WorldCom Reply at 7-9; see also *SEC v. WorldCom*, 273 F. Supp. 2d at 433-34 (S.D.N.Y. 2003) (stating that liquidation of the company would "unfairly impact creditors" because reorganization "affords them far more value than liquidation."); WorldCom Reply, Ex. 3, Written Statement of Marcia Goldstein, (continued....)

Unsecured Creditors Committee comments in support of the proposed transaction that grant of these applications “will yield immediate and significant public interest benefits.”<sup>83</sup> Indeed, to deny this application would certainly delay, and most likely reduce, the value innocent creditors will realize through the reorganization.<sup>84</sup> The Commission recognizes and supports the important equitable benefits inherent in reorganization under the bankruptcy laws established by Congress.<sup>85</sup>

21. The two commenters opposing the transaction do not directly discuss or dispute the equitable benefits attendant to bankruptcy proceedings. Ms. Snyder, however, suggests that the bankruptcy laws could be used as a shield against Commission review of the applicant’s character qualifications, and thus avoid accountability to the Commission.<sup>86</sup> We do not share Ms. Snyder’s concern in this regard. First, our analysis ensures that wrongdoers associated with the applicant do not benefit from license transfers such as this. Second, we subject the transferee to our public interest analysis. Third, the record indicates that operating under bankruptcy law generally imposes substantial short-term and long-term burdens on the bankrupt company that provide more than an adequate disincentive to the use of bankruptcy to evade accountability to the Commission for a licensee’s acts.<sup>87</sup> Fourth, Chapter 11 bankruptcy cases often involve a radical change in the ownership and control of the bankrupt entity, as it did in this case, which substantially reduces the likelihood of the gaming predicted by Ms. Snyder because those in control of a licensee cannot be assured that their control will survive the bankruptcy process. Moreover, the Commission, as custodian of the policies governing this nation’s

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*The WorldCom Case: Looking at Bankruptcy and Competition Issues: Hearing Before the Senate Committee on the Judiciary* (July 22, 2003) (*Goldstein Testimony*) (stating, “the basic premise of [chapter 11] bankruptcy policy [is] that when the ‘going-concern value’ of an enterprise exceeds the ‘liquidation value’ of the enterprise, reorganization of the debtor will maximize return to creditors and lead to the preservation of the enterprise for the greater good,” citing *United States v. Whiting Pools, Inc.*, 462 U.S. 198, 203 (1982) and 11 U.S.C. § 1129(a)(7)); *In re WorldCom et al.*, Chap. 11 Case No. 02-13533 (AJG), Findings of Fact and Conclusions of Law (Bankr. S.D.N.Y. Oct. 31, 2003) (stating that “the values that may be realized by the holders of claims and equity interests in the respective Classes of claims and equity interests upon disposition of the Debtors’ assets pursuant to a chapter 7 liquidation are significantly less than the value of the recoveries to such Classes provided for under the Plan.”).

<sup>83</sup> Unsecured Creditors Committee Comments at 1.

<sup>84</sup> See WorldCom Reply at 1-2; Unsecured Creditors Committee Comments at 1; *Goldstein Testimony* at 11 (stating that, if forced to liquidate, WorldCom’s “creditors would recover significantly less than the recoveries provided for in the reorganization plan.”).

<sup>85</sup> See, e.g., *Mobilemedia Order*, 14 FCC Rcd at 8022, para. 19 (stating, “[t]here is no dispute that the proposed transaction will further the bankruptcy code by providing for a substantial recovery to innocent secured and unsecured creditors holding massive amounts of debt.”)

<sup>86</sup> See Snyder Petition at 10.

<sup>87</sup> *Goldstein Testimony* at 13; Unsecured Creditors Committee Comments at 8-9 (describing the limitations on business decisions, the required public nature of many competitive decisions, the extremely limited access to capital markets or trade credit, and the negative public perception and uncertainty attendant to operation in bankruptcy); see also *SEC v. WorldCom*, 273 F. Supp. 2d at 433 (stating, “companies rarely seek bankruptcy except as a last resort, for it involves numerous competitive disadvantages as well, not only in public relations and customer dissatisfaction but in future capacity to borrow and to raise capital.”).

telecommunications marketplace, has an interest in advancing the policy goals of the bankruptcy laws, which sometimes require substantial changes in ownership and control in order to maximize compensation to creditors and to avoid the negative consequences of liquidation.<sup>88</sup> Finally, the Commission has available to it other authority and procedural tools through which it can enforce its rules, as it deems necessary, short of and separate from license revocation.

22. Concluding our *Second Thursday* analysis, we find that it has not been shown that any actual or possible wrongdoers will benefit from grant of this application, and to the extent we can give credence to any such speculative benefit, it is far outweighed by the equitable considerations in favor of innocent creditors. Accordingly, we find that granting the applications is fully consistent with the *Second Thursday* policy.

## 2. Post-Application Issues

23. The Petitions to Deny allege that WorldCom's behavior since filing the instant application on June 13, 2003 raises character qualification issues. Although these allegations, discussed more fully below, explicitly involve the character of the transferor, WorldCom DIP, we note that they also indirectly impugn the character of the transferee, MCI, Inc., which will assume control of the transferor, including its current management. We review these allegations pursuant to section 310(d) of the Act which requires the Commission to consider whether the transfer will serve the public interest, convenience and necessity. Petitions to Deny must set forth specific allegations demonstrating that grant of the application would be prima facie inconsistent with this standard, and the existence of "substantial and material" questions of fact exist that would warrant a hearing.<sup>89</sup> We find that the Petitions to Deny have not met this burden, and accordingly we are not designating these character issues for a hearing.

24. We find that although WorldCom violated one of the Commission's procedural rules, this violation does not warrant a hearing or forfeiture, as advocated by Ms. Snyder.<sup>90</sup> Specifically, we find that, when it filed its application, WorldCom did not misrepresent the truth in its answers to questions 75 and 77 on FCC Form 603 in the instant applications.<sup>91</sup> At the time

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<sup>88</sup> See generally *Goldstein Testimony*. Although we do not reach such a conclusion here, the Commission has in the past stated that corporate reorganization may even absolve carriers of past misconduct. *Applications of ASD Answer Service, Inc. et al., for Authority to Construct New One-Way Paging Stations in the Domestic Public Land Mobile Radio Service on 34 and 43 Mhz Frequencies at Various Locations Throughout the United States*, CC Docket Nos. 82-587, 82-588, 82-589, 82-590, Memorandum Opinion and Order, 1 FCC Rcd 753 (1986).

<sup>89</sup> 47 U.S.C. § 309(d)(1). Proponents of a hearing designation must make a two-part showing. First, the proponents must make specific allegations of fact sufficient to show that a grant of the application would be prima facie inconsistent with the public interest. Second, they must establish that substantial and material questions of fact regarding that issue have been created. See e.g., *Gencom Inc. v. FCC*, 832 F.2d 171, 180-81 (D.C. Cir. 1987); *Health and Medicine Policy Research Group v. FCC*, 807 F.2d 1038, 1045 n.10 (D.C. Cir. 1987); *Astroline Communications Co. v. FCC*, 857 F.2d 1556, 1562 (D.C. Cir. 1988).

<sup>90</sup> Snyder Petition at 8-13.

<sup>91</sup> Question 75 of Form 603 asks, "Has the Assignee or Transferee or any party to this application, or any party directly or indirectly controlling the Assignee or Transferee, or any party to this application ever been convicted of a (continued....)"

of filing, WorldCom was not subject to any criminal charges.<sup>92</sup> Nevertheless, we find that WorldCom failed to amend its application in a timely manner, pursuant to section 1.65 of the Commission's rules,<sup>93</sup> to notify the Commission of the State of Oklahoma's criminal charges against WorldCom.<sup>94</sup> Question 77 is written in broad terms that require an applicant to report involvement in pending state and federal felony cases, such as the criminal charges in Oklahoma, and rule 1.65 requires that applicants be "responsible for the continuing accuracy and completeness of information furnished in a pending application."<sup>95</sup> Although we find that WorldCom violated the Commission's rule 1.65, we find that based on these circumstances, WorldCom's rule violation does not raise sufficient grounds to warrant a hearing or revocation because this specific failure to disclose involved exceptionally widely known information.<sup>96</sup> We do, however, admonish WorldCom for its failure to observe our procedural requirements. Strict adherence to these requirements by applicants is important to the fact-finding function of this agency and the fair administration of our transfer process. Under other circumstances, failure to disclose material facts to this Commission or amend an application in a timely fashion could result in fines, rejection of applications, significant delays in their resolution, or revocation of licenses.

25. Ms. Snyder and UCC also point to the more recent allegations, raised in other fora, that WorldCom has avoided payment of access fees by its methods of routing calls, both before and after its reorganization.<sup>97</sup> The Commission has begun, but has not yet completed, an investigation into these allegations.<sup>98</sup> We find that these allegations do not provide a basis for

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felony by any state or federal court? If 'Yes', attach exhibit explaining circumstances." Question 77 of Form 603 asks, "Is the Assignee or Transferee, or any party directly or indirectly controlling the Assignee or Transferee currently a party in any pending matter referred to in the preceding two items? If 'Yes', attach exhibit explaining circumstances."

<sup>92</sup> See WorldCom Reply at 14-15. As noted above, the criminal charges brought by the State of Oklahoma on August 27, 2003 are the first criminal charges brought against WorldCom DIP.

<sup>93</sup> 47 C.F.R. § 1.65 (requiring notice within 30 days of information updating a pending application "[w]henver the information furnished in the pending application is no longer substantially accurate and complete in all significant respects").

<sup>94</sup> See Snyder Third Supplement at 3-5.

<sup>95</sup> 47 C.F.R. § 1.65.

<sup>96</sup> The Oklahoma indictments received extensive press coverage and were included in the record on August 29, 2003 by Ms. Snyder, only two days after the charges were filed. See, e.g., *Leading in the News: MCI and Ebberts are Charged by Oklahoma*, WALL ST. J., Aug. 28, 2003, at A3; Christopher Stern and Brooke A. Masters, *WorldCom, Ex-Officers Charged in Oklahoma*, WASH. POST, Aug. 28, 2003, at E1; Snyder First Supplement. Thus, unlike many cases where applicants withhold material information, the information at issue was obviously known to the Commission.

<sup>97</sup> Snyder Petition at 12; UCC Petition at 4-5. As noted above, Ms. Snyder has supplemented the record to include the now-stayed civil complaint AT&T has filed against WorldCom on this matter in federal district court. See Snyder Second Supplement.

<sup>98</sup> See WorldCom Reply at 13.

determining that WorldCom lacks the fitness to hold licenses and authorizations. Consistent with past agency practices, we believe that these allegations are best addressed through specific enforcement proceedings.<sup>99</sup> Additionally, it does not appear that Congress intended general allegations made upon “information and belief” – such as those contained in the access charge complaint and in the petitions to deny – by themselves to be a sufficient basis on which to require a hearing under section 309 of the Act.<sup>100</sup> The Commission, nonetheless, takes such allegations seriously and will impose appropriate sanctions against WorldCom or MCI if the results of our investigation reveal a violation.

26. In a final argument against the license transfer, Ms. Snyder alleges that WorldCom failed properly to document certain *ex parte* contacts it had with Commission staff.<sup>101</sup> This allegation does not present a substantial or material question of fact. WorldCom’s filings report presentations which are permissible under the *ex parte* rules, provided they are properly disclosed on the record. The rule requires an *ex parte* presenter to file a summary of “data or arguments not already reflected in that person’s written comments, memoranda or other filings.”<sup>102</sup> Although WorldCom’s filing is sparse, there is no reason to believe that it omits any significant material. WorldCom has submitted extensive material for the record in this docket and there is no indication that it presented any new “data or arguments” during its presentation.<sup>103</sup>

27. In summary, we find that the petitions to deny have failed to allege substantial and material questions of fact regarding character issues that require a hearing. As explained in greater detail below, the public interest benefits likely to result from our grant of the transfer application are substantial and uncontested. If the Commission were to refuse to grant the transfer application and set public interest issues for a section 309 hearing, it likely would pose a substantial impediment to WorldCom’s emergence from bankruptcy as MCI, Inc. The voluminous record before us indicates that WorldCom’s failure to emerge from bankruptcy would impose public costs unmatched by benefits, and thus the balance of equities counsels against a refusal to grant the application for an indeterminable period of time.

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<sup>99</sup> See *Applications of EchoStar Communications Corp. and Hughes Corp. for Consent to Transfer Control of Licenses*, 17 FCC Rcd 20559, 20578-79, para. 33 (2002); *Bell Atlantic/GTE Merger Order*, 15 FCC Rcd at 14229, para. 432.

<sup>100</sup> See *Stone v. FCC*, 466 F.2d 316, 322 (D.C. Cir. 1972) (“The allegation of ultimate, conclusionary facts or more general allegations on information and belief, supported by general affidavits . . . are not sufficient,” quoting S. Rep. No. 690, 86th Cong., 1st Sess. 3 (1959)). See also 47 U.S.C. § 309 (“Such allegations of fact shall, except for those of which official notice is taken, be supported by affidavit of a person or persons with knowledge.”)

<sup>101</sup> Snyder Fifth Supplement.

<sup>102</sup> 47 C.F.R. § 1.1206(b)(2).

<sup>103</sup> See Letter from A. Richard Metzger, Counsel for WorldCom, to Marlene Dortch, Secretary, FCC, WC Docket No. 02-215 (filed Nov. 25, 2003) (WorldCom Nov. 25, 2003 *Ex Parte* Letter) (stating that “the presentations at those meetings were consistent with MCI’s previous written submissions in this docket.”); see also Letter from A. Richard Metzger, Counsel for WorldCom, to Marlene Dortch, Secretary, FCC, WC Docket No. 02-215 (filed Oct. 10, 2003); Letter from A. Richard Metzger, Counsel for WorldCom, to Marlene Dortch, Secretary, FCC, WC Docket No. 02-215 (filed Oct. 15, 2003).

## B. Public Interest Benefits

28. We find that public interest benefits are likely to result from a grant of this application allowing WorldCom to effectuate its reorganization. These benefits, as claimed by WorldCom and discussed below, are uncontested.

29. First, as described in detail above, we find that facilitating a telecommunications service provider's successful emergence from bankruptcy advances the public interest by providing economic and social benefits, especially including the compensation of innocent creditors.<sup>104</sup> It is the Commission's policy to support the goals of the bankruptcy laws and, where possible, to accommodate those goals with the goals inherent in the Communications Act, which we are charged to implement.<sup>105</sup>

30. Second, we find that allowing the substantially reorganized MCI, Inc. to continue to serve its customers without disruption will benefit the public interest.<sup>106</sup> As noted above, WorldCom serves a substantial number of retail and wholesale customers and its network includes components, such as Internet backbone, that are critical to smoothly functioning communications and information networks in the U.S.<sup>107</sup> Conversely, denying this application would subject WorldCom's 20 million residential, business, and government customers to

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<sup>104</sup> *In re WorldCom et al.*, Chap. 11 Case No. 02-13533 (AJG), Findings of Fact and Conclusions of Law, slip op. at 98 (Bankr. S.D.N.Y. Oct. 31, 2003) (stating, "Congress has recognized that the continuation of the operation of a debtor's business as a viable entity benefits the national economy through the preservation of jobs and continued production of goods and services."); *NLRB v. Bildisco & Bildisco*, 465 U.S. 513, 528 (1984) (stating, "[t]he fundamental purpose of reorganization is to prevent a debtor from going into liquidation, with an attendant loss of jobs and possible misuse of economic resources."); *SEC v. WorldCom*, 273 F. Supp. 2d at 434 (S.D.N.Y. 2003) (stating that reorganization is "a unique innovation of United States bankruptcy law that has contributed materially to the conservation of economic resources and the stability of the U.S. economy.")

<sup>105</sup> *See Mobilemedia Order*, 14 FCC Rcd at 8018, para. 4; *Applications of Space Station System Licensee, Inc., Motorola Satellite Communications, Inc. and Wireless SP, Inc., Assignors, and Iridium Constellation LLC, Iridium Carrier Services, LLC and Iridium Satellite LLC, Assignees, for Consent to Assignment of License Pursuant to Sections 214 and 310(d) of the Communications Act*, Memorandum Opinion and Order, 17 FCC Rcd 2271, 2286-87, para. 34 (Int'l Bur. 2002) ("Because this transaction permits the Iridium system to emerge from bankruptcy and continue operations, the competitive impact is likely to be beneficial."); *Application of Orbital Communications Corporation and ORBCOMM Global, L.P., Assignors, and ORBCOMM License Corp. and ORBCOMM LLC, Assignees, for Consent to Assign Non-Common Carrier Earth and Space Station Authorizations, Experimental Licenses, and VSAT Network*, Order and Authorization, 17 FCC Rcd 4496, 4504, para. 15 (Int'l Bur. 2002) ("Because this transaction permits the [licensee] to emerge from bankruptcy and continue operations, the competitive impact will be beneficial . . . . Successful emergence from bankruptcy is critical to the continued operation and expansion of the ORBCOMM system."); *LaRose v. FCC*, 494 F.2d 1145, 1147 n.2; *see also supra* paras. 13-22.

<sup>106</sup> *See Global Crossing Order* at para. 37 (stating, "we find that the continued operation of the FCC-Licensed Subsidiaries will benefit competition by preventing discontinuance of service . . .").

<sup>107</sup> *See supra* para. 4.

service discontinuance or other disruptions. We find that granting this application will serve the public interest by avoiding interruptions in WorldCom's customers' services.<sup>108</sup>

31. Third, we find that maintaining a viable telecommunications competitor like WorldCom serves the competitive goals of the Act and the public interest.<sup>109</sup> Granting these applications will advance the development of competition in telecommunications markets by ensuring that one of the largest facilities-based competitors to the incumbent local exchange carriers continues to invest, innovate, and compete in those markets.<sup>110</sup> Moreover, denying this application could disrupt the intercarrier relationships, as well as equipment provider and other relationships, under which WorldCom pays and receives hundreds of millions of dollars a year.

#### IV. CONCLUSION

32. We conclude that the public interest benefits of this transaction outweigh any alleged harms and that granting the application will serve the public interest. Moreover, the character issues raised in this proceeding do not rise to a level that warrant designation of a hearing or denial of the application. Accordingly, we approve the requested transfer / assignment of the domestic and international section 214 authorizations, section 310 licenses, and submarine cable landing licenses.

#### V. ORDERING CLAUSES

33. Accordingly, IT IS ORDERED that, pursuant to sections 4(i), 4(j), 214(a), 309, and 310(d) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i), 154(j), 214(a), 309, and 310(d), and section 2 of the Cable Landing License Act, 47 U.S.C. § 35 and Executive Order No. 10530, the Applications filed in the above-captioned proceeding to transfer control of various licenses and authorizations, as listed in Appendix A to this Memorandum Opinion and Order, ARE GRANTED to the extent specified in this Memorandum Opinion and Order.

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<sup>108</sup> See Application at 14; Unsecured Creditors Committee Comments at 7 (stating that the reorganization will involve no interruption of service to existing customers and that during the period of reorganization, "WorldCom has had no disruptions in telecommunications services, no mass customer migrations, and no interruptions in internet backbone service.")

<sup>109</sup> See *Applications of XO Communications, Inc. for Consent to Transfer Control of Licenses and Authorizations Pursuant to Sections 214 and 310(d) of the Communications Act and Petition for Declaratory Ruling Pursuant to Section 310(b)(4) of the Communications Act*, Memorandum Opinion and Order, 17 FCC Rcd 19212, para. 42 (Int'l Bur., WCB & WTB 2002) ("The proposed reorganization plan . . . will allow a large competitive LEC to remain a valuable competitor and provider of telecommunications services."); *Global Crossing Order* at para. 37 (stating, "we find that the continued operation of the FCC-Licensed Subsidiaries will benefit competition by . . . providing consumers choices among providers of telecommunications services."); *Application of Sirius Satellite Radio Inc. for Transfer of Control of Station Authorization*, Order, 18 FCC Rcd 215, 217, para. 7 (Int'l Bur. 2003) ("The proposed transaction will help ensure that Sirius, one of only two licensed SDARS providers, is financially robust and capable of continuing to provide service to new and existing customers.").

<sup>110</sup> *Id.*; Application at 14; see also Unsecured Creditors Committee Comments at 5 (stating that emergence from bankruptcy will enable the applicant "to invest in new facilities and to provide innovative new services").

34. IT IS FURTHER ORDERED that, pursuant to section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214, and section 63.10 of the Commission's rules, 47, C.F.R. § 63.10, MCI, Inc. and its affiliates SHALL BE CLASSIFIED as dominant international carriers in the provision of services on the U.S.-Brazil route, and SHALL FILE the reports required by section 43.61(c), 47 C.F.R. § 43.61(c), as applicable.

35. IT IS FURTHER ORDERED that the petitions to deny the transfers of control, as amended, that were filed by the UCC and Ms. Snyder, ARE DENIED to the extent specified in this Memorandum Opinion and Order.<sup>111</sup>

FEDERAL COMMUNICATIONS COMMISSION

Marlene H. Dortch  
Secretary

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<sup>111</sup> We note that the Wireless Telecommunications Bureau has addressed, by separate letter rulings, the issues raised in the Fourth and Sixth Supplements to Ms. Snyder's Petition to Deny. *See supra* note 29.

**APPENDIX A**  
**LIST OF FILE NUMBERS**

**Part 25 – Assignment of Common Carrier Earth Station Licenses**

<u>File No.</u>	<u>Licensee</u>	<u>Lead Call Sign</u>
SES-ASG-20030624-00892	MCI WorldCom Network Services, Inc. (DIP)	E0000011
SES-ASG-20030624-00893	WorldCom Broadband Solutions, Inc. (DIP)	E860677
SES-ASG-20030624-00891	MCI WorldCom International, Inc. (DIP)	E881473
SES-ASG-20030625-00902	Overseas Telecommunications, Inc. (DIP)	E950232

**Part 1 - Assignment of Cable Landing Licenses**

<u>File No.</u>	<u>Licensee</u>	<u>Lead License</u>
SCL-ASG-20030624-00012	WorldCom, Inc. d/b/a MCI (DIP)	SCL-LIC-19970421-00002
SCL-ASG-20030623-00013	MCI International, Inc. (DIP)	SCL-85-003
SCL-ASG-20030624-00014	Overseas Telecommunications, Inc. (DIP)	SCL-90-005
SCL-ASG-20030623-00015	MCI Communications Corporation (DIP)	SCL-85-003
SCL-ASG-20030623-00016	MFS CableCo. U.S., Inc. (DIP)	SCL-LIC-19960606-00229
SCL-ASG-20030623-00017	WorldCom International Data Services, Inc. (DIP)	SCL-87-071
SCL-ASG-20030623-00018	MFS Globenet, Inc. (DIP)	SCL-LIC-19971014-00009

**Part 63 – Transfer of Control of International Section 214 Authorizations<sup>112</sup>**

<u>File No.</u>	<u>Authorization Holder</u>	<u>Lead Authorization</u>
ITC-ASG-20030627-00321	MCI WorldCom Network Services, Inc. (DIP)	ITC-87-184
ITC-ASG-20030627-00322	MCI International, Inc. (DIP)	ITC-89-155
ITC-ASG-20030627-00323	WorldCom, Inc. d/b/a MCI (DIP)	ITC-214-19961212-00626
ITC-ASG-20030627-00324	WorldCom International Data Services, Inc. (DIP)	ITC-90-128
ITC-ASG-20030627-00325	MCI WorldCom Communications, Inc.	ITC-93-065

<sup>112</sup> Pursuant to 47 C.F.R. § 63.10(a)(2), MCI, Inc. shall be classified as dominant on the Brazil – U.S. route. See *supra* para. 34.

	(DIP)	
ITC-ASG-20030627-00326	MCI WorldCom International, Inc. (DIP)	ITC-214-19961003-00486
ITC-ASG-20030627-00327	MCI Communications Corporation (DIP)	ITC-90-128
ITC-ASG-20030627-00328	Overseas Telecommunications, Inc. (DIP)	ITC-88-001
ITC-ASG-20030627-00329	MFS Globenet, Inc. (DIP)	ITC-98-622

#### Part 78 – Assignment of Cable Television Relay Service Licenses

<u>File No.</u>	<u>Licensee</u>	<u>Call Sign</u>
CAR-20030625AA-08	Wireless Video Enterprises, Inc. (DIP)	WLY-681
CAR-20030625AB-08	WorldCom Broadband Solutions, Inc. (DIP)	WLY-569
CAR-20030625AC-08	WorldCom Broadband Solutions, Inc. (DIP)	WLY-570
CAR-20030625AD-08	WorldCom Broadband Solutions, Inc. (DIP)	WLY-576
CAR-20030625AE-08	WorldCom Broadband Solutions, Inc. (DIP)	WLY-577
CAR-20030625AF-08	WorldCom Broadband Solutions, Inc. (DIP)	WLY-712
CAR-20030625AG-08	WorldCom Broadband Solutions, Inc. (DIP)	WLY-721
CAR-20030625AH-08	WorldCom Broadband Solutions, Inc. (DIP)	WLY-457
CAR-20030625AI-08	WorldCom Broadband Solutions, Inc. (DIP)	WLY-458
CAR-20030625AJ-08	WorldCom Broadband Solutions, Inc. (DIP)	WLY-459
CAR-20030625AK-08	WorldCom Broadband Solutions, Inc. (DIP)	WLY-545
CAR-20030625AL-08	WorldCom Broadband Solutions, Inc. (DIP)	WLY-546
CAR-20030625AM-08	WorldCom Broadband Solutions, Inc. (DIP)	WLY-560
CAR-20030625AN-08	WorldCom Broadband Solutions, Inc. (DIP)	WLY-561

**Assignment of Authorizations – Part 22 – Public Mobile Services; Part 24 – Personal Communications Services; Part 27 – Miscellaneous Wireless Communications Services; Part 90 – Private Land Mobile Radio Services; and Part 101 – Fixed Microwave Services**

<u>File Number</u>	<u>Licensee</u>	<u>Lead Call Sign</u>
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0001348258	MCI WorldCom Communications, Inc. (DIP)	WPNU610
0001348830	Express Communications, Inc. (DIP)	KA68598
0001348207	MCI WorldCom Network Services, Inc. (DIP)	WAX65
0001348860	Intermedia Communications, Inc. (DIP)	WHB565
0001348865	Intermedia Services LLC (DIP)	KCK70
0001348897	SkyTel Communications, Inc. (DIP)	WPOL835
0001348923	SkyTel Communications, Inc. (DIP)	KNKG783
0001348938 <sup>113</sup>	WorldCom Broadband Solutions, Inc. (DIP)	WLA870

#### Part 21 – Assignment of Domestic Public Fixed Radio Services Licenses

<u>File Number</u>	<u>Licensee</u>	<u>Lead Call Sign</u>
20030627AAA <sup>114</sup>	CS Wireless Systems, Inc. (DIP)	B028
20030617AAA <sup>115</sup>	Intermedia Services LLC (DIP)	KFK28
20030627AAB <sup>116</sup>	WorldCom Broadband Solutions, Inc. (DIP)	B006

#### Part 63 – Transfer of Control of Section 214 Domestic Authority

<sup>113</sup> The July 9, 2003 Public Notice notes that Nextel Communications, Inc. was the high bidder for these wireless assets in a court-authorized auction on June 30, 2003. *July 9, 2003 Public Notice*, 18 FCC Rcd at 14183 n.12. On August 15, 2003, WorldCom and Nextel Spectrum Acquisition Corp. filed applications seeking Commission approval of the proposed assignment of these licenses from WorldCom to Nextel. *See Commission Seeks Comment on Applications to Assign Wireless Licenses from WorldCom, Inc. (Debtor-in-Possession) to Nextel Spectrum Acquisition Corp.*, WT Docket No. 03-203, Public Notice, 18 FCC Rcd 19313 (2003) (*Nextel-WorldCom Public Notice*). As discussed in the *Nextel-WorldCom Public Notice*, we expect that the parties will amend the Nextel-WorldCom assignment applications to reflect the correct assignor if the subject applications are consummated prior to the approval and consummation of the Nextel-WorldCom assignment applications. *See Nextel-WorldCom Public Notice*, 18 FCC Rcd at 19314 n.6.

<sup>114</sup> *See id.*

<sup>115</sup> *See id.*

<sup>116</sup> *See id.*