Granted

date: February 17, 2016

authorized by: Chief, Telecommunications and Analysis Division, International Bureau

signature: Denise Coca

Expires: August 15, 2016

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Policy Division
International Bureau

Streamlined ITC-STA-20151223-00304
IB2015002489

Sangoma U.S., Inc.

Re: ITC-214-20150918-00222

December 23, 2015

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Attn: Competition Policy Division
Wireline Competition Bureau

Adrienne McNeil
International Bureau Policy Division

Re: WC Docket No. ____________

and

IBFS File No. ITC-214-20150918-00222

Sangoma U.S., Inc. Request for Domestic Section 214 Transfers of Control Authority and International and Domestic Special Temporary Authority

Dear Ms. Dortch:

In this filing, Sangoma U.S., Inc. ("Sangoma U.S.") requests international Section 214 Special Temporary Authority ("STA"), domestic Section 214 STA, and domestic Section 214 Authority.

On January 1, 2015, Sangoma U.S. acquired SIPStation, Inc. ("SIPStation") and Rockbochs Inc. ("Rockbochs"). Sangoma U.S. was unaware at the time of the transfers of control described in this letter that Federal Communications Commission ("FCC" or "Commission") approval was required for the transactions. Sangoma U.S. subsequently merged the two acquired companies leaving a single company. It was only when that remaining company (Sangoma U.S.) received DOJ Triage questions related to its international Section 214 application that the error was realized. Accordingly, Sangoma U.S. now seeks such authority and international and domestic STAs while its domestic Section 214 application, included as part of this STA, and its previously filed international Section 214 application are pending. Specifically, Sangoma U.S. requests international and domestic STAs to continue operations pending Commission action on Sangoma U.S.'s previously filed international Section 214 authorization application and the domestic Section 214 authorization application filed as Attachment 3 to this request for STA.

Applicant

Sangoma U.S. is a Delaware based corporation whose parent entity is Sangoma Technologies Corp. ("STC.V"), a Canadian publicly listed Company. Sangoma U.S.'s mailing address is 2414 Industrial Dr., Unit D, Neenah, WI 54956. Sangoma U.S. provides SIP dialtone service for customer PBX connectivity, and store and forward FAX service to its international and domestic customers.

Transfers of Control

Prior to the acquisitions of SIPStation and Rockbochs (the "Acquired Companies"), the Acquired Companies were 100% U.S. owned and had not previously experienced a substantial transfer of control. Thus, they had not been required to obtain domestic Section 214 licenses.[1] Pursuant to the FCC's rules, however, prior to Sangoma U.S.'s acquisitions of SIPStation and Rockbochs, applications should have been filed seeking FCC prior approval for the substantial transfers of control.[2] Nonetheless, because Sangoma U.S. was not aware that domestic applications were required for each transfer of control, the required applications were not filed.

In reviewing the operations of the Acquired Companies as part of the DOJ Triage Question preparation it was also noted that there was a *de minimis* amount of international long distance traffic being carried. While both the Acquired Companies had a U.S. focus, they both resold services from carriers that offer international long distance. A complete review of 2015 transactions for the period January 1 to September 30 found that the fees charged by the Acquired Companies relating to international long distance were less than 1% of the Acquired Companies' total billings. Nevertheless, the Acquired Parties had not obtained international Section 214 authorizations,[3] and thus, there were no international Section 214 authorizations in place at the time of the acquisitions for which Sangoma U.S. could have sought transfers of control, even had Sangoma U.S. been aware of such an obligation.

Assignments

After acquiring the Acquired Parties, Sangoma U.S. subsequently merged SIPStation (July 1, 2015) and Rockbochs (October 1, 2015) into Sangoma U.S. and filed the international license application for the merged companies. However, because there were no existing international Section 214 authorizations at the time of the merger, there were no international Section 214

[1] *See* 47 C.F.R. § 63.01(a) ("Any party that would be a domestic interstate communications common carrier is authorized to provide domestic, interstate services to any domestic point and to construct or operate any domestic transmission line as long as it obtains all necessary authorizations from the Commission for use of radio frequencies.").
[2] *See* 47 C.F.R. § 63.04 (describing the filing procedures for domestic and joint domestic/international applications for transfers of control).
[3] 47 C.F.R. § 63.18 (requirement to apply for authority to provide international service).

authorizations for Sangoma U.S. to assign. The Commission does not require notification for the *pro forma* assignment of domestic Section 214 authorization.[4] Throughout this period the actual services offered to the customers of the Acquired Companies has not changed. Instead, only the ownership of the companies has changed; they have been simplified into a single U.S. operating entity. Sangoma U.S. continues to capture and remit all the required telecommunications fees through its combined FCC Forms 499.

<u>Public Interest Statement</u>

Sangoma U.S. requests international and domestic STAs to permit continuation of its primary interstate and very minor international telecommunication services to its longstanding customers. This will avoid substantial harm and inconvenience to the business customers who depend on Sangoma U.S.'s service on a daily basis. The transactions described in this letter have not had, and will not have, any adverse impact on the quality and scope of the domestic and international services provided. This is particularly true with respect to the *pro forma* assignments, which are merely internal reorganizations meant to streamline Sangoma U.S.'s operations.

Sangoma U.S. submits that a grant of its STA requests will not prejudice any action the Commission may take on either Sangoma U.S.'s international or domestic Section 214 authorization applications. Sangoma acknowledges that a grant of STA may be revoked by the Commission upon its own motion and without a hearing, and that a grant of these STA requests and the corresponding Section 214 applications will not preclude enforcement action by the Commission.

Granting Sangoma U.S.'s requests for STA serves the public interest by ensuring that there is no interruption in the telecommunications services of Sangoma U.S.'s business customers, who rely on the connectivity provided by the Acquired Companies' infrastructure and services for their business operations. Some of these services are unique capabilities that allow remote locations, in some cases offshore oil rigs, to communicate almost exclusively within the U.S.

Sangoma U.S. is simultaneously submitting this filing with the International Bureau and the Wireline Competition Bureau, in accordance with the Commission's rules. This filing and the applicable credit card payments are being submitted electronically through MyIBFS and ECFS.

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[4] *See* 47 C.F.R. §§ 63.03(d) (blanket authorization to transfer or assign a domestic Section 214 authorization in case of a corporate restructuring that does not result in change in ultimate control), 63.24(f) (requirement to notify the Commission within 30 days of *pro forma* transfer or assignment of an international Section 214 authorization).

Please do not hesitate to contact us if you require additional information.

Respectfully submitted,

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Attorneys for Sangoma U.S., Inc.

cc: Adrienne McNeil, FCC International Bureau Policy Division
David Moore, CFO, Sangoma U.S., Inc.
Philippe Lindheimer, Manager of Software Development, Sangoma U.S., Inc.
Tony Lewis, General Manager, Sangoma U.S., Inc.
Samantha Maqueo, Consultant, GSAssociates

Question 10

Introduction

Sangoma U.S., Inc. ("Sangoma U.S."), by its attorneys and pursuant to Section 63.25 of the Commission's Rules and Regulations, 47 C.F.R. § 63.25, hereby respectfully requests Special Temporary Authority ("STA") to provide service to customers, pending consideration of and final Commission action on a previously filed international Section 214 authorization application and a domestic Section 214 authorization application filed concurrently with this STA request. This STA and the concurrent domestic Section 214 authorization application were filed to remedy recently discovered telecommunications regulatory oversights; namely the failure to timely notify the Commission of Sangoma U.S.'s acquisition of SIPStation Inc. ("SIPStation") and Rockbochs Inc. ("Rockbochs"), subsequent internal mergers of SIPStation and Rockbochs into Sangoma U.S., and the failure of Rockbochs and SIPStation to seek prior international Section 214 authorization. Accordingly, Sangoma U.S. seeks this STA to authorize its continued operations while its Section 214 applications are considered by the Commission.

The STA is requested for a period of 180 days or until such time as the Commission has taken dispositive action on the underlying applications for Section 214 authorization. Sangoma U.S. acknowledges that a grant of this STA will not prejudice any action the Commission may take on the underlying Section 214 applications. Sangoma U.S. further acknowledges that this STA can be revoked by the Commission upon its own motion and without a hearing.

Background

Sangoma U.S. is a Delaware based corporation whose parent entity is Sangoma Technologies Corp. ("STC.V"), a Canadian publicly listed Company. STC.V manufactures and sells hardware and software components that enable or enhance IP Communication Systems for voice, data, and video applications.

On January 1, 2015, Sangoma U.S. acquired SIPStation and Rockbochs. SIPStation, based in Wisconsin, was established to provide an integrated SIP trunking service. Rockbochs, based in Minnesota, offered fax-over-IP service and supporting hardware. With the exception of Sangoma U.S.'s current telecommunications service offerings (i.e., those telecommunications services formerly provided by SIPStation and Rockbochs), which STC.V provides solely by virtue of its status as the ultimate parent owner of Sangoma U.S., STC.V does not provide any telecommunications services in any country, nor is STC.V affiliated with any other telecommunications providers. The international services provided by each acquired company, and now by Sangoma U.S., are *de minimis* and Sangoma U.S. does not have market power in any country.

<u>Transfers of Control</u>

Prior to the acquisitions of SIPStation and Rockbochs (the "Acquired Companies"), the Acquired Companies were 100% U.S. owned and had not previously experienced a substantial transfer of control. Thus, they had not been required to obtain domestic Section 214 licenses.[1] Pursuant to the FCC's rules,

[1] *See* 47 C.F.R. § 63.01(a) ("Any party that would be a domestic interstate communications common carrier is authorized to provide domestic, interstate services to any domestic point and to construct or operate any

however, prior to Sangoma U.S.'s acquisitions of SIPStation and Rockbochs, applications should have been filed seeking FCC prior approval for the substantial transfers of control.[2] Nonetheless, because Sangoma U.S. was not aware that domestic applications were required for each transfer of control, the required applications were not filed.

In reviewing the operations of the Acquired Companies as part of the DOJ Triage Question preparation it was also noted that there was a *de minimis* amount of international long distance traffic being carried. While both the Acquired Companies had a U.S. focus, they both resold services from carriers that offer international long distance. A complete review of 2015 transactions for the period January 1 to September 30 found that the fees charged by the Acquired Companies relating to international long distance were less than 1% of the Acquired Companies' total billings. Nevertheless, the Acquired Parties had not obtained international Section 214 authorizations,[3] and thus, there were no international Section 214 authorizations in place at the time of the acquisitions for which Sangoma U.S. could have sought transfers of control, even had Sangoma U.S. been aware of such an obligation.

<u>Assignments</u>

Sangoma U.S. also did not notify the Commission following what would have been *pro forma* assignments of international Section 214 authorization, had SIPStation and Rockbochs initially obtained international Section 214 authority and approval for the substantial transfers of control.[4] The Commission does not require notification for the *pro forma* assignment of domestic Section 214 authorization.[5]

Sangoma U.S. regrets its part in the failure to seek prior Commission approval for the international and domestic transfers of control of SIPStation and Rockbochs. Sangoma U.S. also regrets its failure to notify the Commission of the international *pro forma* assignments of authorization when it merged those entities into Sangoma U.S. Failure to submit the required applications and notice in connection with these transactions was an oversight that occurred due to lack of familiarity with the Commission's Section 214 rules. Sangoma U.S. reports these transactions now, and seeks the requisite international and domestic Section 214 authority, because it understands the importance of compliance with U.S. telecommunications regulations and wants to assure the Commission of its intent to operate as a good U.S. corporate citizen. Sangoma U.S. has worked diligently with counsel to gather the information necessary to prepare the required international and domestic Section 214 applications and the corresponding requests for STA. The company also intends to put in place internal monitoring controls and to work with its current counsel to ensure full compliance with FCC licensing requirements in the future.

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domestic transmission line as long as it obtains all necessary authorizations from the Commission for use of radio frequencies.").

[2] *See* 47 C.F.R. § 63.04 (describing the filing procedures for domestic and joint domestic/international applications for transfers of control).

[3] *See* 47 C.F.R. § 63.18 (requirement to apply for authority to provide international service).

[4] *See* 47 C.F.R. § 63.24(f).

[5] *See* 47 C.F.R. §§ 63.03(d) (blanket authorization to transfer or assign a domestic Section 214 authorization in case of a corporate restructuring that does not result in change in ultimate control), 63.24(f) (requirement to notify the Commission within 30 days of *pro forma* transfer or assignment of an international Section 214 authorization).

Public Interest Statement

An STA to authorize continued operations would be in the public interest because it would avoid disruption of service to Sangoma U.S.'s business customers. In addition, granting Sangoma U.S.'s STA request is consistent with Commission precedent.[6] The Commission does not typically deny STAs where they are the result of unintentional error, especially where such denial would mean disruption in valuable services provided to the public. Rather, the FCC International Bureau has granted such requests in cases where previously undisclosed foreign ownership amounted to control of the licensee.[7]

Sangoma U.S.'s failure to seek and obtain the required international and domestic authorizations was not done deliberately and no harm to customers has resulted from the transactions outlined in this attachment. STC.V , Sangoma U.S.'s ultimate parent owner, is a Canadian company and, until recently, its senior officials had limited knowledge of U.S. telecommunications and licensing law.

As previously mentioned, Sangoma U.S. is taking steps to avoid such FCC regulatory compliance failures in the future. It has engaged telecommunications counsel and has been briefed on the types of transactions that require FCC notification and approval. Sangoma U.S. will consult telecommunications counsel in the future regarding any sales and/or acquisitions of telecommunications assets and any significant changes in company equity, ownership, or voting control.

Questions 12 through 14

The answers to these questions are contained in Sangoma U.S.'s pending international Section 214 authorization application. *See* IBFS File No. ITC-214-20150918-00222. In accordance with the instructions contained in item eleven of the STA application, we do not include the answers to these questions again in this attachment.

Question 16

Sangoma U.S. provides the following responses to paragraphs (d), (e)(3), and (g) of Section 63.18:

63.18(d): Sangoma U.S. has not previously been granted authority under Section 214.

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[6] In two related actions, the FCC granted a domestic 214 STA to Diller Telephone Company ("Diller") and an international 214 STA to its subsidiary Diode Telecom Inc. ("Diode"). *See Diller Telephone Co.,* Request for Domestic Section 214 Special Temporary Authority, WC Docket No. 14-224 (filed Nov. 20, 2014) (stamped with WCB grant of authority) ("Diller Domestic Request"); *Diller Telephone Co.,* International Section 214 Special Temporary Authority Application, IBFS File No. ITC-STA-20141118-00301 (FCC IB granted Nov. 26, 2014). These applications were granted three years after Diller acquired Diode and failed to seek authorization for the transfer or notify the Commission. *See* Diller Domestic Request at 1-2 (underlying transactions took place in March, 2011).

[7] *See Public Notice*, DA 12-543, at 3 (FCC IB rel. Apr. 5, 2012) (granting application for assignment to One World Telecom, LLC under IBFS File No. ITC-ASG-20110812-00261); *see also Public Notice*, DA 12-1842, at 3 (FCC IB rel. Nov. 15, 2012) (approving increased foreign investment transferring control of Verscom LLC under IBFS File No. ITC-T/C-20120203-00040); *Public Notice*, Authorizations Granted, DA 07-3472, 22 FCC Rcd 13894 (FCC IB rel. July 30, 2007) (granting applications of Satamatics, Inc., Satamatics Worldwide Limited, and Satamatics Global Limited for consent to transfer control of licensees and authorizations, including a Section 214 authorization under IBFS File No. ITC-T/C-20070319-00113).

63.18(e)(3): Sangoma U.S. will provide SIP dialtone service for customer PBX connectivity, and store and forward FAX service. Sangoma U.S. thus requests Global Resale Authority to operate as a resale carrier pursuant to Section 63.18(e)(2) of the Commission's rules. 47 C.F.R. § 63.18(e)(2). Sangoma U.S. will comply with the terms and conditions contained in Sections 63.21 and 63.23 of the Commission's regulations. 47 C.F.R. §§ 63.21, 63.23.

63.18(g): Not applicable. Sangoma U.S. does not seek facilities-based authorization.

The information requested for Attachment 2 has already been submitted to the Commission as part of Sangoma U.S., Inc.'s pending international Section 214 authorization application. *See* IBFS File No. ITC-214-20150918-00222. In accordance with the instructions contained in item eleven of the Special Temporary Authority application, we do not resubmit this information.

Sangoma U.S., Inc. ("Sangoma U.S.") hereby submits a request for domestic Section 214 authorization to accompany its prior international Section 214 application. All required international information has been provided in IBFS File No. ITC-214-20150918-00222 and the additional domestic information required by FCC Rule 63.04(a) is set forth in the Application for Domestic Transfer or Control provided immediately below.

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, DC 20554

In the Matter of	)	
	)	
Sangoma U.S., Inc.	)	
	)	WC Docket No ____________
Application for Authorization Pursuant to	)	
Section 214 of the Communications Act of 1934,	)	
As Amended, for Transfer of Control	)	

APPLICATION FOR DOMESTIC TRANSFER OF CONTROL

Sangoma U.S., Inc. ("Sangoma U.S."), by its undersigned counsel, and pursuant to Section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214, and Section 63.04 of the rules of the Federal Communications Commission ("FCC" or the "Commission"), 47 C.F.R. § 63.04, hereby requests domestic Section 214 authority ("Application") as it relates to the prior transfers of control of SIPStation Inc. ("SIPStation") and Rockbochs Inc. ("Rockbochs") to Sangoma U.S. Because the transfers of control have previously taken effect, this Application is provided as an attachment to Sangoma U.S's corresponding requests for Special Temporary Authority ("STA").

Sangoma U.S. is a Delaware based corporation whose parent entity is Sangoma Technologies Corp. ("STC.V"), a Canadian publicly listed Company. On January 1, 2015, Sangoma U.S. acquired SIPStation and Rockbochs. At the time of the acquisitions, two domestic Section 214 transfer of control applications should have been submitted. 47 C.F.R. § 63.04. However, no such applications were submitted because Sangoma U.S. was unaware that Commission approval was required for domestic transfer of control transactions. Accordingly, Sangoma U.S. now seeks domestic Section 214 authority from the Commission for the previous substantial transfers of control.

I. Domestic Information Required to Supplement International Section 214 Application

As previously noted in this Application, all of Sangoma U.S.'s required international information has been provided in IBFS File No. ITC-214-20150918-00222. Sangoma U.S. provides the following supplemental information in support of its request for domestic Section 214 authority: [1]

6. Description of the transaction (§ 63.04(a)(6))

On January 1, 2015, Sangoma U.S. acquired SIPStation and Rockbochs. Although domestic Section 214 transfers of control were required for the two acquisitions, they were not obtained. *See* 47 C.F.R. § 63.04(a). Sangoma U.S. was unaware that Commission approval was required for the domestic transfer of control transactions.

7. A description of the geographic areas in which the transferor and transferee (and their affiliates) offer domestic telecommunications services, and what services are provided in each area. (§ 63.04(a)(7))

Transferors

Rockbochs: Rockbochs provided nationwide fax-over-IP monthly service, and telecommunications equipment and software to support that service.

SIPStation: SIPStation was established to provide nationwide integrated SIP trunking service.

Transferee

Sangoma U.S.: Since the acquisition of SIPStation and Rockbochs and their subsequent merger into Sangoma U.S., Sangoma U.S. has provided nationwide, interstate telecommunications services including Fax-over-IP services and an integrated SIP trunking service. Specifically, Sangoma U.S. provides SIP dialtone service for customer PBX connectivity, and store and forward FAX service.

8. A statement as to how the application fits into one or more of the presumptive streamlined categories in this section or why it is otherwise appropriate for streamlined treatment. (§ 63.04(a)(8))

Sangoma U.S. does not seek streamlined treatment of this Application.

9. Identification of all other Commission applications related to the same transaction. (§ 63.04(a)(9))

Sangoma U.S. is currently seeking international Section 214 authorization from the FCC. *See* IBFS File No. ITC-214-20150918-00222. Moreover, in connection with its requests for international and domestic Section 214 authorization, Sangoma U.S. is seeking corresponding STA for both authorizations.

[1] *See* 47 C.F.R. § 63.04(b) ("In an attachment to the international application, the applicant should submit the information described in paragraphs (a)(6) through (a)(12) of this section.")."

10. A statement of whether the applicants are requesting special consideration because either party to the transaction is facing imminent business failure. (§ 63.04(a)(10))

Although Sangoma U.S. does not currently face imminent business failure, it requires immediate domestic Section 214 authority to prevent the disruption of service to its business customers.

11. Identification of any separately filed waiver requests being sought in conjunction with the transaction. (§ 63.04(a)(11))

Not applicable.

12. A statement showing how grant of the application will serve the public interest, convenience and necessity, including any additional information that may be necessary to show the effect of the proposed transaction on competition in domestic markets. (§ 63.04(a)(12))

Grant of the instant Application will serve the public interest because it will rectify the inadvertent oversight by Sangoma U.S. to obtain its domestic transfer of control authorizations. Sangoma U.S.'s failure to seek and obtain the required FCC authorizations was not willful or intentional. Rather, Sangoma U.S. was unfamiliar with the Commission's domestic Section 214 rules and now seeks to remedy its prior oversight by requesting Commission approval. Sangoma U.S. has taken steps to ensure compliance with FCC regulatory requirements in the future, including discussions with telecommunications counsel regarding the FCC's rules for the transfer and assignment of domestic Section 214 authorizations.

Moreover, a grant of the instant Application will result in no harm to Sangoma U.S.'s customers. To the contrary, absent the grant of the Application, Sangoma U.S.'s business customers, who rely on the connectivity provided to them by Sangoma U.S.'s infrastructure and services for their business operations, risk losing their services altogether. Granting Sangoma U.S.'s request for domestic Section 214 authority ensures continuity, allowing Sangoma U.S.'s customers to continue to provide reliable business services.

For the foregoing reasons, Sangoma U.S. respectfully requests that the Commission promptly grant this Application.

Respectfully submitted,

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Dated: December 23, 2015