

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C.

*In the Matter of*

DENIS V. RAUE,  
*Transferor,*

APPDIRECT, INC.,  
*Transferee,*

APPSMART TGN, INC. (F/K/A TELEGRATION, INC.),  
*Authority Holder*

Consolidated Application for Consent to Transfer  
Control of Domestic and International Section  
214 Authority Holder

File No. ITC-T/C-2020-\_\_\_\_\_  
WC Docket No. \_\_\_\_\_

**REQUEST FOR SPECIAL TEMPORARY AUTHORITY**

Pursuant to 47 U.S.C. § 214 and 47 C.F.R. §§ 63.04 and 63.24(e), AppSmart TGN, Inc. (f/k/a Telegation, Inc.) (“Telegation” or “Authority Holder”); Denis V. Raue, formerly the sole shareholder of Telegation, (“Mr. Raue” or “Transferor”); and AppDirect, Inc., (“AppDirect” or “Transferee” and, together with Telegation and Transferor, the “Applicants”), seek authority to transfer control of Telegation from Transferor to AppDirect. In connection with this application, the Applicants hereby respectfully submit this Special Temporary Authority request pursuant to 47 U.S.C. § 214 to permit Telegation to continue its international telecommunications operations under its existing ownership pending approval of the Application.<sup>1</sup>

**I. BACKGROUND**

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<sup>1</sup> Telegation holds a blanket domestic authorization and one international Section 214 authorization to provide global resale services, ITC-214-19980213-00108.

On or around August 30, 2019, Mr. Raue sold 100 percent of the issued and outstanding shares of Telegation to AppSmart Agent Services, Inc. (“AppSmart Agent Services”), a wholly-owned subsidiary of AppSmart (the “Transaction”). Mr. Raue and AppSmart Agent Services entered into a stock purchase agreement for the Transaction on August 9, 2019. Before consummating the Transaction, AppSmart Agent Services discovered that Telegation’s status in the FCC’s Red Light Display System was red because of numerous overdue invoices, including nearly two dozen Universal Service Fund contribution invoices. As a result, the parties were unable to conduct any business with the Commission, including submitting a transfer-of-control application, until Telegation paid off the invoices, thereby changing its status to green.

Upon this discovery, Telegation informed AppSmart Agent Services that it believed that a substantial amount of the debt was the result of a clerical error made by Telegation. After learning these facts in the summer of 2019, AppSmart Agent Services worked with Telegation to resolve this issue with the Commission as expeditiously as possible. However, by then, Telegation’s complicated array of outstanding invoices included more than 30 separate overdue invoices originating with the Commission or USAC, most of which were being serviced by the Bureau of the Fiscal Service (“BFS”) at the Department of the Treasury or by private, third-party collection agencies working on behalf of BFS. Applicants sought to have the issue resolved but, due to the number of outstanding invoices, the age of many of these invoices, incomplete records, and confusion caused by multiple transfers of the debt to different servicers and by BFS’s providing only verbal, over-the-phone information about the various account numbers, the Applicants faced significant difficulties in clarifying and then resolving the outstanding debts. Telegation was able to pay off some of these outstanding invoices, including those associated with the past-due regulatory fees, before the Applicants closed the Transaction. However, due to

business exigencies, the Applicants could not postpone the closing date of the Transaction for the indefinite period of time it would likely have taken to fully resolve the remaining USAC debt and associated invoices.

After consummating the Transaction, Applicants continued their efforts to resolve Telegation's FCC and USAC debt. As the owner of Telegation, AppSmart Agent Services brought additional internal resources, retained additional specialized counsel, and renewed its efforts to resolve the outstanding debts. After several months of communications with BFS, private collection agencies, and the Commission, with AppSmart Agent Services's assistance, Telegation ultimately paid the debts, satisfying 20 separate invoices totaling approximately \$660,000. With Telegation's debts fully paid, Applicants are moving forward to seek the Commission's approval of their transfer-of-control application.

## **II. REQUEST FOR SPECIAL TEMPORARY AUTHORITY**

Granting the Special Temporary Authority would serve the public interest by ensuring continued service to Telegation customers without substantial changes to the rates, terms, or conditions. Applicants acknowledge and regret that they did not seek the required consent from Commission for the transfer of control of Telegation before completing the transfer, and Applicants wish to correct its past failure and to return to compliance with the Commission's rules. Applicants further acknowledge that a grant of this request for Special Temporary Authority will not prejudice any action that the Commission may take in connection with the associated application for transfer of control, that any Special Temporary Authority granted may be revoked by the Commission on its own motion without a hearing, and that the granting of Special Temporary Authority and the associated application will not preclude enforcement action.

For the foregoing reasons, the Commission should grant the requested Special Temporary Authority for 180 days to allow Telegation to continue to operate.

Respectfully submitted,

/s/Stephanie Weiner

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## ATTACHMENT TO REQUEST FOR SPECIAL TEMPORARY AUTHORITY:

### Direct and Indirect Ownership of Transferee<sup>2</sup>

As a result of the Transaction, it has the following 10-percent-or-greater interest holders:<sup>3</sup>

#### **AppSmart Agent Services, Inc. (“AppSmart Agent Services”)**

*Address:* 650 California Street, Floor 25, San Francisco, CA 94108

*Place of Organization:* Delaware

*Principal Business:* referral services

*Ownership Interest:* 100-percent voting and economic interest in Authority Holder.

#### **AppSmart, Inc. (“AppSmart”)**

*Address:* 650 California Street, Floor 25, San Francisco, CA 94108

*Place of Organization:* Delaware

*Principal Business:* cloud-based technology marketplace

*Ownership Interest:* 100-percent voting and economic interest in AppSmart Agent Services.

#### **AppDirect, Inc. (“AppDirect”)**

*Address:* 650 California Street, Floor 25, San Francisco, CA 94108

*Place of Organization:* Delaware

*Principal Business:* business-to-business cloud marketplace and cloud management services

*Ownership Interest:* 100-percent voting and economic interest in AppSmart.

#### **Nicolas Desmarais** (directly and through investment entities)

*Address:* AppDirect, 650 California Street, Floor 25, San Francisco, CA 94108

*Citizenship:* Canada

*Principal Business:* Founder and co-CEO of AppDirect

*Ownership Interest:* 13-percent economic interest and 40-percent voting interest in AppDirect.

#### **Paul Desmarais Jr.** (through investment entities)

*Address:* AppDirect, 650 California Street, Floor 25, San Francisco, CA 94108

*Citizenship:* Canada

*Principal Business:* Investor

*Ownership Interest:* 16-percent economic interest and 6-percent voting interest in AppDirect.

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<sup>2</sup> See *id.* § 63.04(a)(4).

<sup>3</sup> AppDirect is managed by its board of directors, which currently consists of 6 directors out of a maximum of 8 directors. No single shareholder of AppDirect currently has sufficient votes to elect a majority of the board.

**Mithril Capital Management** (through investment entities)

*Address:* 600 Congress Avenue, Suite 3100, Austin, TX 78701,

*Place of Organization:* Delaware

*Principal Business:* investment company

*Ownership Interest:* 13-percent economic interest and 5-percent voting interest in AppDirect.

**PEG Digital Growth Fund II**

*Address:* JP Morgan Asset Management, Private Equity Group, 320 Park Avenue, 15th Floor, NY1-U016, New York, NY 10022

*Place of Organization:* Delaware

*Principal Business:* investment company

*Ownership Interest:* 13-percent economic interest and 5-percent voting interest in AppDirect.

**Daniel Saks** (directly and through investment entities)

*Address:* Daniel Saks, c/o AppDirect, 650 California Street, Floor 25, San Francisco, CA 94108

*Citizenship:* Canadian

*Principal Business:* President and co-CEO of AppDirect

*Ownership Interest:* 11-percent economic interest and 32-percent voting interest in AppDirect.