<u>Request for Special Temporary Authority</u>

This request for special temporary authority ("STA") is submitted by Transtelco, Inc. ("Transtelco") for the purpose of continuing its present operations under its existing Global Facilities-Based and Global Resale Section 214 authority with a new ownership structure not previously approved by the Commission. STA is sought in connection with a contemporaneously-filed application that seeks FCC approval of two transactions, a *pro forma* and a material transfer of control, which have resulted in the ownership stake of Transtelco's original control group being diluted to approximately 46%. No new entity has control of the licensee, and the original shareholders and officers remain in day-to-day operational control of the company. A copy of the transfer of control application, which describes these transactions and includes information regarding the licensee's current ownership structure, is attached to this STA request. This application has been assigned IBFS Submission ID IB2015000039.

As stated in the attached application, Transtelco regrets its failure to provide notice of the *pro forma* transfer or to seek required prior Commission approval of the subsequent transaction described therein. Failure to submit the required notice and transfer of control application in connection with these ownership changes was an oversight that occurred due to insufficient licensee familiarity with the Commission's Rules governing changes in the ownership of a Section 214 licensee, and the fact that no FCC regulatory counsel was involved in reviewing these transactions. The company is reporting the these ownership changes to the Commission at this time, and seeking approval of its current ownership structure, following a detailed internal review occasioned by the retention of FCC regulatory counsel. Transtelco has worked diligently with counsel to gather the information necessary to prepare the required transfer of control applications and provide complete detail to the Commission concerning its current ownership. The company is also putting in place internal monitoring controls to ensure full compliance with all FCC licensing requirements in the future.

<u>Response to Question 12</u>. Transtelco, Inc. ("Transtelco") certifies that it is under common ownership with two small carriers that have limited operations in Mexico: IP Matrix, SA de CV ("IP Matrix"), which provides local voice and data service, and Olatu Networks, SA de CV ("Olatu"), which provides long distance service. Each company is a wholly-owned subsidiary of Transtelco Holding, Inc., which is Transtelco's parent company. Transtelco seeks to continue providing international telecommunications capacity to and from Mexico. Mexico is a Member of the World Trade Organization, and neither of the applicant's affiliated carriers has market power in Mexico. *See* 47 C.F.R. § 63.18(k)(1) & (2). Neither IP Matrix nor Olatu serves a significant share of the market for international or local access service in Mexico, individually or together, let alone wields sufficient market power in Mexico to affect competition adversely in the U.S. market. As is well established, the only dominant carrier in the Mexican telecommunications market is Telefonos de Mexico ("TelMex"), which controls roughly 80 percent of Mexico's fixed-line services market.[1] TelMex's huge market share precludes a finding that any other carrier is dominant in that market.[2] Accordingly, Transtelco qualifies for non-dominant classification pursuant to §63.10 of the Commission's Rules.

Response to Question 16. As stated above, Transtelco is a current Section 214 authorization holder, and does not seek by this application to expand its existing authority. It will continue to comply with all applicable provisions of Sections 63.21, 63.22 and 63.23 of the Commission's Rules.

Public Interest Considerations. Grant of the temporary authority sought herein will affirmatively serve the public interest. First, despite changes in passive ownership, Transtelco's top management team remains unchanged since the original grant of its Section 214 authorization. The company continues to provide telecommunications capacity to a relatively small number of companies with operations on both sides of the U.S.-Mexico border. Other than growth in the number of customers served, there has been no significant change in operations as a result of the changes in ownership. Transtelco provides wholesale capacity and contract-based enterprise services to carriers and individual businesses with the need to transmit voice and data throughout the Southwestern United States and across the U.S. border with Mexico. Granting the STA will be in the public interest because it will ensure continuity of service while the pending curative applications and associated waiver requests remain pending.

Second, and closely related to the stable management of the company, no harm to customers has resulted or will result from the ownership changes outlined above. Transtelco has continued to provide the same types of quality services on the same or similar contract-based terms and conditions as it has from its inception. Indeed, any action that would inhibit or interrupt the availability of Transtelco's services to its customers would itself be harmful to companies that rely on vital communications links that the company provides.

Third, favorable action on the application is consistent with precedent. The Commission has not previously viewed inadvertent deficiencies in obtaining approval for Section 214 transfers or assignments as disqualifying, particularly where valuable service to the public continues to be provided. Instead, the International Bureau has approved such requests,

---

[1] *See* "Mexico Regulator Fines Telmex for Monopolistic Practices," Fox News Latino (posted Oct. 1, 2014), available at http://latino.foxnews.com/latino/news/2014/10/01/mexico-regulator-fines-telmex-for-monopolistic-practices/; FCC Public Notice, "List of Foreign Telecommunications Carriers that are Presumed to Possess Market Power in Foreign Telecommunications Markets," 22 FCC Rcd 945, 950 (2007) (listing TelMex as the sole dominant carrier serving Mexico).

[2] "If the U.S. carrier demonstrates that the foreign affiliate lacks 50 percent market share in the international transport and the local access markets on the foreign end of the route, the U.S. carrier shall presumptively be classified as non-dominant." 47 C.F.R. § 63.24(f)(2).

including cases where previously undisclosed foreign ownership amounted to control of the licensee.[3] In this case, no non-U.S. entity controls Transtelco, but a transfer of control has nonetheless occurred because more than fifty percent of the equity and voting interests in the licensee is now held by new persons whose qualifications have not been passed upon previously by the FCC. Transtelco understands, of course, that as in these prior cases, grant of this STA, as well as the underlying application, application would be without prejudice to any enforcement action that the Commission might take for non-compliance with the Communications Act or the Commission's Rules.

[3] *See Public Notice*, Report No. TEL-01554, DA 12-543, at 3 (IB, released Apr. 5, 2012) (granting application for assignment to One World Telecom, LLC under FCC File No. ITC-ASG-20110812-00261). *See also Public Notice*, Report No. TEL-01588, DA 12-1842, at 3 (IB, released Nov. 15, 2012) (approving increased foreign investment transferring control of Verscom LLC under FCC File No. ITC-T/C-20120203-00040). *See also* FCC Public Notice, Authorizations Granted, 22 FCC Rcd 13894 (IB 2007) (granting applications of Satamatics, Inc., Satamatics Worldwide Limited, and Satamatics Global Limited for consent to transfer control of licenses and authorizations, including a Section 214 authorization). In this case, neither foreign investor controls the licensee, but their combined interests total more than fifty percent.