

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

In the Matter of)
)
WORLD ACCESS, INC. AND)
STAR TELECOMMUNICATIONS, INC.)
)
Application for Transfer of Control) ITC-T/C-20000412-00225
of International Section 214 Authority)
)
Application for Transfer of Control) SCL-T/C-20000412-00014
of Submarine Cable Landing Licenses)
)

MEMORANDUM OPINION AND ORDER

Adopted: September 7, 2000

Released: September 8, 2000

By the Chief, Telecommunications Division, International Bureau:

I. INTRODUCTION

1. In this Order, we grant the joint applications of World Access Inc. (World Access) and STAR Telecommunications, Inc. (STAR and together "Applicants") seeking authority to transfer to World Access control of international Section 214 authorizations, as well as interests in certain submarine cable landing licenses held by STAR, in connection with the proposed merger of World Access and STAR.

II. BACKGROUND

2. World Access is a publicly held Delaware corporation headquartered in Georgia. Through its subsidiaries, World Access is authorized to provide international long distance voice and data services in the global telecommunications markets. World Access's network is capable of supporting voice and data services, including frame relay, Internet protocol, and asynchronous transfer mode services.

1 See Application, File No. ITC-T/C-20000412-00225, and Application, File No. SCL-T/C-20000412-00014, filed April 12, 2000. The Applicants seek approval pursuant to Section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214, and Section 63.18 of the Commission's rules, 47 C.F.R. § 63.18. Because the Applicants have interests in several cable systems, the Applicants also seek approval pursuant to the Cable Landing License Act, 47 U.S.C. §§ 34-39, Executive Order No. 10530, dated May 10, 1954, and Section 1.767 of the Commission's rules, 47 C.F.R. § 1.767.

2 See Application ITC-T/C-20000412-00225 at 2-3.

3 World Access has also been engaged in the development, manufacture, and marketing of various telecommunications products. In late 1999, World Access announced plans to divest its equipment group and (continued....)

3. STAR, a publicly traded Delaware corporation headquartered in Santa Barbara, California, has Section 214 authority to provide facilities-based and resold international and domestic telecommunications service in the United States, Europe, and Asia.⁴ STAR has switching facilities throughout North America and Europe. Through either itself or its subsidiaries, STAR is authorized to provide telecommunications services in the United States, Japan, Germany, the United Kingdom, and Canada.⁵ In addition to its Section 214 authority, STAR has an interest in several submarine cable landing licenses.⁶

4. World Access and STAR have entered into an agreement whereby World Access would acquire STAR through the exchange of shares of stock. Upon completion of the merger, STAR and its subsidiaries will become subsidiaries of World Access.⁷ Through the acquisition of STAR, World Access will acquire control of STAR's subsidiaries AS Telecommunications, Inc., which is authorized to provide international resale services; CEO California Telecommunications, Inc., which is authorized to provide international facilities-based and resale services; and CEO Telecommunications, Inc., which is authorized to provide international resale services.⁸ In addition, World Access will acquire STAR's interest in the following cable landing licenses: AMERICAS II,⁹ COLUMBUS-III,¹⁰ TAT-14,¹¹ and MAYA-1.¹²

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focus on its international long distance carriers. See Application ITC-T/C-20000412-00225 at 3.

⁴ *Id.*

⁵ *See Id.*

⁶ *See* Application SCL-T/C-20000412-00014 at 3.

⁷ Each share of STAR common stock would be converted into .3905 shares of World Access common stock. World Access also may pay a cash consideration to STAR. STAR will be entitled to elect one new director to the board. *See* Application ITC-T/C-20000412-00225 at 4.

⁸ For a complete list of authorizations *see* Application ITC-T/C-20000412-00225 at Exhibit A. Initially, the application included two additional subsidiaries of STAR: PT-1 Communications, Inc. and PT-1 Long Distance, Inc. Since filing the applications, however, STAR filed an assignment to transfer these licenses to Counsel Communications, LLC, and the Commission granted STAR's request for assignment of license. *See* Public Notice, Report No. TEL-00268, DA No. 00-1743 (rel. Aug. 3, 2000).

⁹ *See In the Matter of AT&T Corp., et al.* 13 FCC Rcd 22540, File Nos. SCL-98-003 and SCL-08-003A, Cable Landing License (Tel. Div., rel. Nov. 10, 1998) (authorizing AT&T and others to land and operate a digital submarine cable system to be called the AMERICAS-II Cable System between Florida, Puerto Rico, the U.S. Virgin Islands, Martinique, Curacao, Trinidad, Venezuela, French Guiana, and Brazil on a common carrier basis).

¹⁰ *See In the Matter of AT&T Corp., et al.*, 14 FCC Rcd 13428, File No. SCL-98-005, Cable Landing License (Tel. Div., rel. Aug. 20, 1999) (authorizing AT&T and others to land and operate a digital submarine cable system to be called the COLUMBUS-III Cable System between the United States, Italy, Spain, and Portugal on a common carrier basis).

¹¹ *See In the Matter of AT&T Corp., et al.*, DA 99-2042, File No. SCL-LIC-19990303-00004, Cable Landing License (Tel. Div., rel. Oct. 1, 1999) (authorizing AT&T and others to land and operate an optic

submarine cable system to be called "TAT-14" Cable Network between the United States, Denmark, Germany, the Netherlands, France, and the United Kingdom on a non-common carrier basis).

III. DISCUSSION

5. On April 12, 2000, the Applicants submitted the above-captioned applications requesting authority to transfer control of the international Section 214 authorizations and the various cable landing licenses held by STAR. We placed the applications on public notice on April 26, 2000.¹³ We received no comments.

6. Pursuant to Section 1.767(b) of the Commission's rules,¹⁴ the Cable Landing License Act,¹⁵ and Executive Order No. 10530,¹⁶ we informed the Department of State of the World Access/STAR application to transfer control of the submarine cable landing licenses from STAR to World Access.¹⁷ After coordinating with the National Telecommunications and Information Administration and the Department of Defense, the Department of State stated that it has no objection to transferring control of the submarine cable landing licenses held by STAR to World Access.¹⁸

7. Under Section 1.767(a)(8) of the Commission's rules,¹⁹ World Access is required to disclose its affiliations with foreign carriers. According to the applications, World Access is affiliated with non-dominant foreign carriers in Austria, Belgium, Denmark, El Salvador, Finland, France, Germany, Guatemala, Hong Kong, Italy, Japan, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.²⁰ Because all of these countries are members of the World Trade Organization, we presume that World Access' affiliations with these carriers do not pose concerns that would justify denying these applications.²¹ Moreover, the foreign carrier affiliates of World Access do not have market power in their respective markets or the ability to discriminate against unaffiliated U.S. carriers on the foreign end of

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¹² See *In the Matter of AT&T Corp., et al.*, DA 99-2579, File No. SCL-LIC-19990325-00006, Cable Landing License (Tel. Div., rel. Nov. 18, 1999) (authorizing AT&T and others to land and operate a digital submarine cable system to be called the MAYA-1 Cable Network between the United States, the Cayman Islands, Colombia, Costa Rica, Honduras, Mexico, and Panama on a common carrier basis).

¹³ See Public Notice, Report No. TEL-00221NS (rel. Apr. 26, 2000).

¹⁴ 47 C.F.R. § 1.767(b).

¹⁵ 47 U.S.C. §§ 34-39.

¹⁶ Exec. Order No. 10530, *reprinted as amended* in 3 U.S.C. § 301.

¹⁷ See Letter from George Li, Deputy, Chief, Telecommunications Division, International Bureau, Federal Communications Commission, to Steven W. Lett, Deputy U.S. Coordinator, Office of International Communications and Information Policy, U.S. Department of State (April 26, 2000).

¹⁸ See Letter from Malcolm R. Lee, U.S. Coordinator, Office of International Communications and Information Policy, U.S. Department of State, to Donald Abelson, Chief, International Bureau, FCC (Aug. 3, 2000).

¹⁹ 47 C.F.R. § 1.767(a)(8).

²⁰ See Application ITC-T/C-20000412-00225 at Exhibit B.

²¹ See *Rules and Policies on Foreign Participation in the U.S. Telecommunications Market*, IB Docket Nos. 97-142 and 95-22, Report and Order and Order on Reconsideration, 12 FCC Rcd 23,891, 23912 at ¶ 50, 23933-34 at ¶ 93 (1997) (*Foreign Participation Order*), *recon. pending*.

routes through the control of bottleneck facilities or services.²²

8. The Applicants state that approval of the transactions will serve the public interest by providing a wider choice of services to both wholesale and retail users.²³ Specifically, Applicants assert that the merger will create economies of sale, cost savings, and synergies that will enable them to compete effectively in the global communications marketplace.²⁴ We agree that approval of this transaction will result in public interest benefits by providing customers with a broader range of services for consumers while reducing transaction costs for end-users of submarine cable capacity.

9. Upon consideration of the applications and in view of the foregoing, we conclude that this transfer of control does not raise any of the concerns listed in the Cable Landing License Act,²⁵ and that consent to transfer control of STAR's interest in the above-mentioned cables to World Access will serve the public interest, convenience and necessity. We therefore grant Applicants' requests for authority to transfer control of the international Section 214 authorizations held by STAR as well as the AMERICAS-II, COLUMBUS-III, TAT-14, and MAYA-1 cable landing licenses.

10. We conclude that grant of the application would be consistent with the Cable Landing License Act. We therefore consent to the transfer of control of STAR to World Access. We modify the initial authorizations to reflect this transfer of control. We do not modify the initial authorizations in any other respect.²⁶

IV. ORDERING CLAUSES

11. Consistent with the foregoing and pursuant to the Cable Landing License Act, Section 214 of the Communications Act, as amended, and Executive Order 10530, IT IS ORDERED that the Applications, File Nos. ITC-T/C-20000412-00225 and SCL-T/C-20000412-00014, ARE GRANTED, and that the Applicants are authorized to transfer control of STAR to World Access and that the transfer of control of the international Section 214 authorizations held by STAR is authorized and that the transfer of control of the interests of STAR in the AMERICAS-II, COLUMBUS-III, TAT-14, and MAYA-I cables is authorized. The Cable Landing Licenses of the AMERICAS-II cable, File Nos. SCL-98-003 and SCL-98-003A; COLUMBUS-III cable, File No. SCL-98-005; TAT-14 cable, File No. SCL-LIC-19990303-00004; and MAYA-1 cable, File No. SCL-LIC-19990325-00006 ARE MODIFIED to reflect this transfer of control.

12. This Order is issued under Section 0.261 of the Commission's rules, 47 C.F.R. § 0.261, and is effective upon adoption. Petitions for reconsideration under Section 1.106 or applications for review under Section 1.115 of the Commission's rules, 47 C.F.R. §§ 1.106, 1.115, may be filed within 30 days of

²² See Application ITC-T/C-20000412-00225 at 9.

²³ *Id.* at 4.

²⁴ *Id.* at 6.

²⁵ See 47 U.S.C. § 35.

²⁶ The Commission has granted STAR and its subsidiaries numerous Section 214 authorizations. See Appendix B of this order for a complete list of the authorizations.

the date of public notice of this order.²⁷

FEDERAL COMMUNICATIONS COMMISSION

Rebecca Arbogast
Chief, Telecommunications Division
International Bureau

²⁷ See 47 C.F.R. § 1.4(b)(2).

APPENDIX A
CABLE LANDING LICENSES
FOR
STAR TELECOMMUNICATIONS, INC.

LICENSEE	FCC FILE NUMBER	DESCRIPTION
STAR	SCL-98-003* SCL-98-003A	AMERICAS-II Cable Landing License
STAR	SCL-98-005*	COLUMBUS-III Cable Landing License
STAR	SCL-LIC-19990303-00004*	TAT-14 Cable Landing License
STAR	SCL-LIC-19990325-00006*	MAYA-I Cable Landing License

* These licenses were acquired by group applications filed by AT&T and others.

APPENDIX B
SECTION 214 AUTHORIZATIONS FOR
STAR TELECOMMUNICATIONS, INC. AND ITS SUBSIDIARIES

LICENSEE	FCC FILE NUMBER	DESCRIPTION
STAR	ITC-96-358	Authority to provide international facilities-based and resale services.
STAR	ITC-96-152	Authority to acquire, on an indefeasible right of use basis, and operate a circuit in the CANUS-1 Cable System and to use this circuit to provide international services between the U.S. and Canada.
STAR	ITC-95-340	Authority to provide global resale service and to resell private lines between the U.S. and Canada and the U.S. and U.K.
STAR	ITC-95-501	Authority to acquire and operate satellite facilities to various overseas points
STAR	ITC-97-139-TC	Transfer of control to STAR of Star Vending Inc. authorizations
STAR	ITC-97-106-TC	Transfer of control of STAR from Christopher Edgecomb to stockholders
STAR	ITC-97-721-TC	Authority for STAR to acquire LD Services (CEO Telecommunications, Inc.)
STAR	ITC-98-142-TC	Authority for STAR to acquire T-ONE Communications Corp.
STAR	ITC-98-389-TC	Authority for STAR to acquire authorizations of United Digital Network, Inc.
STAR	ITC-98-342 and ITC-98-342A	Authority for STAR to operate the AMERICAS-II submarine cable system on a common carrier basis
STAR	ITC-ASG-19990312-00125 ITC-ASG-19990312-00126	Authority to STAR to assign the authorizations held by United Digital to AS Telecommunications
STAR	ITC-98-437	Authority to operate the COLUMBUS-III submarine cable system on a common carrier basis
STAR	ITC-214-19990325-00153	Authority to operate the MAYA-I submarine cable system on a common carrier basis
AS Telecommunications	ITC-92-239 and ITC-ASG-19990312-00125	Authority for CTN to provide international resale services and reassignment of authority to AS
AS Telecommunications	ITC-94-098 ITC-ASG-19990312-00126	Authority to Answer-Net to provide international resale services and reassignment of authorization to AS
CEO California Telecommunications, Inc.	ITC-214-19990125-00036	Authority to operate as an international facilities-based and resale carrier

CEO Telecommunications, Inc.	ITC-92-226	Authority for LD Services (renamed CEO) to operate as an international resale carrier.
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