

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

In the Matter of
World Access, Inc. and Communications
Telesystems International d/b/a WorldxChange
Application for Authority, Pursuant to the
Submarine Cable Landing License Act,
to Transfer Control of and Assign Cable
Landing Licenses
Application for Authority, Pursuant to
Section 214 of the Communications Act,
as Amended, to Transfer Control of and Assign
International Section 214 Authorizations

MEMORANDUM OPINION AND ORDER

Adopted: September 26, 2000

Released: September 27, 2000

By the Chief, Telecommunications Division, International Bureau:

I. INTRODUCTION

1. In this Order, we grant the applications of World Access, Inc. (World Access) and
Communication TeleSystems International d/b/a WorldxChange (WorldxChange) (collectively,
Applicants), seeking authority to transfer to World Access interests in certain submarine cable
landing licenses of WorldxChange and international Section 214 authorizations (and applications
for international Section 214 authority) of WorldxChange, and to assign these interests,
authorizations, and applications for authority, to a surviving corporation, WorldxChange
Communications, Inc. (WorldxChange Communications), in connection with the proposed merger
of World Access and WorldxChange.

1 See Application of World Access, Inc. and Communication TeleSystems International d/b/a
WorldxChange for Authority to Transfer Control of a Common Carrier Holding a Cable Landing License and to
Assign the Carrier's License to a Surviving Corporation, Filed May 15, 2000 at 1 (Cable Landing License Transfer
Application); World Access, Inc. and Communication TeleSystems International d/b/a WorldxChange for

II. BACKGROUND

2. On May 15, 2000, Applicants concurrently filed two applications, one seeking authority under the Cable Landing License Act to transfer control of cable landing licenses, and one seeking authority under Section 214 of the Communications Act, as amended,² to transfer control of Section 214 authorizations. On June 20, 2000 Applicants filed a supplement to their applications to include an additional Section 214 authorization and to clarify certain ambiguities regarding the name of WorldxChange.³ On September 7, 2000, Applicants filed a letter advising the Commission that the lists of cable landing licenses and Section 214 authorizations provided in the initial applications and Supplemental Filing were complete.⁴ The September 7, 2000 Letter also clarified the description of one Section 214 authorization listed in the Section 214 Transfer Application.⁵ On September 20, 2000, Applicants filed a letter revising the list of WorldxChange's Section 214 authorizations included in the Section 214 Transfer Application.⁶

Authority to Transfer Control of a Common Carrier Holding International 214 Authorizations and to Assign the Carrier's 214 Authorizations to a Surviving Corporation, Filed May 15, 2000 at 1-3 (Section 214 Transfer Application).

² 47 U.S.C. § 214.

³ See Letter from Joan M. Griffin, Kelley, Drye & Warren, to Magalie Roman Salas, Secretary, Federal Communications Commission, filed June 20, 2000 at 1 (Supplemental Filing) (adding a global resale authorization held by CTS Telecom, Inc., a subsidiary of WorldxChange).

⁴ See Letter from Joan M. Griffin, Kelley, Drye & Warren, to Magalie Roman Salas, Secretary, Federal Communications Commission, filed Sept. 7, 2000 (September 7, 2000 Letter). In the initial applications, after listing the cable landing licenses and Section 214 authorizations for which the Applicants sought authority to transfer control, added a request for authority for transfer of control and assignment not only of the authorizations listed, but also of "any other cable landing licenses to which WorldxChange may be a party" or "any other authorizations that may be held by WorldxChange." See Cable Landing License Transfer Application at 3; Section 214 Transfer Application, Attachment 1 at 1.

⁵ Specifically the letter clarified that the Section 214 authority under FCC File No. ITC-94-475 is authority to acquire capacity on the AMERICAS-I and Taino-Caribe cable systems to provide authorized services between the U.S. mainland and Puerto Rico. See September 7, 2000 Letter at 1-2.

⁶ See Letter from Joan M. Griffin, Kelley, Drye & Warren, to Magalie Roman Salas, Secretary, Federal Communications Commission, filed Sept. 20, 2000 (September 20, 2000 Letter). The revised list specified which were authorizations granted to WorldxChange and which were applications for authority filed by WorldxChange. See September 20, 2000 Letter at 3. The letter also removed from the list File No. ITC-95-143, which was an application of WorldxChange for authority to resell international private lines interconnected to the public switched network between the United States and Finland because WorldxChange had subsequently withdrawn the application. See *Overseas Section 214 Applications Accepted for Filing*, Report No. I-8003 (rel. Jan. 27, 1995). In addition, the letter added to the list the international 214 authorization about which WorldxChange had advised the Commission in the Supplemental Filing. See September 20, 2000 Letter at 4;

3. WorldxChange, a California corporation based in San Diego, California, is a global telecommunications company that specializes in providing high-quality, low-cost services to retail and wholesale customers in 13 countries, including the United Kingdom, Germany, the United States, France, the Netherlands, Belgium, Chile, Guatemala, Australia, Canada, and New Zealand.⁷ According to Applicants, WorldxChange operates 45 switches that are connected by an extensive network of owned and leased undersea and land-based fiber optic cables. WorldxChange holds numerous Section 214 authorizations, as well as several cable landing licenses and an earth station license, and is regulated as a non-dominant carrier on all routes.⁸

4. World Access, a Delaware corporation based in Atlanta, Georgia, is a provider of bundled voice, data, and Internet services to key regions of the world, and through its licensed subsidiaries, competitively provides end-to-end voice and data communications services including frame relay, IP, ATM, and multimedia applications.⁹ According to Applicants, subsidiaries of World Access hold numerous Section 214 and cable landing licenses, and are subject to non-dominant regulatory treatment on all routes.¹⁰

5. World Access and WorldxChange have entered into an agreement whereby World Access would acquire WorldxChange through the exchange of shares of stock.¹¹ Upon completion of the merger WorldxChange will become a subsidiary of World Access. Specifically, WorldxChange will be merged with and into WorldxChange Communications, a Delaware corporation that is a wholly-owned subsidiary of World Access that was formed to effectuate the acquisition.¹² Applicants assert that, following the merger, the current business of WorldxChange will be conducted through WorldxChange Communications which will hold, and will continue to provide service under, WorldxChange's existing licenses and authorizations.¹³ Through the

Supplemental Filing at 1.

⁷ See Section 214 Transfer Application at 1-2.

⁸ See *id.* at 2. On July 12, 2000, the International Bureau gave Public Notice of consent for assignment of the earth station license, which was effective July 6, 2000. See Satellite Communications Services Information, Report No. SES-00199, Actions Taken, SES-ASG-20000515-00838, E980344 (Rel. Jul. 12, 2000).

⁹ Section 214 Transfer Application at 2.

¹⁰ *Id.*

¹¹ Specifically, the shareholders of WorldxChange will receive approximately 31 million shares of World Access common stock, subject to adjustment under certain circumstances. In addition, World Access will assume approximately \$225 million in WorldxChange debt. See *id.* at 2-3.

¹² *Id.*

¹³ *Id.* at 3.

acquisition of WorldxChange, World Access will acquire control of WorldxChange's interests in the following cable landing licenses:¹⁴ COLUMBUS-III;¹⁵ MAYA-1,¹⁶ Guam Philippines Cable System;¹⁷ AMERICAS-II,¹⁸ and the Pan American Cable System.¹⁹ In addition, World Access will acquire control of WorldxChange's Section 214 authorizations identified in Appendix B of this Order, including Section 214 authorizations associated with submarine cable landing licenses.²⁰ Applicants also noted that World Access recently entered into an agreement to purchase STAR Telecommunications, Inc. (STAR).²¹ On September 8, 2000, the International Bureau's Telecommunications Division released an Order granting the joint applications of World Access and STAR 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.²²

¹⁴ See Cable Landing License Transfer Application at 3.

¹⁵ *AT&T Corp., et al, Joint Application for a License to Land and Operate a Digital Submarine Cable System between Hollywood, Florida, in the United States, Italy, Spain and Portugal, the Columbus III Cable System*, File No. SCL-98-005, Cable Landing License, 14 FCC Rcd 13428 (IB/TD, rel. Aug. 20, 1999), application for review pending.

¹⁶ See, e.g., *AT&T Corp. et al, Joint Application for a License to Land and Operate a Digital Submarine Cable System Between the United States, the Cayman Islands, Colombia, Costa Rica, Honduras, Mexico, and Panama, the MAYA-1 Cable Network*, File No. SCL-LIC-19990325-00006, Cable Landing License, 14 FCC Rcd 19456 (IB/TD, rel. Nov. 18, 1999), application for review pending.

¹⁷ See *AT&T Corp. et al, Application for a License to Land and Operate in the United States a Private Fiber Optic Cable System Extending Between Guam and the Philippines, the G-P Cable System*, Cable Landing License, 14 FCC Rcd 1923 (IB/TD 1998).

¹⁸ *AT&T et al, Joint Application for a License to Land and Operate a Digital Submarine Cable System among Florida, Puerto Rico, the U.S. Virgin Islands, Martinique, Curacao, Trinidad, Venezuela, French Guiana and Brazil, the AMERICAS-II Cable System*, File Nos. SCL-98-003, SCL-98-003A, Cable Landing License, 13 FCC Rcd 22540 (TD/IB 1998).

¹⁹ See *Americatel Corp. et al., Joint Application for a License to Land and Operate a Digital Submarine Cable System between the U.S. Virgin Islands, Chile, Peru, Ecuador, Panama, Colombia, Venezuela, and Aruba, the Pan American Cable System*, File No. SCL-97-001, Cable Landing License, 13 FCC Rcd 850 (TD/IB 1998).

²⁰ For a list of the specific Section 214 authorizations, see also September 20 Letter at 3-4.

²¹ See Section 214 Transfer Application at 2 and n. 2.

²² See *World Access, Inc. and STAR Telecommunications, Inc., Application for Transfer of Control of International Section 214 Authority, Application for Transfer of Control of Submarine Cable Landing Licenses*, ITC-T/C-20000412-00225, SCL-T/C-20000412-00014, Memorandum Opinion and Order, DA 00-2060 (IB/TD rel. Sep. 8, 2000).

6. Pursuant to Section 1.767(b) of the Commission's rules,²³ the Cable Landing License Act,²⁴ and Executive Order No. 10530,²⁵ we informed the Department of State of the application to transfer control of and assign WorldxChange's interest in the submarine cable landing licenses.²⁶ The Department of State, after coordinating with the National Telecommunications and Information Administration and the Department of Defense, has no objection to proposed transfers and assignments.²⁷

III. DISCUSSION

7. Pursuant to Section 1.767(a)(8) of the Commission's rules,²⁸ World Access is required to disclose its affiliations with foreign carriers. According to the Applications, World Access is affiliated with nondominant 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.²⁹ In addition, Applicants note that, following its planned merger with STAR, World Access will also become affiliated with and control the nondominant foreign carrier affiliates of STAR, which include affiliations with carriers in Canada, Germany, the United Kingdom, and Japan.³⁰ Because 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.³¹ Moreover, Applicants have

²³ 47 C.F.R. § 1.767(b).

²⁴ 47 U.S.C. §§ 34-39.

²⁵ Exec. Ord. No. 10530 *reprinted as amended* in 3 U.S.C. § 301.

²⁶ See Letter from George Li, Deputy Chief, Telecommunications Division, International Bureau, Federal Communications Commission, to Steven Lett, Deputy U.S. Coordinator, Office of International Communications and Information Policy, U.S. Department of State, dated June 1, 2000.

²⁷ See Letter from Geoffrey W. Chapman, Acting United States Coordinator, Office of International Communications and Information Policy, U.S. Department of State, to Donald Abelson, Chief, International Bureau, Federal Communications Commission, dated September 22, 2000.

²⁸ 47 C.F.R. § 1.767(a)(8).

²⁹ See Cable Landing License Transfer Application, Attachment 1 at 1-2; Section 214 Transfer Application, Attachment 2 at 1-2.

³⁰ See Cable Landing License Transfer Application, Attachment 1 at 2; Section 214 Transfer Application, Attachment 2 at 2.

³¹ 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 23891, 23912, para 50, 23933-34, para. 93 (1997) (*Foreign Participation Order*), Order on Reconsideration, FCC 00-339 (rel. Sept.

certified that no foreign affiliate of World Access holds a fifty percent or greater market share in its respective market, which Applicants certify will remain true even if World Access consummates its proposed merger with STAR.³²

8. We conclude that grant of the application to transfer and assign interests in cable landing licenses is consistent with the Cable Landing License Act and that grant of the application to transfer and assign the international Section 214 authorizations and applications for Section 214 authority is consistent with Section 214 and the Commission's regulations governing that section. We therefore consent to the transfer of control of WorldxChange to World Access. With respect to the cable landing licenses, this Order constitutes a modification of the initial authorizations to reflect these transfers of control and assignments. We do not modify the initial authorizations in any other respect.

IV. ORDERING CLAUSES

9. In consideration of the foregoing and pursuant to the Cable Landing License Act, Executive Order No. 10530, and Section 214 of the Communications Act, as Amended, 47 U.S.C. §§ 34-39, 3 U.S.C. § 301, 47 U.S.C. § 214, IT IS ORDERED that the applications, File Nos. SCL-T/C-20000515-00021 and ITC-T/C-20000515-00317, ARE GRANTED, and the cable landing licenses set forth in Appendix A ARE MODIFIED to reflect these transfers of control and assignments.

10. This Order is issued under Section 0.261 of the Commission's rules, 47 C.F.R. § 0.261, and is effective upon release. 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 the date of public notice of this order (see 47 C.F.R. § 1.4(b)(2)).

FEDERAL COMMUNICATIONS COMMISSION

Rebecca Arbogast
Chief, Telecommunications Division
International Bureau

19, 2000).

³² See Section 214 Transfer Application at 3-4 and n.5, 7.

APPENDIX A**Cable Landing Licenses of WorldxChange**

FCC File Number	Description
File No. SCL-98-005	COLUMBUS-III Cable Landing License
FCC No. SCL-LIC-9990325-00006	MAYA-1 Cable Landing License
File No. SCL-AMD-1998-0902-00018	Guam-Philippines Cable Landing License
File Nos. SCK-98-003 and SCL-98-003A	Americas-II Cable Landing License
File No. SCL-97-001	Pan American Cable Landing License

APPENDIX B**Section 214 Authorizations and Applications for Authority of WorldxChange**

FCC File Number	Description
File No. ITC-93-023	Resale of switched services
File No. ITC-94-217	Facilities-based switched and private lines services via satellite
File No. ITC-94-476	Facilities-based switched and private lines services via PTAT-1 cable
File No. ITC-95-058	Facilities-based switched and private lines services via multiple cables
File No. ITC-95-116	Resale of private line for switched services to Sweden
File No. ITC-214-19990325-00153	MAYA-I cable
File No. ITC-98-437	Facilities-based switched and private line services via Columbus-III cable
File Nos. ITC-98-342 and ITC-98-342A	AMERICAS-II cable
File No. ITC-97-221	Pan American Cable System
File No. ITC-95-444	Resale services to New Zealand
File No. ITC-96-634	Circuits on Russia Express II satellite
File No. ITC-94-475	Authority to acquire capacity on the AMERICAS-I and Taino-Caribe cable systems to provide authorized services between the U.S. mainland and Puerto Rico

File No. ITC-98-333	Global facilities-based and resale authority
File No. 95-115	ISR to the U.K.
File No. 94-402	ISR to Canada
File No. ITC-97-036	Global Resale authority held by CTS Telecom, Inc. (a subsidiary of WorldxChange)