



# PUBLIC NOTICE

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## AUTHORIZATIONS GRANTED

### **Applications of Satamatics, Inc., Satamatics Worldwide Limited, and Satamatics Global Limited for Consent to Transfer Control of Licenses and Authorizations and Petition for Declaratory Ruling on Foreign Ownership**

By the Chief, International Bureau:

On December 21, 2006 and March 20, 2007, Satamatics Worldwide Limited (“SWL”) and Satamatics Global Limited (“SGL” and, together with SWL, the “Applicants”) filed applications pursuant to sections 214(a) and 310(d) of the Communications Act of 1934, as amended (the “Act”), seeking Commission consent to the transfer of control of licenses and authorizations held by Satamatics, Inc. (“Satamatics”) from SWL to SGL.<sup>1</sup> Satamatics holds a blanket license for 20,000 mobile earth terminals used in the United States for the provision of Inmarsat D+ mobile satellite service and an international section 214 authorization.<sup>2</sup> Satamatics filed on December 21, 2006 a petition for declaratory ruling under section 310(b)(4) of the Act that the public interest would be served by permitting up to 100 percent indirect foreign ownership of Satamatics by SGL, a privately-held U.K. corporation, and SGL’s named foreign shareholders, all of which are citizens of WTO Member countries.<sup>3</sup> The applications and

<sup>1</sup> 47 U.S.C. §§ 214(a), 310(d). The International Bureau placed the transfer of control applications on public notice as acceptable for filing on March 23, 2007 and March 28, 2007. See Public Notices, Report No. TEL-01126NS (rel. March 23, 2007) (transfer of international section 214 authorization), and Report No. SES-00912 (rel. March 28, 2007) (transfer of blanket mobile earth terminal license). A list of the applications and the companion petition for declaratory ruling is attached to this Public Notice as Appendix A.

<sup>2</sup> Satamatics also has pending applications for authority to add the new Inmarsat 4F2 satellite at the 52.75 degree W.L. orbital location as a point of communication (File No. SES-MFS-20051202-01665) and for section 214 authority to provide Inmarsat D+ service using fourth-generation Inmarsat satellites (File No. ITC-214-20060207-00086). Satamatics amended both applications on March 5, 2007 to reflect the transfer of control and other ownership changes for which the Applicants seek approval in the instant proceeding. Grant of the transfer of control applications and the petition for declaratory ruling is without prejudice to Commission action on Satamatics’ pending applications.

<sup>3</sup> 47 U.S.C. § 310(b)(4). The International Bureau placed the petition for declaratory ruling on public notice as acceptable for filing on March 23, 2007. See Public Notice, Report No. TEL-01126NS (rel. March 23, 2007).

petition seek approval for changes to Satamatics' ownership structure that have occurred since the Commission initially approved Satamatics' ownership structure on December 21, 2004. The Applicants also request approval to remove SWL from Satamatics' ownership structure.<sup>4</sup>

Upon consideration of the record, we find that grant of the transfer of control applications, including Applicants' request to remove SWL from the ownership structure of Satamatics, will serve the public interest, convenience and necessity. We also find, subject to the conditions specified herein, that it would not serve the public interest to prohibit the indirect foreign ownership of Satamatics in excess of the 25 percent benchmark in section 310(b)(4) of the Act. We describe below the various transactions that resulted in changes to Satamatics' ownership structure.

By Public Notice issued jointly on December 21, 2004, the International Bureau and Wireline Competition Bureau granted SWL's applications for authority under sections 214(a) and 310(d) to acquire all of the shares of Satamatics Holdings, Inc. ("SHI"), a Delaware corporation that wholly owns Satamatics.<sup>5</sup> The International Bureau also ruled, pursuant to section 310(b)(4), that the public interest would not be served by prohibiting the 100% indirect foreign ownership of Satamatics by SWL, a U.K. corporation, and its named foreign shareholders.<sup>6</sup> The ruling permitted Satamatics to acquire up to and including an additional, aggregate 25% indirect equity and/or voting interest from the foreign shareholders named in the petition and from other foreign individuals and entities without seeking further Commission approval under section 310(b)(4) subject to certain conditions.<sup>7</sup>

The record indicates that, after SWL filed its transfer of control applications and petition on July 15, 2004, and up to October 12, 2006, SWL, on at least four occasions, issued additional shares of capital stock. As a result, new shareholders from the United Kingdom, the United States and Hong Kong acquired an aggregate 24.49% of SWL's outstanding capital stock (representing both equity and voting interests). In addition, on January 1, 2005, a citizen of Lichtenstein was given joint ownership and control of a foreign-organized private mutual fund that held indirectly a significant portion of SWL's capital stock.<sup>8</sup> As a result of all these

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<sup>4</sup> See Application, ITC-T/C-20070319-00113, Attachment 1.

<sup>5</sup> See *Authorizations Granted, Applications of Satamatics, Inc., Satamatics Worldwide Limited, and Richtec PLC to Transfer Control of Licenses and Authorizations and Request for a Declaratory Ruling on Foreign Ownership*, IB Docket No. 04-285, Public Notice, DA 04-3997, 19 FCC Rcd 24511 (IB/WCB 2004) ("2004 Public Notice").

<sup>6</sup> Four citizens of the United Kingdom would hold an aggregate 43.13% ownership interest in SWL. Canterbury Limited and Liverpool Limited, both registered in St. Vincent and the Grenadines, and wholly owned by Bryan Jeeves, a citizen of Liechtenstein, would hold an aggregate 56.86% ownership interest. See *2004 Public Notice*, 19 FCC Rcd at 24513.

<sup>7</sup> The following conditions applied to the Satamatics grant: (1) no single foreign individual or entity, with the exception of SWL, Canterbury Limited, Liverpool Limited and Bryan Jeeves may acquire indirect equity or voting ownership interest of Satamatics in excess of 25% without Commission approval; and (2) Satamatics shall seek additional approval before it accepts any additional indirect investments from Canterbury Limited, Liverpool Limited and Bryan Jeeves. See *id.*

<sup>8</sup> On January 1, 2005, Alexander Jeeves was given joint ownership and control of a foreign-organized private mutual fund that had been wholly owned and controlled by his father, Bryan Jeeves (also a citizen of Liechtenstein). The mutual fund, in turn, wholly owned two companies registered in St. Vincent and the Grenadines, Canterbury Limited and Liverpool Limited. As of January 1, 2005, Canterbury Limited and Liverpool Limited together held 51.64% of the total capital stock and 41.41% of the voting stock of SWL. By October 12, 2006, Canterbury Limited, Liverpool Limited and a new foreign-organized affiliate, Barclay Limited, together held 42.76% of SWL's total outstanding

transactions, by October 12, 2006, new shareholders had acquired the right to vote more than 50% of SWL's capital stock, and more than 25% of Satamatics' indirect equity and voting interests were held by new foreign investors without the required prior Commission approval.

Further, on October 12, 2006, SWL's newly formed U.K. corporation, SGL, acquired all of SWL's shares in a one-for-one share exchange with SWL's existing shareholders.<sup>9</sup> According to the Applicants, SGL is controlled collectively by its shareholders, with no one shareholder or group of shareholders exercising *de facto* or *de jure* control over SGL.<sup>10</sup> The Applicants anticipate that, pending Commission approval, SWL will be dissolved and eliminated from the ownership structure of Satamatics. After doing so, SGL will wholly own SHI which, in turn, will wholly own Satamatics. The Applicants state that, to the extent any future share offering would result in a shareholder obtaining a 10% or greater interest in SGL, and/or result in a change of control of Satamatics and SGL, Satamatics and SGL will advise the Commission and seek approvals as necessary under the Commission's rules.

Satamatics requests a declaratory ruling that the public interest would be served by permitting up to 100 percent indirect foreign ownership of Satamatics by SGL and its named foreign shareholders. According to the petition, Satamatics and its 100% direct parent company, SHI, are organized in Delaware. SHI is wholly owned by SWL which, in turn, is wholly owned by SGL, both of which are organized in United Kingdom. SGL's equity and voting interests are held by four citizens of the United Kingdom (collectively, 34.98% with individual interests ranging from 7.15% to 11.71%); three companies incorporated in St. Vincent and the Grenadines that ultimately are owned and controlled by two citizens of Liechtenstein (Cantebury Limited, 16.65%, Liverpool Limited, 18.21%, and Barclay Limited, 3.97%); and other individuals and one company, which collectively hold 26.19%, with no individual interest exceeding 4.76%. The 26.19% of SGL's widely-held shares are owned and voted by citizens of the United States, the United Kingdom and Hong Kong.<sup>11</sup>

We find, subject to certain conditions, that the public interest would be served by allowing indirect foreign ownership of Satamatics in excess of the 25 percent benchmark under section 310(b)(4) of the Act. Upon consideration of the record, we find that SGL and its wholly-owned subsidiary, SWL, have their principal place of business in the United Kingdom. We also find that all of the foreign equity and voting interests in SGL are held, directly and indirectly, by citizens of, or entities that have their principal places of business in, the United Kingdom, Liechtenstein, St. Vincent and the Grenadines, and Hong Kong, all of which are members of the World Trade Organization. Accordingly, pursuant to the rules and policies established in the

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capital stock (representing both equity and voting interests in SWL). *See* Application, ITC-T/C-20070319-00113, Attachment 1.

<sup>9</sup> On that same day, additional shares in SGL were offered to existing shareholders of SWL as well as to a small number of employees and directors of SGL who had not previously held any shares in SWL. *See id.*

<sup>10</sup> *See id.*

<sup>11</sup> The petition lists the names, percentage interest held and citizenship of individuals with less than a 4.76% ownership interest in SGL. The entity, Quidditch Venture Ltd., is an investment vehicle created under the laws of Hong Kong solely for the purpose of holding shares on behalf of David Chiu, who is a resident and citizen of Hong Kong. *See* Petition for Declaratory Ruling, Attachment B.

Commission *Foreign Participation Order*,<sup>12</sup> Satamatics is entitled to a rebuttable presumption that its indirect foreign ownership would not pose a risk to competition in the U.S. market.<sup>13</sup> We find no credible evidence in the record to rebut this presumption. Accordingly, we grant the petition for declaratory ruling, subject to the conditions specified below.

Specifically, this ruling permits Satamatics to be owned indirectly by: SGL and SWL (individually, up to and including 100 percent of the equity and voting interests); Bryan and Alexander Jeeves, Canterbury Limited, Liverpool Limited and Barclay Limited (individually and collectively, up to and including 38.83% of the equity and voting interests); and by SGL's other named foreign shareholders in the amounts specified in the petition. Satamatics may accept up to and including an additional, aggregate 25 percent indirect equity and/or voting interest from the named foreign shareholders of SGL and from other foreign investors without seeking further Commission approval subject to the following conditions: (1) any additional foreign ownership shall not cause the amount attributable to a single individual or entity to exceed 25 percent of Satamatics' indirect equity or voting interests; and (2) in accordance with section 310(d) of the Act, any additional foreign investment shall not result in a transfer of control, *pro forma* or substantive, of Satamatics. In addition, Satamatics shall seek prior Commission approval before it accepts any additional investment, directly or indirectly, that would increase the equity or voting interests held by Bryan or Alexander Jeeves above the specified amount. We emphasize that, as a Commission licensee, Satamatics has an affirmative duty to monitor its foreign equity and voting interests and to calculate these interests consistent with the attribution principles enunciated by the Commission.

As noted above, most of Satamatics' changes in ownership approved by this Public Notice occurred without the required prior Commission consent, and the grant of the instant applications and petition is without prejudice to any enforcement action by the Commission for non-compliance with the Commission's rules. The consummation of any remaining portions of this transaction shall be completed within 60 days from the date of release of this Public Notice.<sup>14</sup> Within 30 days of consummation, the Commission shall be notified by letter of the date of consummation and the file numbers of the applications involved in the transaction.<sup>15</sup> Failure to comply with all relevant Commission rules and policies, and any specific conditions of this grant, could result in the imposition of fines and forfeitures.

Pursuant to section 1.103 of the Commission's rules, the grant is effective upon release of this Public Notice.<sup>16</sup> Petitions for reconsideration under section 1.106 or applications for review under section 1.115 of the Commission's rules may be filed within 30 days of this Public Notice.<sup>17</sup>

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<sup>12</sup> *Rules and Policies on Foreign Participation in the U.S. Telecommunications Market; Market Entry and Regulation of Foreign-Affiliated Entities*, Report and Order and Order on Reconsideration, 12 FCC Rcd 23891 (1997) (*Foreign Participation Order*), modified by *Order on Reconsideration*, 15 FCC Rcd 18158 (2000).

<sup>13</sup> See *id.*, 12 FCC Rcd at 23896, ¶ 9, 23913, ¶ 50, and 23940, ¶¶ 111-112.

<sup>14</sup> 47 C.F.R. § 25.119(f).

<sup>15</sup> *Id.*; see also 47 C.F.R. § 1.948(d).

<sup>16</sup> 47 C.F.R. § 1.103.

<sup>17</sup> 47 C.F.R. §§ 1.106, 1.115.

**Attachment A**

**INTERNATIONAL SECTION 214 AUTHORIZATIONS**

<b><u>File No.</u></b>	<b><u>Authorization Holder</u></b>	<b><u>Authorization Number</u></b>
ITC-T/C-20070319-00113	Satamatics, Inc.	ITC-214-20020228-00160

**SECTION 310(d) APPLICATIONS**

**Part 25-Satellite Earth Station Authorization Applications**

<b><u>File No.</u></b>	<b><u>Licensee</u></b>	<b><u>Call Sign</u></b>
SES-T/C-20061221-02208	Satamatics, Inc.	E020074

**SECTION 310(b)(4) PETITION FOR DECLARTORY RULING**

<b><u>File No.</u></b>
ISP-PDR-20061221-00019