

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of )  
 )  
**Bestel (USA), Inc.** ) File No. ITC-T/C-2007 \_\_\_\_\_  
 )  
Joint Application Pursuant to Section 214 of the )  
Communications Act of 1934, as amended, )  
and Section 63.24 of the Commission's Rules )  
for Approval of the Transfer of Control of an )  
International Section 214 Authorization )

**JOINT APPLICATION FOR APPROVAL OF A TRANSFER OF CONTROL**

**I. INTRODUCTION**

**A. Summary of Transaction**

Bestel, S.A. de C.V. ("Transferor" or "Bestel"), Cablestar S.A. de C.V. ("Transferee" or "Cablestar"), and Bestel (USA), Inc. ("Licensee" or "Bestel (USA)") (collectively "Applicants"), by their undersigned attorneys and pursuant to Section 214 of the Communications Act of 1934 (the "Act"), as amended, 47 U.S.C. § 214, and Section 63.24 of the Commission's rules, 47 C.F.R. § 63.24, hereby respectfully seek approval to transfer control of Bestel (USA) from Bestel to Cablestar.

Although the proposed transaction will result in a change in the ultimate control of Bestel (USA), no assignment of authorizations, assets, or customers will occur as a consequence of the proposed transaction. Bestel (USA) will continue to provide service to its existing customers pursuant to its authorizations under the same rates, terms and conditions. Accordingly, this transaction will be transparent to the customers of Bestel (USA).

**B. Request for Streamlined Processing**

Applicants respectfully submit that this Application is eligible for presumptive streamlined processing pursuant to Section 63.12(c)(1)(i) and (ii) of the Commission's rules. Bestel is a non-dominant carrier in Mexico providing Internet access and backbone services, carrier-to-carrier services, and long distance services; and through its affiliate, Bestphone, S.A. de C.V. ("Bestphone"), local telephony services in Mexico. Cablestar is an indirect subsidiary of Grupo Televisa S.A.B. ("Grupo Televisa"), which is the largest media company in Latin America. Cablestar is affiliated with Cablevisión S.A. de C.V. ("Cablevisión"), which was recently awarded a concession in Mexico to provide fixed local telephony services.<sup>1</sup> Therefore, at the conclusion of this transaction, Bestel (USA) will be affiliated with three non-dominant competitive carriers in Mexico. The FCC has already found Bestel to be a non-dominant carrier at the time it granted Bestel (USA)'s initial section 214 authorization, FCC File No. ITC-214-19970804-00457, and determined to regulate Bestel (USA) as non-dominant on the U.S.-Mexico route. In addition, as relatively new service providers, Cablevisión and Bestphone do not have more than 50% of the domestic or international telecommunications market, and therefore are presumptively considered to be non-dominant service providers pursuant to Section 63.10(a)(3) of the Commission's Rules, 47 C.F.R. § 63.10(a)(3). Therefore, Bestel (USA) will continue to qualify for a presumption of non-dominance with respect to its foreign carrier affiliations under Section 63.10(a)(3) of the Commission's Rules, 47 C.F.R. § 63.10(a)(3), and this application therefore qualifies for streamlined processing under Section 63.12(c)(1)(i) and (ii).

In support of this Application, Applicants also provide the following information:

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<sup>1</sup> Cablevisión is a wholly-owned subsidiary of Cablestar's direct parent company, Milar, S.A. de C.V.

## **II. DESCRIPTION OF THE APPLICANTS**

### **A. Bestel, S.A. de C.V. (Transferor)**

Bestel is a competitive Mexican telecommunications company with a fiber optic network of approximately 5,000 miles throughout Mexico. Through its subsidiaries and affiliates, Bestel offers Internet access, long distance services and local telephony services primarily to other carriers, resellers and high volume users in Mexico. Bestel does not have telecommunications operations in any countries other than Mexico and the United States.

### **B. Cablestar, S.A. de C.V. (Transferee)**

Cablestar is a holding company established for the purpose of acquiring Bestel's operating subsidiaries. Cablestar is majority owned and controlled by Milar, S.A. de C.V. ("Milar"). In turn, Milar is a wholly-owned subsidiary of Empresas Cablevisión, S.A.B. de C.V. ("Empresas"), which, in turn, is a subsidiary of Grupo Televisa. Cablestar's affiliate, Cablevisión currently offers throughout the Mexico City metropolitan area digital cable television services, broadband Internet services, high-definition channels, and other interactive services such as video on demand. Cablevisión recently received a concession from the Government of Mexico to offer fixed local telephony services through its network.

Grupo Televisa, is the largest media company in the Spanish-speaking world and a major participant in the international entertainment business. It has interests in television production and broadcasting, production of pay television networks, international distribution of television programming, direct-to-home satellite services, publishing and publishing distribution, cable television, radio production and broadcasting, professional sports and live entertainment, feature film production and distribution, gaming, and the operation of a horizontal Internet portal.

None of Grupo Televisa's subsidiaries hold Section 214 authority issued by the Commission.

**C. Bestel (USA), Inc. (Licensee)**

Bestel (USA), a wholly-owned subsidiary of Bestel, holds international section 214 authority to provide facilities-based and resold international services pursuant to FCC File No. ITC-214-19970804-00457. Bestel (USA) solely provides cross-border services to U.S. carriers at several locations along the U.S.-Mexico border, including IP Transit, collocation, international private lines, VPNs and voice services.

**III. DESCRIPTION OF THE PROPOSED TRANSACTION (Answer to Question 13)**

The transfer of Bestel (USA) is a small part of a larger transaction through which Cablestar is also acquiring 100% of Bestel's operating assets, including its concessions to provide telecommunications services in Mexico and all of Bestel's Mexican operating subsidiaries. The Parties have entered into a Purchase Agreement dated August 30, 2007 (the "Agreement"), whereby as a result of a series of transactions (i) Bestel will form a new Mexican corporation, Letseb, S.A. de C.V. ("Letseb"); (ii) Bestel will transfer to Letseb all the stock and assets of Bestel's operating telecommunications subsidiaries in Mexico; (iii) Cablestar will acquire 100% of the stock and equity of Bestel (USA); and (iv) Cablestar will acquire 100% of the stock and equity of Letseb. As a result, Bestel (USA) will become a wholly-owned subsidiary of Cablestar. For the Commission's convenience, pre- and post-closing organization illustrative charts are provided as Exhibit A.

**IV. PUBLIC INTEREST CONSIDERATIONS**

Applicants submit that the transaction will serve the public interest because it will strengthen Bestel's ability to offer competitive cross-border services to Mexico. Further, as stated above, the transaction will be conducted in a manner that will not impact the ongoing service of existing customers. Following consummation of the transaction, Bestel (USA) will continue to provide redundant, high-quality communications services to its customers without interruption and without immediate change in rates, terms or conditions.

**V. INFORMATION REQUIRED BY SECTION 63.24(e)**

Pursuant to Section 63.24(e) of the Commission's rules, in support of this Application Applicants submit the following information from Section 63.18(a)–(d)(h) for the Transferor and the Transferee, and from Section 63.18(i)–(p) for the Transferee:

**Section 63.18 (Transferor and Transferee) –**

- (a) Name, address and telephone number of Transferor, Transferee and Licensee:

Transferor: Bestel, S.A. de C.V.  
Av. Ejercito Nacional No. 579  
Piso 11  
Colonia Granada  
Mexico City, 11520  
Mexico  
Tel: 011 (52-55) 5354-2100  
Fax: 011 (52-55) 5354-2190  
FRN: 0016893182

Transferee: Cablestar, S.A. de C.V.  
Dr. Rio de la Loza 182  
Colonia Doctores  
Mexico City 06720  
Mexico  
Tel: 011 (52-55) 9183-1870  
Fax: 011 (52-55) 5761-0839  
FRN: 0016893116

Licensee: Bestel (USA), Inc.  
100 Taylor Street  
San Antonio, TX 78205  
Tel: (210) 229-98-68  
Fax: (210) 2291622  
FRN: 0016892762

(b) Place of Formation:

Transferor: Bestel, S.A. de C.V. is a corporation organized under the laws of Mexico.

Transferee: Cablestar, S.A. de C.V. is a corporation organized under the laws of Mexico.

Licensee: Bestel (USA), Inc. is a corporation organized under the laws of Nevada.

(c) (Answer to Question 10) Correspondence concerning this Application should be sent to:

To Cablestar:

Arnoldo Adame  
General Counsel  
Empresas Cablevisión S.A.B. de C.V.  
Dr. Rio de la Loza 182  
Colonia Doctores,  
Mexico City, 06720  
Mexico  
Tel: 011 (52-55) 9183-1870  
Fax: 011 (52-55) 5761-0839

To Bestel and Bestel (USA) to:

Juan Francisco Millan  
Regulatory Director  
Bestel S.A. de C.V.  
Av. Ejercito Nacional No. 579  
Piso 11  
Colonia Granada  
Mexico City, 11520  
Mexico  
Tel: 011 (52-55) 5354-2100  
Fax: 011 (52-55) 5354-2190

In all cases with a copy to:

Andrew D. Lipman  
Ulises R. Pin  
Troy F. Tanner  
Bingham McCutchen LLP  
2020 K Street, NW  
Washington, DC 20006  
Tel: (202) 373-6000  
Fax: (202) 373-6001  
andrew.lipman@bingham.com  
u.pin@bingham.com  
troy.tanner@bingham.com

- (d) Transferor: Bestel, S.A. de C.V. has not received authority under Section 214 of the Act.
- Transferee: Cablestar, S.A. de C.V. has not received authority under Section 214 of the Act.
- Licenses: Bestel (USA), Inc. provides international facilities-based and resale telecommunications services pursuant to FCC File No. ITC-214-19970804-00457.

(h) **(Answer to Questions 11 & 12)**

**Information concerning the ten percent (10%) or greater shareholders of Cablestar S.A. de C.V. (Transferee):**

As of the date of the closing, the 10% or greater direct shareholders of Cablestar S.A. de C.V. will be:

Name: Milar, S.A. de C.V.  
Address: Dr. Rio de la Loza 182  
Colonia Doctores  
Mexico City, 06720  
Mexico  
Ownership: 69.2%  
Citizenship: Mexico  
Principal Business: Holding Company

Name: Cablemas, S.A. de C.V. ("Cablemas")  
Address: Sevilla 4  
Colonia Juarez  
Mexico City, 06600  
Mexico  
Ownership: 15.4%  
Citizenship: Mexico  
Principal Business: Cable Television

Name: Televisión Internacional, S.A. de C.V. ("TVI")  
Address: Av. Eugenio Garza Sada No. 2145,  
Col. Roma  
Monterrey, N.L., 64700  
Mexico  
Ownership: 15.4%  
Citizenship: Mexico  
Principal Business: Cable Television

**The following entity will hold an indirect ten percent (10%) or greater equity or controlling interest in Transferee through its ownership of Milar:**

Name: Empresas Cablevisión, S.A.B. de C.V. ("Empresas")  
Address: Dr. Rio de la Loza 182  
Colonia Doctores  
Mexico City 06720  
Mexico  
Ownership: 100% of Milar  
Citizenship: Mexico  
Principal Business: Cable Television

**The following entity will hold an indirect ten percent (10%) or greater equity or controlling interest in Transferee through its ownership of Empresas:**

Name: Grupo Televisa S.A.B. ("Grupo Televisa")  
Address: Av. Vasco de Quiroga No. 2000  
Colonia Santa Fe  
Mexico City, 01210  
Mexico  
Ownership: 51% of Empresas<sup>2</sup>  
Citizenship: Mexico  
Principal Business: Media Investments

Grupo Televisa's shares are publicly traded on the Mexican and New York stock exchanges. Grupo Televisa's shareholding is widely held and the only 10% or

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<sup>2</sup> The remaining 49% of Empresas is publicly traded on the Mexican stock exchange and is widely held.



greater shareholder is Mr. Emilio Fernando Azcárraga Jean, a Mexican national with the same address as Grupo Televisa. Mr. Azcárraga and his family beneficially own approximately 15.1% of Grupo Televisa's outstanding shares.<sup>3</sup> Other than Mr. Azcárraga, there are no 10% or greater owners of Grupo Televisa. No other person or entity will hold a 10% or greater indirect interest in Transferee through an ownership interest in either Empresas or Grupo Televisa.

**The following persons will hold an indirect ten percent (10%) or greater equity or controlling interest in Transferee through their ownership of Cablemas:**

Name: Alvarez Family<sup>4</sup>  
Address: Sevilla 4  
Colonia Juarez  
Mexico City, 06600  
Mexico  
Ownership: 100% of Cablemas  
Citizenship: Mexico  
Principal Business: Investments

No other person or entity will hold a 10% or greater indirect interest in Transferee through an ownership interest in Cablemas.

**The following persons will hold an indirect ten percent (10%) or greater equity or controlling interest in Transferee through their ownership of TVI:**

Name: Francisco A. Gonzalez Sanchez<sup>5</sup>  
Address: Av. Eugenio Garza Sada No. 2145,  
Col. Roma  
Monterrey, N.L., 64700  
Mexico  
Ownership: 50% of TVI  
Citizenship: Mexico  
Principal Business: Investments

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<sup>3</sup> Mr. Azcárraga's ownership in Grupo Televisa is held through a series of trusts in Mexico.

<sup>4</sup> The members of the Alvarez Family are: Alejandro Alvarez Guerrero, Maria Teresa Figueroa de Alvarez, Martha Patricia Alvarez Figueroa, Javier Alejandro Alvarez Figueroa, Carlos Miguel Alvarez Figueroa, Enrique Arturo Alvarez Figueroa y Luis Ricardo Alvarez Figueroa. All members of the Alvarez Family are citizens of Mexico and reside in Mexico City. The interests of the Alvarez Family in Cablemas are held through their ownership in Alvafig S.A. de C.V., a Mexican corporation with the same address as Cablemas and two family trusts.

<sup>5</sup> Mr. Gonzalez Sanchez's ownership in TVI is held directly and through his ownership in MultimEDIOS Estrella de Oro, S.A. de C.V. ("MEO"), a Mexican corporation controlled by Mr. Gonzalez Sanchez. MEO has the same address as TVI.

Name: Cable TV Internacional, S.A. de C.V. ("CTVI")  
Address: Av. Vasco de Quiroga No. 2000  
Colonia Santa Fe  
Mexico City, 01210  
Mexico  
Ownership: 50% of TVI  
Citizenship: Mexico  
Principal Business: Holding Company

CTVI is an indirectly wholly-owned subsidiary of Grupo Televisa.<sup>6</sup> No other person or entity will hold a 10% or greater indirect interest in Transferee through an ownership interest in TVI.

Interlocking Directorates:

Cablestar S.A. de C.V. has the following interlocking directorates with Cablevisión, a foreign carrier:

**Directors**

Jean Paul Broc Haro - Chairman  
Rafael Villasante Guzmán  
Jorge Agustín Lutheroth Echegoyen  
Salvi Rafael Folch Viadero

In addition, Messrs. Jean Paul Broc Haro and Ignacio Gallardo Islas are, respectively, Chief Executive Officer and Chief Financial Officer of both Cablestar and Cablevisión.

**Section 63.18 (Transferee) –**

(i) **(Answer to Question 14) Foreign Carrier Affiliations:**

Pursuant to Section 63.18(i) of the Commission's Rules, Cablestar S.A. de C.V. certifies that as of the closing of the transaction, it will be affiliated with the following foreign carriers:

Letseb, S.A. de C.V. (Mexico)  
Bestphone, S.A. de C.V. (Mexico)  
Cablevisión S.A. de C.V. (Mexico)

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<sup>6</sup> Grupo Televisa's ownership in CTVI is held through Corporativo Vasco de Quiroga, S.A de C.V. ("CVQ"), a Mexican corporation wholly-owned by Grupo Televisa. CVQ has the same address as Grupo Televisa. As such, Grupo Televisa's total beneficial ownership in Cablestar (*i.e.*, Grupo Televisa's combined indirect ownership in Empresas and CTVI) is 42.99%.

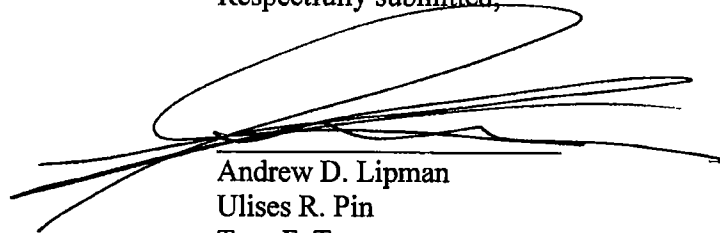
**(Answer to Question 15)**

- (j) Cablestar certifies that Bestel (USA) will provide international telecommunications services to Mexico where Cablestar is affiliated with three foreign carriers within that country.
- (k) Cablestar certifies that Mexico is a Member of the World Trade Organization (“WTO”) and that at the close of this transaction, Bestel (USA)’s foreign affiliates will lack market power in Mexico.
- (l) Cablestar hereby certifies that, through Bestel (USA), it may at times resell the international switched services of an unaffiliated U.S. carrier for the purposes of providing international telecommunications services.
- (m) Cablestar hereby certifies that its foreign affiliates have less than a fifty percent share in the international transport and the local access markets on the foreign end and, therefore, Cablestar’s foreign affiliates should be presumptively classified as non-dominant carriers pursuant to Section 63.10(a)(3) of the Commission’s Rules.
- (n) Applicants certify that neither they nor any of their licensed subsidiaries have agreed to accept special concessions, as defined in Section 63.14(b) of the Commission’s Rules, directly or indirectly from any foreign carrier, as defined in Section 63.09(d) of the Commission’s Rules, with respect to any U.S. international route where the foreign carrier possesses sufficient market power on the foreign end of the route to affect competition adversely in the U.S. market, and that they will not enter into such agreements in the future.
- (o) Applicants certify that neither they nor any of their licensed subsidiaries are subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988.
- (p) This Application qualifies for streamlined processing pursuant to Section 63.12(c)(1)(i) and (ii) of the Commission’s Rules, as set forth in Section I.(B) above.

**VII. CONCLUSION**

For the reasons stated above, Applicants respectfully submit that the public interest, convenience, and necessity would be furthered by grant of this Application for consent to the transfer of control from Bestel S.A. de C.V. to Cablestar S.A. de C.V. of Bestel (USA), Inc., a holder of international section 214 authority.

Respectfully submitted,

A large, stylized handwritten signature in black ink, appearing to be 'Andrew D. Lipman', is written over a horizontal line.

Andrew D. Lipman  
Ulises R. Pin  
Troy F. Tanner  
Bingham McCutchen LLP  
2020 K Street, NW  
Washington, D.C. 20006  
(202) 373-6000 (Tel)  
(202) 373-6001 (Fax)

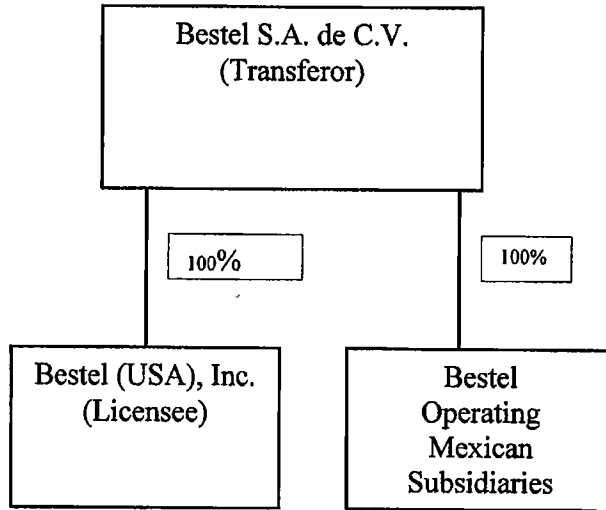
Counsel to Applicants

Dated: September 10, 2007

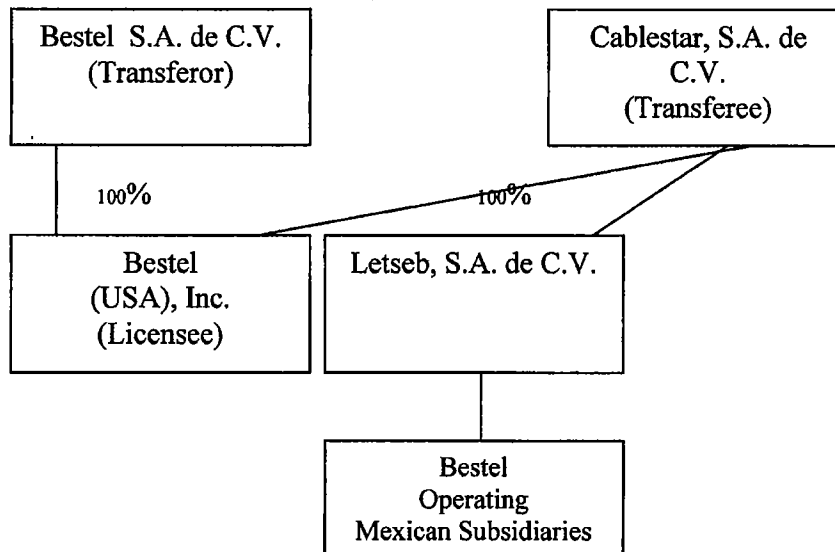
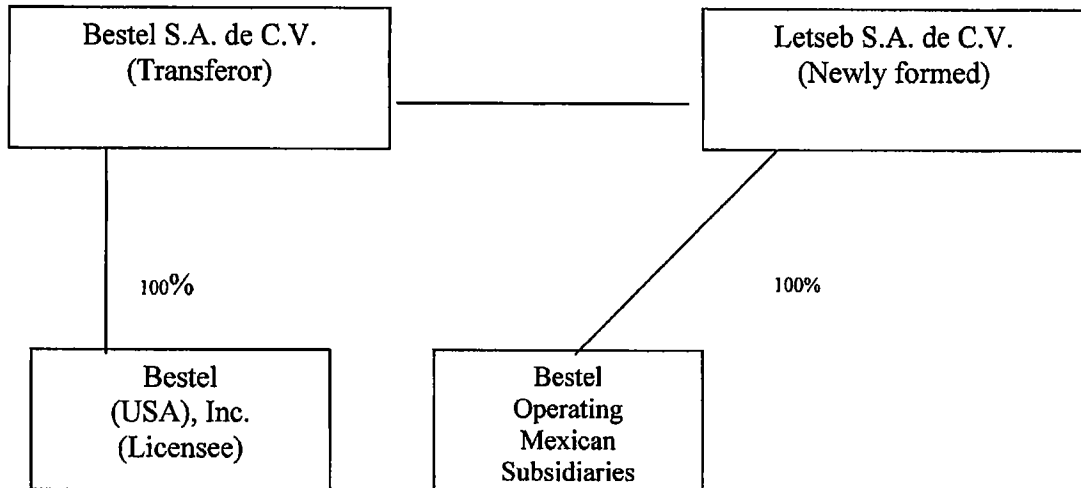
**EXHIBIT A**

**PRE- AND POST-CLOSING ORGANIZATIONAL CHARTS**

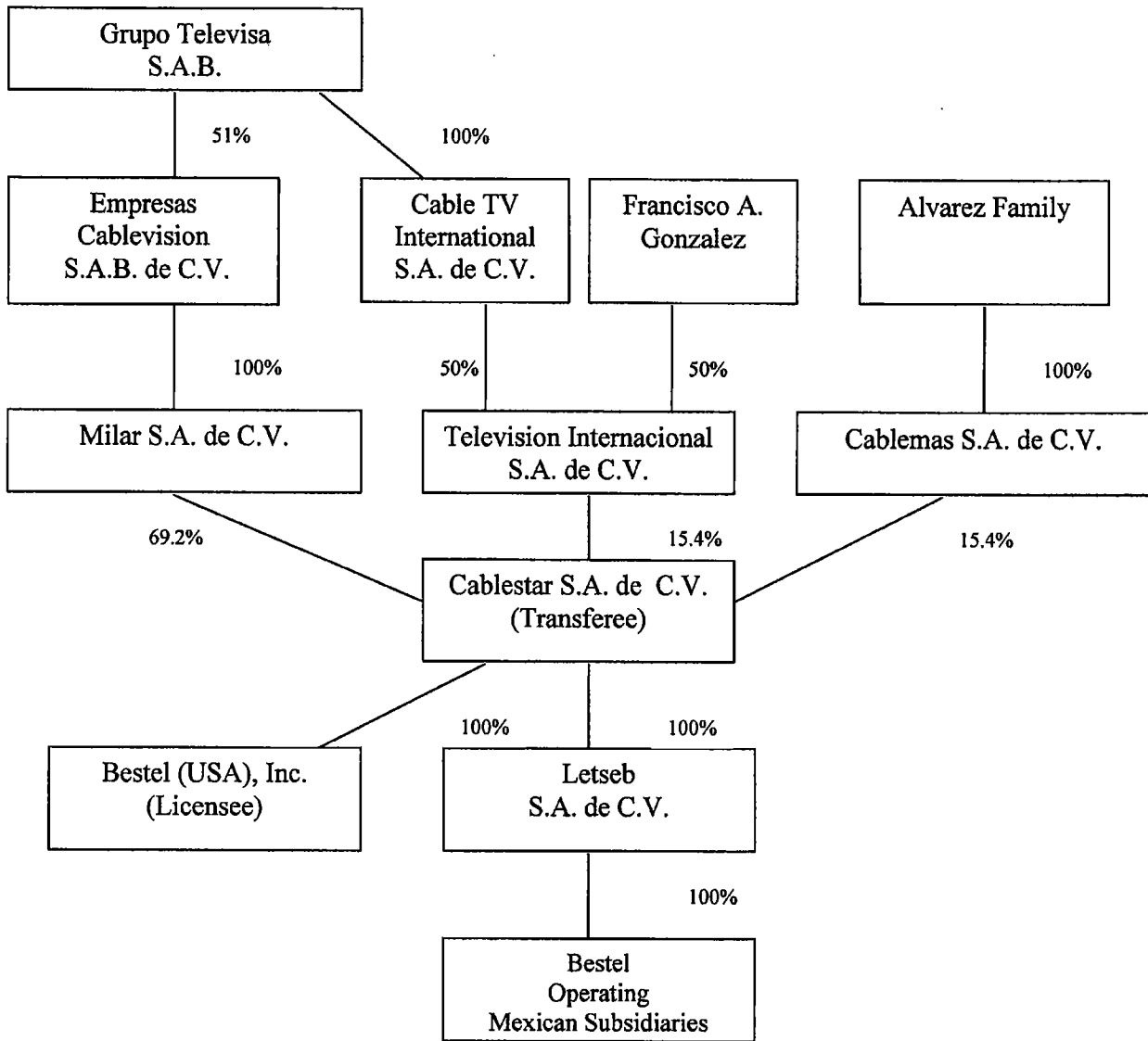
## Pre Transaction



## Transaction



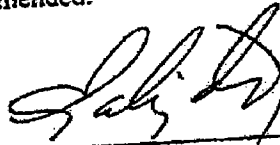
## Post Transaction





**CERTIFICATION**

I, Pablo Galindo Tovar, Sole Administrator of Bestel, S.A. de C.V. ("Bestel"), hereby certify under penalty of perjury that I am authorized to make this Certification on behalf of Bestel, and Bestel (USA), Inc. the Transferor and Licensee, respectively, in the foregoing application. I further certify that the information in the foregoing application as it pertains to the Transferor and Licensee is true and accurate to the best of my knowledge, and that neither the Transferor nor the Licensee is subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 853(a), as amended.

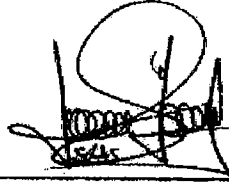


Name: Pablo Galindo Tovar  
Title: Sole Administrator

Date: September 6, 2007

**CERTIFICATION**

I, Ignacio Gallardo Islas, Legal Representative of Cablestar, S.A. de C.V. ("Cablestar"), hereby certify under penalty of perjury that I am authorized to make this Certification on behalf of Cablestar, the Transferee in the foregoing application. I further certify that the information in the foregoing application as it pertains to the Transferee is true and accurate to the best of my knowledge, and that the Transferee is not subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 853(a), as amended.



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Name: Ignacio Gallardo Islas  
Title: Legal Representative

Date: September 7<sup>th</sup>, 2007