

Pacific Networks Corp.

A subsidiary of CITIC 1616 Holdings Limited

March 3, 2009

Mr. Stephen Heifetz
Deputy Assistant Secretary for Policy Development
U.S. Department of Homeland Security
3801 Nebraska Avenue, N.W.
Washington, DC 20528
ip-fcc@dhs.gov

Mr. Matthew G. Olsen
Acting Assistant Attorney General
National Security Division
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530
ttelecom@usdoj.gov

Re: Pending FCC application for authority to provide switched resale service between the United States and permissible international points, ITC-214-20090105-00006; and

Pending FCC application for consent to transfer of control, ITC-T/C-20080913-00428

Dear Mr. Heifetz and Mr. Olsen:

This letter outlines the commitments made by Pacific Networks Corp. (“Pacific Networks”) and CM Tel (USA) LLC (“CM Tel”), both Delaware corporations, to the U.S. Department of Homeland Security (“DHS”) and to the U.S. Department of Justice (“DOJ”), in order to address national security, law enforcement and public safety concerns regarding the above-referenced applications to the Federal Communications Commission (“FCC”). This letter supersedes Pacific Networks’ letter to DHS and DOJ of September 2, 2008 (the “September Letter”).

Pacific Networks is a wholly-owned indirect subsidiary of CITIC 1616 Holdings Ltd., a Hong Kong company engaged in the provision of telecommunications services with a focus on Asian markets. Through CITIC 1616 Holdings Ltd., the Chinese Government holds a 57.6% attributable interest in Pacific Networks. Pacific Networks formerly held an FCC license to provide switched resale service between the United States and permissible international points,¹ which the FCC granted on the condition that Pacific Networks abide by the commitments and undertakings contained in its September Letter.² Pacific Networks subsequently surrendered its

¹ See FCC File No. ITC-214-20070907-00368.

² See FCC Public Notice No. 08-2037.

Office Address:

615 South DuPont Highway, Dover, Delaware 19901, Kent County, the United States of America

license in order to facilitate a transfer of control of its parent company, CITIC Pacific Limited,³ and has since applied to the FCC for new authority to provide international resold services to all international points.⁴

CM Tel holds an FCC license to provide international telecommunications services,⁵ and provides international direct dial and wholesale prepaid calling card services. CM Tel applied to the FCC for authority to transfer control of its license to Pacific Networks,⁶ which has also negotiated the transfer of ownership of CM Tel from China Motion Telecom International Limited to Pacific Networks as a direct wholly-owned subsidiary.

Pacific Networks and CM Tel agree that, for all customer billing records, subscriber information, or any other related information used, processed, or maintained in the ordinary course of business relating to communications services offered to U.S. persons ("U.S. Records"), Pacific Networks and CM Tel will make such U.S. Records available in the United States in response to lawful U.S. process. For these purposes, U.S. Records shall include information subject to disclosure to a U.S. Federal or state governmental entity under the procedures specified in Sections 2703(c) and (d) and Section 2709 of Title 18 of the United States Code.

Within thirty (30) days after the FCC's approval of their respective above-referenced license applications, Pacific Networks and CM Tel agree to provide DHS and DOJ an up-to-date description of:

- their physical and logical technical security architecture, to include complete architecture context, interconnect and flow diagrams (to include system interrelationships between CM Tel's California switching facility with the Hong Kong network operations center and International Finance Center data center);
- their security policies and standards, including employee screening procedures, to prevent unauthorized access to or disclosure of the contents of communications or U.S. Records; and
- their information technology governance controls used to oversee CM Tel's California switching facility.

Pacific Networks and CM Tel agree to ensure that U.S. records are not made subject to mandatory destruction under any foreign laws. Pacific Networks and CM Tel agree to take all practicable measures to prevent unauthorized access to, or disclosure of the content of communications or U.S. records, in violation of any U.S. Federal, state, or local laws or of the commitments set forth in this letter. If Pacific Networks or CM Tel learns of any unauthorized disclosure with respect to U.S. Records, it will deliver a written notification containing all the known details concerning each such incident to DHS and DOJ within five (5) days.

³ See FCC File No. SUR-NDR-20081223-00049.

⁴ See FCC File No. ITC-214-20090105-00006.

⁵ See FCC File No. ITC-214-19990927-00607.

⁶ See FCC File No. ITC-T/C-20080913-00428.

Pacific Networks and CM Tel agree that they will not, directly or indirectly, disclose or permit disclosure of or access to U.S. Records, Domestic Communications (as defined below), or any information (including the content of communications) pertaining to a wiretap order, pen/trap order, subpoena or other lawful demand by a U.S. law enforcement agency for U.S. Records, to any person if the purpose of such disclosure or access is to respond to the legal process or request on behalf of a non-U.S. government without first satisfying all pertinent requirements of U.S. law and obtaining the express written consent of DHS and DOJ or the authorization of a court of competent jurisdiction in the United States. The term “non-U.S. government” means any government, including an identified representative, agent, component or subdivision thereof, that is not a local, state or federal government in the United States. Any such requests or legal process submitted by a non-U.S. government to the Companies shall be referred to DHS and DOJ as soon as possible, and in no event later than five (5) days after such request or legal process is received by or known to Pacific Networks or CM Tel, unless the disclosure of the request or legal process would be in violation of U.S. law or an order of a court in the United States. For the purposes of this letter, “Domestic Communications” means: (a) Wire Communications or Electronic Communications (whether stored or not) from one U.S. location to another U.S. location; and (b) the U.S. portion of a Wire Communication or Electronic Communication (whether stored or not) that originates or terminates in the United States. “Electronic Communication” has the meaning given it in 18 U.S.C. § 2510(12). “Wire Communication” has the meaning given it in 18 U.S.C. § 2510(1).

Pacific Networks and CM Tel also agree to maintain one or more points of contact within the United States with the authority and responsibility for accepting and overseeing compliance with a wiretap order, pen/trap order, subpoena or other lawful demand by U.S. law enforcement authorities for the content of communications or U.S. Records. Pacific Networks and CM Tel shall ensure that the points of contact are officers or employees of these companies who are located in the U.S. and who are resident U.S. citizens. The current law enforcement points of contact for Pacific Networks and CM Tel are designated in Exhibit A attached hereto. Pacific Networks and CM Tel will notify DHS and DOJ of any change in these points of contact within five (5) days of such change. Pacific Networks and CM Tel shall cooperate with any request by DHS or DOJ that a background check or security clearance process be completed for a designated point of contact(s).

Within thirty (30) days of the event’s occurrence, Pacific Networks and CM Tel agree to notify DHS and DOJ:

- if either commences the sale (or resale) of any services not described in this letter;
- of any material changes in any of the facts as represented in this letter, or in notices or descriptions submitted pursuant to this letter;
- of any material changes to their ownership structure as represented in Exhibit B. Material changes to ownership structure are those that would require a substantive transfer of control application or *pro forma* notification to the FCC, and those that would involve an increase or decrease greater than 5% in foreign government control;

- of any material changes to either security policies or network monitoring and analysis Standard Operating Procedures (SOP) used for the U.S. domestic communications infrastructure;
- of any material changes to the telecommunication services provided within the U.S. domestic communications infrastructure, including provisioning for “first mile or last mile” services; and
- of any agreements executed with local exchange carriers or licenses issued by State regulatory bodies that enable Pacific Networks or CM Tel to provide last mile services

Pacific Networks and CM Tel agree to notify DHS and DOJ within five (5) days of any malicious cyber-security attacks detected on systems used to provide services within the U.S. domestic communications infrastructure.

Pacific Networks and CM Tel agree that DHS and DOJ may visit with forty-eight (48) hours' advance notice any part of their domestic facilities, including any facilities-based Competitive Local Exchange Carriers (CLECs), and conduct on-site reviews concerning the implementation of the commitments in this letter, and may require unimpeded access to information concerning technical, physical, management, or other security measures necessary to verify compliance with the terms of this letter. Pacific Networks and CM Tel agree to negotiate in good faith with DHS and DOJ to resolve any national security, law enforcement and public safety concerns that DHS or DOJ may raise.

Additionally, Pacific Networks and CM Tel provided updated information to DHS and DOJ on February 20, 2009, indicating that there would be both an internal audit reviewing adequacy of operational controls of U.S. facilities and an external audit testing information technology (IT) control procedures adopted for U.S. operations. Pacific Networks and CM Tel agree to provide DHS and DOJ copies of these audit reports within thirty (30) days of completion.

Pacific Networks and CM Tel agree that, in the event the commitments set forth in this letter are breached, in addition to any other remedy available at law or equity, DHS or DOJ may request that the FCC modify, condition, revoke, cancel, or render null and void any relevant license, permit, or other authorization granted by the FCC to Pacific Networks, CM Tel, or any successor-in-interest to either. Pacific Networks acknowledges and agrees that the obligations in this letter apply not only to itself, but also to any subsidiary or affiliate of Pacific Networks that provides Domestic Communications, or its subsidiaries, including but not limited to CM Tel.

All notices to be provided to DHS and DOJ shall be directed to the named addressees of this letter at the e-mail addresses provided.

Nothing in this letter is intended to excuse Pacific Networks or CM Tel from any obligation they may have to comply with U.S. legal requirements for the retention, preservation, or production of information, records or data, or from any applicable requirements of the Communications Assistance for Law Enforcement Act, 47 U.S.C. § 1001, *et seq.*, nor shall it constitute a waiver of: (a) any obligation imposed by any U.S. Federal, state or local laws on Pacific Networks or CM Tel; (b) any enforcement authority available under any U.S. or state laws; (c) the sovereign immunity of the United States; or (d) any authority the U.S. government may possess (including without limitation authority pursuant to the International Emergency Economic Powers Act) over the activities of Pacific Networks or CM Tel located within or outside the United States. Nothing in this letter is intended to or is to be interpreted to require Pacific Networks or CM Tel to violate any applicable U.S. law. Likewise, nothing in this letter limits the right of the U.S. government to pursue criminal sanctions or charges against Pacific Networks or CM Tel, and nothing in this letter provides Pacific Networks or CM Tel with any relief from civil liability.

Pacific Networks and CM Tel understand that, upon execution of this letter by authorized representatives or attorneys for Pacific Networks and CM Tel, DHS and DOJ shall promptly notify the FCC that they have no objection to the FCC's grant of the above-referenced applications.



Norman Yuen
Chairman, Pacific Networks Corp.
615 South DuPont Highway
Dover, Delaware 19901

Sincerely,



Fan Wei, CM TEL (USA) LLC
Director
700 S. Flower Street, Suite 750
Los Angeles, California 90017

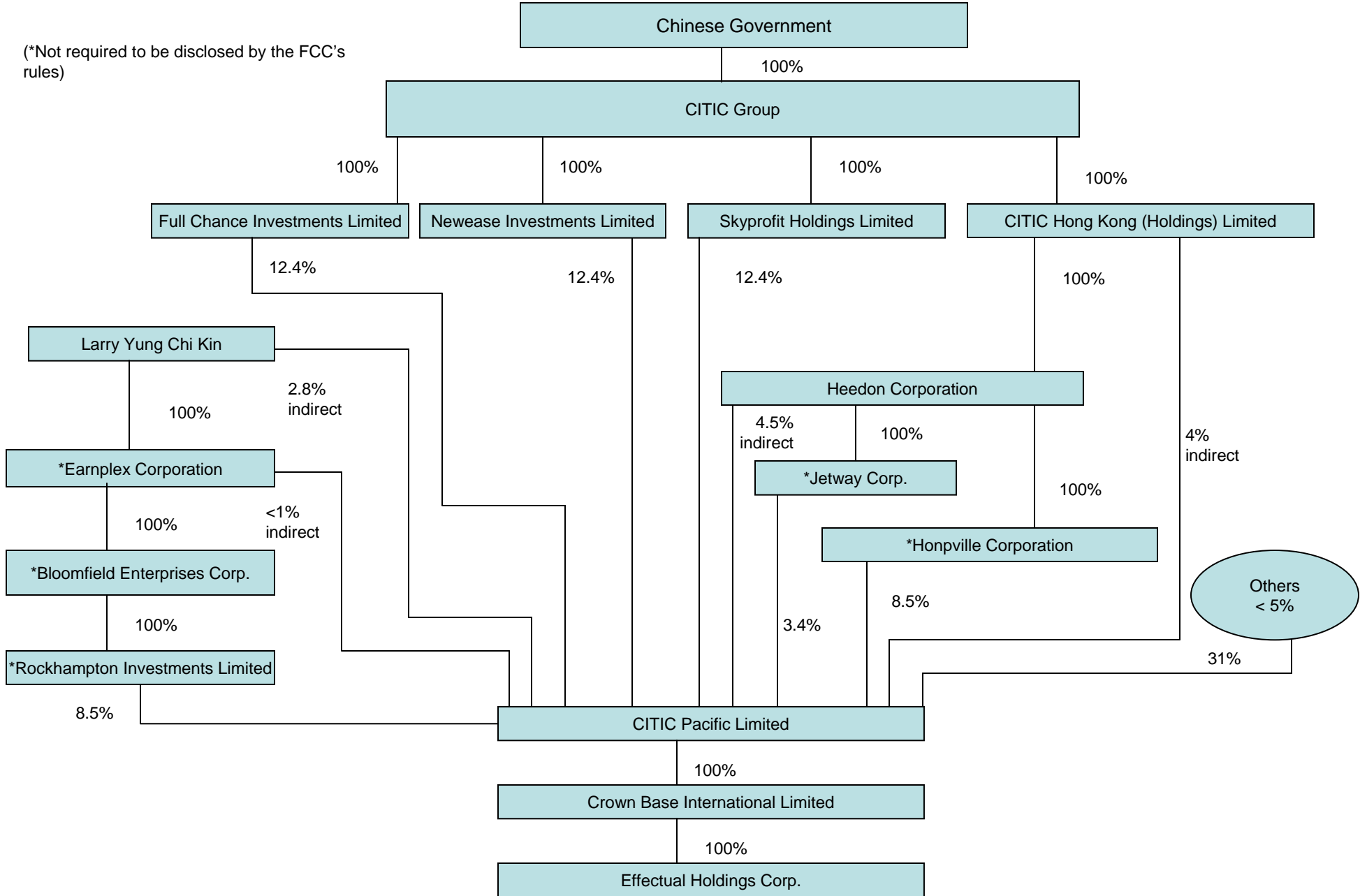
Exhibit A

Mr. Jeffrey Wang will serve as the Pacific Networks Corp. and CM Tel (USA) LLC law enforcement point of contact. He is a U.S. citizen and holds a U.S. passport. His contact information is below:

Name: Jeffrey Wang
Title: Executive Vice President, North America
Citizenship: United States
Date of birth: November 7, 1970
Place of birth: California
U.S. Passport No.: 711712965
H.K. ID No.: R 387583 (A)
Residence address: 1103 Via Curva
Palos Verdes Estates, CA 90274-1902
Business address: 700 South Flower Street
Suite 750
Los Angeles, CA 90017
Business phone: (213) 488-1951
Fax number: (213) 488-1491
Email address: jeffrey.wang@cmnet.com

**Pacific Networks Corp. and CM Tel (USA) LLC
Proposed Ownership Structure**

(*Not required to be disclosed by the FCC's rules)



Pacific Networks Corp. and CM Tel (USA) LLC
Proposed Ownership Structure

