

Granted

Streamlined ITC-STA-20160307-00113
IB2016000626
Servicios Ampliados de Telefonos, S.A.

March 17, 2016

Attachments to International 214 Sp

authorized by Associate Division Chief,
Telecommunications and Analysis
Division, International Bureau

MAR 17 2016

Re: ITC-T/C-20150824-00244 U.S. ITC-2015-071

signature *David Kueh*

Policy Division
International Bureau

Expires: September 18, 2016

ATTACHMENT 1

Answer to Question 10: Justification of Need for Special Temporary Authority Requested

Servicios Ampliados de Telefonos S.A. ("SATEL") and Trilogy International Dominican Republic LLC ("Trilogy") request an extension of 180 days for special temporary authority ("STA") under Section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214 ("Section 214"), to transfer control of Trilogy Dominicana S.A. ("TDR," collectively with SATEL and Trilogy, "Parties") from its indirect, 100% parent Trilogy International Partners, LLC ("TIP") to SATEL.

Trilogy's ultimate parent, Trilogy International Partners LLC, acquired control of TDR in 2006.¹ At that time, TDR provided cellular communications in the Dominican Republic using CDMA technology and offered broadband data communications via a fiber network it had deployed in Santo Domingo, the capital of the Dominican Republic. Shortly after acquiring control, Trilogy deployed a new GSM network while maintaining TDR's CDMA service to local subscribers and roamers.

TDR also provides international long distance voice and data communications services connecting its mobile and broadband customers with U.S. residents through the international Section 214 authorization granted by the Commission to provide such services. TDR initially relied on a Trilogy affiliate with a Section 214 license to provide the connectivity to the United

¹ ITC-T/C-2006020100084.

States; that license and related contracts and assets were assigned on a *pro forma* basis to TDR by the Trilogy affiliate in 2014.²

Despite significant network and technology investments, TDR has failed to gain more than a 7 percent share of the Dominican Republic's mobile subscriber market, which is dominated by America Movil (Claro) and Altice, a European cable television and wireless communications operator that entered the market in 2014, acquiring Orange and Tricom, the second and fourth largest wireless operators in the country, respectively.

In recent years, Trilogy has met several times with various U.S. government agencies, including the Commission's International Bureau, to discuss the challenges TDR has encountered operating in the Dominican Republic and to describe its attempts to advocate for regulatory reforms to the communications sector in the Dominican Republic. The United States Trade Representative noted in its most recent Section 1377 report on telecommunications treaties that the competitiveness of the Dominican Republic's wireless communications market suffers from several regulatory deficiencies.³ Despite its best efforts to gain a sustainable footing, TDR's efforts have proven unsuccessful.

TDR is now losing significant amounts of money each month; it has already lost many millions over the past 12 months, and the rate at which it incurs losses is accelerating. Trilogy reluctantly determined early in 2015 that it cannot sustain such losses and that its only options were to exit the market through an immediate sale of TDR or discontinue TDR's operations. Trilogy therefore agreed to sell its indirect ownership of TDR to SATEL, a Dominican Republic

² ITC-ASG-20140226-00055.

³ See USTR, 2015 Section 1377 Review, at 9-11, Mar. 2015, available at https://ustr.gov/sites/default/files/2015-Section-1377-Report_FINAL.pdf.

entity that holds licenses to wireless frequencies in the Dominican Republic (but has not yet begun to provide communications services).⁴

On August 24, it filed an application for permanent authorization under Section 214 of the Act for the proposed transaction. At that time, Trilogy also applied and received an STA to enable it to close the transaction without any interruption in service for TDR customers. Trilogy noted that it would seek renewal of the STA until such time as the Commission has made a determination on the application for permanent authority. Trilogy hereby and in the associated IBFS form requests an extension of its STA to permit it to close the proposed transaction and thereby ensure uninterrupted service to the TDR customers for 180 days.

Trilogy recognizes that the foreign ownership of SATEL will likely result in consultation by the Commission with certain Executive Branch agencies with respect to national security, law enforcement, foreign policy and trade issues that are unique to the provision of international service under Team Telecom review. Trilogy anticipates that the Commission and Team Telecom will ultimately approve the transfer of control application given that the proposed purchaser, SATEL, is not dominant, is not a foreign carrier, and is organized under the laws of a WTO member country (the Dominican Republic). Nevertheless, we recognize that the Commission and Team Telecom may require additional time to complete their review the transfer of control application. Trilogy therefore is submitting this STA extension request in order to ensure that its customers are able to continue to receive uninterrupted service while its application is being processed.

The grant of this STA extension request will serve the public interest, convenience and necessity because it will permit TDR to avoid any interruption in the international

⁴ The Commission has previously granted international Section 214 authorization to Satel U.S.A., which is 100% owned by Mr. Juan Ramon Gomez Diaz, in file numbers ITC-214-20100706-00272 and ITC-214-20100706-00274. Satel U.S.A. has not begun providing any telecommunications services.

telecommunications services that enable US residents to communicate with TDR's wireless customers in the Dominican Republic. These services are essential to support remittances from U.S.-based users to Dominican family and friends. Uninterrupted communications are also particularly important at this time of year, which marks the start of hurricane season, when U.S. members of the Dominican diaspora are particularly concerned about the health and well-being of friends and family living in the Dominican Republic.

SATEL has stated that it intends to invest significant funds promptly to reposition TDR in the marketplace. SATEL expects to close the sale of TDR imminently, in order to begin upgrading the wireless network to 3G and 4G capabilities, enabling TDR to compete more effectively in the Dominican mobile communications market. A delay in closing the transaction following INDOTEL's approval would result in continued losses for Trilogy, and, given SATEL's interest in closing the transaction promptly, could jeopardize the transaction itself.

TDR does not have immediate alternative avenues to provide international telecommunications service if it cannot continue to provide such services itself. While TDR might have access to international communications services through SATEL U.S.A., LLC at some point in the future, that company is currently not in operation, and would require several months to execute the wholesale carrier agreements necessary to carry communications between the Dominican Republic and the United States.

Furthermore, TDR cannot turn to other Dominican Republic carriers to provide international long distance services to connect TDR customers with parties in the United States because interconnection agreements between carriers in the Dominican Republic do not allow a carrier to use the interconnection facilities of the interconnecting carrier for the carriage of international long distance traffic.

It should be noted that TDR is a non-dominant provider, a status that will not change as a result of the transaction. It controls no vital international communications assets. Consequently, the grant of an STA will not lead to any anticompetitive market condition or the transfer of control over any asset that raises competitive or national security concerns. Moreover, as noted above, the purchaser, SATEL, is a non-dominant entity from a WTO member country and its affiliate has already been approved for a Section 214 authorization after a Team Telecom review process.

Thus, the Parties respectfully request that the Commission grant the extension of the STA, as failure to do so would require them to defer closing, jeopardizing the transaction itself, or would force TDR to discontinue providing international communications services, which would damage it irreparably in the marketplace (and thus jeopardize the sale), and disrupt communications to U.S. and Dominican citizens.

Trilogy and SATEL acknowledge that the grant of this STA extension request will not prejudice any action the Commission may take on the underlying application for permanent authority that seeks Commission approval to transfer of control of TDR from Trilogy to SATEL. The parties further acknowledge that STA may be revoked by the Commission upon its own motion without hearing.

For the above reasons, SATEL and Trilogy respectfully request that the Commission grant an extension of its STA to transfer control of TDR to SATEL for an additional 180 days to permit the Parties to close the proposed transaction while the Commission considers the application for permanent authorization to transfer of control of TDR.

Answer to Question 12: Information and Certifications of Applicant Required Under Section 63.18(i)-(m)

SATEL is not affiliated with any foreign carrier. Please also see the response to Question 14 in the enclosed application for permanent authorization to transfer of control of TDR to SATEL.

Answer to Question 13: Countries to Which Applicant Seeks to Provide Service Described in 63.18(j)(1)-(4)

Yes, upon closing of the proposed transaction, SATEL seeks to have TDR provide service between the United States and the Dominican Republic, where TDR is a carrier. Please also see the response to Question 15 in the enclosed application for permanent authorization to transfer of control of TDR to SATEL.

Answer to Question 16: Responses to 47 C.F.R. § 63.18(d), (e)(3), and (g)

The Applicant is not seeking authorization not otherwise covered by 47 C.F.R. § 63.18(e)(1)-(2). Please see the response to Question 10 in the enclosed application for permanent authorization to transfer of control of TDR to SATEL with respect to the information requested in 47 C.F.R. § 63.18(d).

ATTACHMENT 2

Answer to Question 15: Name, address, citizenship and principal business of the applicant's ten percent or greater direct and indirect shareholders or other equity holders, and any interlocking directorates.

Please see the response to Question 14 in the enclosed application for permanent authorization to transfer of control of TDR to SATEL for this information.