

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

In the Matter of )  
)  
**América Móvil, S.A.B. de C.V.**, Transferor, )  
)  
and )  
) **Verizon Communications Inc.**, Transferee, )  
) **IB File No. ITC-T/C-2020** \_\_\_\_\_  
)  
Application for Consent to Transfer Control )  
of TracFone Wireless, Inc. Pursuant to )  
Section 214 of the Communications Act of )  
1934, as Amended )

**APPLICATION FOR CONSENT TO TRANSFER CONTROL OF  
INTERNATIONAL SECTION 214 AUTHORIZATION**

Alejandro Cantú Jiménez  
General Counsel  
América Móvil, S.A.B. de C.V.  
Lago Zurich 245  
Plaza Carso/Edificio Telcel, Piso 16  
Colonia Ampliación Granada, Miguel Hidalgo  
México, D.F. 11529  
+ 52.55.2581.3700 (tel.)

Richard B. Salzman  
Executive Vice President and General Counsel  
TracFone Wireless, Inc.  
9700 NW 112th Ave  
Miami, FL 33178-1353  
305-715-6500 (tel.)

Daniel K. Alvarez  
Mia Guizzetti Hayes  
Brenna A. Sparks  
Willkie Farr & Gallagher LLP  
1875 K Street, NW  
Washington, DC 20006  
202-303-1000 (tel.)  
202-303-2000 (fax)

*Attorneys for América Móvil, S.A.B. de C.V.  
(Transferor) and TracFone Wireless, Inc. (Licensee)*

William H. Johnson  
Verizon Communications Inc.  
1300 I Street, NW, Suite 500E  
Washington, DC 20005  
202-515-2492 (tel.)

Bryan N. Tramont  
Adam D. Krinsky  
Craig E. Gilmore  
Jennifer L. Kostyu  
Wilkinson Barker Knauer, LLP  
1800 M Street, NW, Suite 800N  
Washington, DC 20036  
202-783-4141 (tel.)  
202-783-5851 (fax)

*Attorneys for Verizon Communications Inc.  
(Transferee)*

September 30, 2020

## TABLE OF CONTENTS

I. INTRODUCTION AND SUMMARY .....	1
II. DESCRIPTION OF THE PARTIES .....	6
A. Verizon.....	6
B. TracFone .....	7
C. Qualifications.....	9
III. DESCRIPTION OF THE TRANSACTION .....	9
IV. PUBLIC INTEREST STATEMENT.....	10
A. The Transaction Will Generate Substantial Public Interest Benefits for TracFone Customers. ....	11
B. The Transaction Will Enhance Competition and Poses No Risk of Material Harms in the Wireless Marketplace.....	14
V. ADMINISTRATIVE MATTERS.....	19
A. Information Required by the International Section 214 Main Form and Section 63.18 of the Commission’s Rules .....	19
B. <i>Ex Parte</i> Status.....	22
C. Other Filings .....	23
VI. CONCLUSION.....	23

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

In the Matter of )  
)  
**América Móvil, S.A.B. de C.V.**, Transferor, )  
)  
and )  
) **IB File No. ITC-T/C-2020** \_\_\_\_\_  
**Verizon Communications Inc.**, Transferee, )  
)  
Application for Consent to Transfer Control )  
of TracFone Wireless, Inc. Pursuant to )  
Section 214 of the Communications Act of )  
1934, as Amended )

**APPLICATION FOR CONSENT TO TRANSFER CONTROL OF  
INTERNATIONAL SECTION 214 AUTHORIZATION**

**I. INTRODUCTION AND SUMMARY**

TracFone Wireless, Inc. (“TracFone”) and Verizon Communications Inc. (collectively with its subsidiaries, “Verizon”) (collectively, the “Applicants”) request Commission consent under Section 214 of the Communications Act of 1934, as amended (the “Act”), to the transfer of control of TracFone’s single international Section 214 authorization from América Móvil, S.A.B. de C.V. (“América Móvil”) to Verizon (the “transaction”).<sup>1</sup> TracFone is a mobile virtual network operator (“MVNO”) and does not hold any spectrum licenses under the Act. Like other recent

---

<sup>1</sup> 47 U.S.C. § 214; 47 C.F.R. §§ 63.18, 63.24. TracFone holds an international Section 214 authorization to provide U.S. international telecommunications services on a global, resold basis (File No. ITC-214-20030401-00162). TracFone provides such services to customers through multiple brands and, pursuant to Section 63.21(h), to certain South Carolina customers through its wholly owned subsidiary SafeLink Wireless, Inc. Verizon subsidiaries today hold multiple valid Section 214 authorizations.

transactions involving MVNOs, the International Bureau should grant this Section 214 Application under streamlined processing pursuant to Section 63.12 of the Commission's rules.<sup>2</sup>

As an MVNO, TracFone offers prepaid, no-contract services to the value-conscious customer and others. Following the transaction, TracFone customers will get the best of both worlds: more choices, better services, and new features thanks to Verizon's investments, but with the same flexibility and control that customers value in TracFone's prepaid plans. Verizon also intends to provide a range of prepaid plans, so more consumers can enjoy mobile access at price points that work for them. With Verizon's backing, TracFone will compete even more vigorously in the prepaid segment by offering low price options. The transaction is demonstrably in the public interest.

*The transaction will deliver public interest benefits in the form of more options and better choices for TracFone's generally value-conscious set of customers.* The transaction will provide TracFone customers with access to a wider variety of Verizon-compatible devices (including smartphones, tablets, and wearables). And Verizon will bring its world-class vision for 5G and other technological advances to TracFone's customers more rapidly, as well as new services such as home internet solutions. Verizon also will make international roaming options, anticipated to cover more than 100 countries around the world, more broadly available to TracFone customers since today, most of TracFone's brands do not offer international roaming options, and those that do limit those options to a handful of countries. TracFone customers also will benefit from the

---

<sup>2</sup> See, e.g., *International Authorizations Granted*, Public Notice, File No. ITC-ASG-20191212-00193 *et al.*, 35 FCC Rcd 385, 386 (2020) (granting DISH's acquisition of MVNO Boost Mobile ("Boost") under Section 214 streamlined processing procedures) ("*DISH-Boost Grant*"); *International Authorizations Granted*, Public Notice, File No. ITC-T/C-20090813-00379 *et al.*, 24 FCC Rcd 11941, 11945-46 (2009) (granting Sprint Nextel's acquisition of MVNO Virgin Mobile under Section 214 streamlined processing procedures) ("*Sprint-Virgin Mobile Grant*").

innovative approach and service experience that have made Verizon the leading provider of postpaid mobile services.

Today, nearly two-thirds of TracFone's customers are already served by the award-winning Verizon network. Post transaction, Verizon intends to migrate to its network those TracFone customers whose service now rides on the networks of other facilities-based carriers. Verizon is committed to providing TracFone customers with the best value in wireless services, and will not require any TracFone customers to move to a more expensive plan when the transaction closes. Verizon intends to use attractive offers and promotions to encourage those customers needing to switch out their devices to do so over time.

Verizon looks forward to welcoming TracFone's employees to the Verizon family post-closing. Verizon also will add thousands of additional distribution points – some of which will be dedicated to TracFone products.

Finally, Verizon is proud to be ranked #1 on the new Forbes Corporate Responders ranking list, which assessed how well the country's top employers responded to the COVID-19 public health crisis.<sup>3</sup> TracFone, its customers, and its employees will benefit from Verizon's leadership in this area.

*The transaction will accelerate Verizon's ability to compete for and better serve value-oriented customers.* The transaction will promote competition in the wireless prepaid segment

---

<sup>3</sup> Ezequiel Minaya, Forbes, The Forbes Corporate Responders: New Ranking of Nation's Top Employers Responses to Pandemic, <https://www.forbes.com/sites/ezequielminaya/2020/05/26/the-forbes-corporate-responders-new-ranking-of-nations-top-employers-responses-to-pandemic/#75a875184a51> (last visited Sept. 30, 2020). Among several other initiatives, Verizon was the first company to announce that it was extending its commitment under the Commission's Keep American Connected pledge through June 30. For more information about what Verizon is doing to help customers during the pandemic, visit <http://verizon.com/about/news/our-response-coronavirus> (last visited Sept. 30, 2020).

that serves a significant customer base driven by price and value.<sup>4</sup> Consumers seeking prepaid options can choose between many prepaid brands and have the ready ability to switch between them, as demonstrated by an annual churn rate of 48.3 percent in the prepaid segment compared to an annual industry-wide churn rate of 15.9 percent.<sup>5</sup> Following this transaction, consumers will have even better options from which to choose.

Verizon's prepaid presence is largely as a wholesale provider. Verizon's primary distribution partner is TracFone; the majority of TracFone's customers rely on resold Verizon service. Verizon is by far the largest underlying facilities-based carrier for TracFone – almost 64 percent, or 13.3 million, of TracFone's more than 20 million customers,<sup>6</sup> already are on Verizon's network. The remaining 36 percent (approximately 7.6 million customers) are spread out across the networks of T-Mobile (19 percent), AT&T (16 percent), and other carriers (one percent). These other TracFone customers – all of whom are prepaid – and any new customers TracFone attracts will reap significant benefits from this transaction, because they will experience Verizon's award-winning network quality and its innovative approach to service and technology.

Verizon has a small retail prepaid presence with Verizon Prepaid and Visible, but it does not own an established flanker brand that it can use to attract value customers. By comparison,

---

<sup>4</sup> See *United States v. Deutsche Telecom AG*, Case 1:19-cv-02232, at ¶ 18 (D.D.C. filed July 26, 2019), <https://www.justice.gov/opa/press-release/file/1187721/download> (noting that the retail customers who purchase prepaid mobile wireless service “tend to be even more value conscious, on average, than postpaid subscribers”).

<sup>5</sup> The prepaid churn rate “indicates that consumers are not only willing but are also able to switch easily between service providers.” *Communications Marketplace Report*, Report, 33 FCC Rcd 12558, 12567 ¶ 11 & n.33 (2018) (“*Communications Marketplace Report*”).

<sup>6</sup> See América Móvil, U.S. TracFone Footprint, <https://www.americamovil.com/English/about-us/footprint/default.aspx> (last visited Sept. 30, 2020).

T-Mobile acquired MetroPCS (now Metro) in 2013 and now has more than 20 million retail prepaid customers,<sup>7</sup> AT&T acquired Cricket in 2013 and now has approximately 18 million retail prepaid customers,<sup>8</sup> and DISH has more than 9 million retail prepaid customers after acquiring the prepaid brand Boost and its customer base from Sprint (substantially more retail prepaid customers than Verizon).<sup>9</sup> The transaction is thus a natural evolution of Verizon’s wholesale distribution relationship with TracFone and will give Verizon the ability and incentive to compete aggressively for prepaid customers and to challenge T-Mobile, AT&T, and DISH.

Verizon’s acquisition of TracFone will promote competition in the prepaid segment, and it will do so without harming competition for mobile telephony/broadband services for consumers. To calculate market share, the Commission attributes MVNO customers to their host facilities-based providers.<sup>10</sup> So, Verizon is already attributed with the 64 percent of TracFone

---

<sup>7</sup> See T-Mobile US, Inc., *Supercharging the Un-carrier: Financial Results, Supplementary Data, Non-GAAP Reconciliations, Reconciliation of Operating Measures*, at 5 (Q2 2020), [https://s24.q4cdn.com/400059132/files/doc\\_financials/2020/q2/ER-Tables-Final.pdf](https://s24.q4cdn.com/400059132/files/doc_financials/2020/q2/ER-Tables-Final.pdf). T-Mobile’s branded prepaid customers include customers of T-Mobile and Metro by T-Mobile. See T-Mobile US, Inc., Annual Report (Form 10-K), at 6 (Feb. 6, 2020), [https://s24.q4cdn.com/400059132/files/doc\\_financials/2019/ar/TMUS-2019-Annual-Report\\_WD-\(Final\).pdf](https://s24.q4cdn.com/400059132/files/doc_financials/2019/ar/TMUS-2019-Annual-Report_WD-(Final).pdf).

<sup>8</sup> See AT&T Inc., 2020 AT&T Earnings, Investor Briefing, at 17 (July 23, 2020), <https://investors.att.com/~media/Files/A/ATT-IR/financial-reports/quarterly-earnings/2020/q2-2020/q2-2020-investor-briefing.pdf>. AT&T’s prepaid services are offered under the Cricket and AT&T PREPAID<sup>SM</sup> brands. See AT&T Inc., Annual Report (Form 10-K), at 5 (Jan. 31, 2020), <https://otp.tools.investis.com/clients/us/atnt2/sec/sec-show.aspx?FilingId=13936660&Cik=0000732717&Type=PDF&hasPdf=1>.

<sup>9</sup> See DISH Network Corporation, Quarterly Report (Form 10-Q) (Aug. 7, 2020), <https://ir.dish.com/static-files/6442f61e-796d-4500-9a7f-5a3a0d15caa1>. The Commission earlier this year approved the acquisition by DISH of Boost, Virgin Mobile, and Sprint branded prepaid wireless businesses formerly operated by Sprint. See *DISH-Boost Grant*, 35 FCC Rcd at 386.

<sup>10</sup> See *Annual Report and Analysis of Competitive Market Conditions with Respect to Mobile Wireless, Including Commercial Mobile Services*, Twentieth Report, 32 FCC Rcd 8968, 8988 n.99 (2017) (“*Twentieth Competition Report*”) (“Following widespread industry practices, the Commission generally attributes the subscribers of MVNOs to their host facilities-based service providers, including when it calculates market concentration metrics.”).

customers that are currently on the Verizon network, and Verizon will operate as an MVNO for the remaining 7.6 million TracFone customers that will continue to ride on AT&T, T-Mobile, and other networks until those customers are migrated to the Verizon network. Even at the end of the migration period, presuming all 7.6 million customers remain with Verizon and the rest of the market remains static, the transaction will have no material impact on the mobile telephony/broadband services marketplace; at most, the impact of attributing an additional 7.6 million customers to Verizon is *de minimis*, representing the net addition of *roughly two percent* of all mobile wireless connections.<sup>11</sup>

Because it will bring significant public interest benefits and promote competition without causing harms, the Commission should quickly approve the transfer of control of the international Section 214 authorization in connection with this transaction.

## **II. DESCRIPTION OF THE PARTIES**

### **A. Verizon**

Verizon, a publicly traded Delaware corporation, is in its 20th year as one of the world's leading providers of communications, information, and entertainment products and services. Headquartered in New York City, Verizon is a holding company whose operating subsidiaries offer voice, data, and video services and solutions on its award-winning networks and platforms, delivering on customers' demand for mobility, reliable network connectivity, security, and control.

Verizon's subsidiaries provide communications services to consumers, businesses, and government customers, as well as to other carriers.<sup>12</sup> Verizon's wireless division, Cellco

---

<sup>11</sup> See discussion *infra* Section IV.B.

<sup>12</sup> References to Verizon's services and network herein refer to those of its wholly owned operating subsidiaries.



Partnership d/b/a Verizon Wireless, provides nationwide voice and data services to nearly 120 million total wireless connections including nearly 94 million consumer wireless customers across an extensive and reliable wireless network that comprises the largest 4G LTE network of any U.S. wireless service provider. Historically, the focus of Verizon’s wireless business has been selling to postpaid customers. Verizon also was the first company in the world to launch a commercial 5G mobile network with a commercially-available 5G-enabled smartphone, and just became the first U.S. wireless network to secure 5G global roaming service. Verizon’s wireline business provides voice, data, and video communications products and enhanced services, including broadband video and data, corporate networking solutions, data center and cloud services, security and managed network services, and local and long distance voice services.

**B. TracFone**

TracFone sells and distributes prepaid, no-contract wireless services and wireless phones throughout the United States. The company is an indirect, wholly owned subsidiary of América Móvil,<sup>13</sup> a public stock corporation with variable capital organized under the laws of Mexico with its principal executive offices in Mexico City, Mexico. Mr. Carlos Slim Helú and certain members of his immediate family (“the Slim Family”) hold majority equity and voting interests in América Móvil; no other individual or entity holds a direct or indirect 10 percent or greater equity or voting interest in América Móvil.<sup>14</sup>

---

<sup>13</sup> TracFone is a wholly owned subsidiary of AMX USA Holding, S.A. de C.V., which is a wholly owned subsidiary of Sercotel, S.A. de C.V. (“Sercotel”). Sercotel, in turn, is a direct wholly owned subsidiary of América Móvil. *See, e.g., International Authorizations Granted*, Public Notice, File No. ITC-ASG-20160801-00229, 31 FCC Rcd 9681, 9683 (IB 2016) (“*TracFone International 214 Grant*”).

<sup>14</sup> *See id.*

TracFone is not a facilities-based mobile network operator (“MNO”) and does not hold wireless radio licenses. Rather, TracFone is an MVNO that uses the networks of MNOs, including, predominantly, the network of Verizon, to provide its services. The company offers monthly prepaid plans, which are purchased by more than 78 percent of its customer base. It also offers pay-as-you-go service enabling customers to purchase prepaid cards and minutes that can be used with the mobile devices of TracFone customers and last up to a full year.<sup>15</sup>

Besides offering phone plans directly under the TracFone brand, TracFone also offers consumers several other prepaid brands, including SafeLink Wireless, Straight Talk Wireless, Net10 Wireless, Walmart Family Mobile, Total Wireless, Go Smart Mobile, Page Plus, and Simple Mobile. Through its Clearway brand, TracFone also offers plans tailored to the needs of business customers. Collectively, the brands account for more than 20 million prepaid wireless customers in the U.S. TracFone’s phones and SIM card kits with service are sold at numerous retail stores throughout the country, including Walmart, Target, and Best Buy. TracFone is also carried by online retailers such as Amazon and the Home Shopping Network.

---

<sup>15</sup> TracFone also offers international calling card solutions to its customers. *See, e.g.*, Straight Talk Wireless | Unlimited International Calling, <https://www.straighttalk.com/wps/portal/home/shop/unlimitedinternational> (last visited Sept. 30, 2020); View Our International Calling Options | Total Wireless, <https://www.totalwireless.com/shop/ild> (last visited Sept. 30, 2020). Unlike prepaid calling cards that can be used from any fixed or mobile connection to the public network, the calling card solutions offered by TracFone can only be used with TracFone-provided devices because they are tied to the customer’s mobile device identifier. As such, these are adjunct to the CMRS services provided by TracFone and covered by the TracFone international Section 214 authorization.

### C. Qualifications

The Commission has found on numerous occasions that Verizon has the qualifications required by the Act to control Commission authorizations and licenses.<sup>16</sup> The Commission also has found that TracFone has the qualifications required by the Act to hold Commission authorizations.<sup>17</sup> Nothing has changed to alter these conclusions.

### III. DESCRIPTION OF THE TRANSACTION

On September 13, 2020, the Applicants entered into an agreement (“Agreement”) pursuant to which Verizon will acquire TracFone from América Móvil. Under the Agreement, América Móvil will sell all of its interests in TracFone to Verizon in exchange for \$3.125 billion in cash and \$3.125 billion in Verizon common stock, subject to customary adjustments, at closing. The Agreement also includes up to an additional \$650 million in future cash consideration related to the achievement of certain performance measures and other commercial arrangements. Upon completion of the transaction, TracFone will become a wholly owned direct subsidiary of Verizon, and TracFone’s subsidiaries will become wholly owned indirect subsidiaries of Verizon. Attachment 1 includes corporate organizational charts depicting the transaction.

---

<sup>16</sup> See, e.g., *XO Holdings and Verizon Communications Inc.*, Memorandum Opinion and Order, 31 FCC Rcd 12501, 12506-07 ¶ 13 (WCB/IB/WTB 2016) (“*XO-Verizon Order*”); *Verizon Communications Inc. and MCI, Inc.*, Memorandum Opinion and Order, 20 FCC Rcd 18433, 18526-28 ¶¶ 183-88 (2005) (“*Verizon-MCI Order*”); *GTE Corp. and Bell Atlantic Corp.*, Memorandum Opinion and Order, 15 FCC Rcd 14032, 14227-29 ¶¶ 429-32 (2000).

<sup>17</sup> See, e.g., *TracFone International 214 Grant*, 31 FCC Rcd at 9683. The Commission generally does not reevaluate the qualifications of transferors. See, e.g., *XO-Verizon Order*, 31 FCC Rcd at 12506-07 ¶ 13; *Midwest Wireless Holdings, L.L.C. and ALLTEL Communications, Inc.*, Memorandum Opinion and Order, 21 FCC Rcd 11526, 11536-37 ¶ 17 (2006); *SBC Communications Inc. and AT&T Corp.*, Memorandum Opinion and Order, 20 FCC Rcd 18290, 18379 ¶ 171 (2005) (“*SBC-AT&T Order*”); *Verizon-MCI Order*, 20 FCC Rcd at 18526 ¶ 183.

#### IV. PUBLIC INTEREST STATEMENT

The Commission should promptly approve this Application because this transaction will generate substantial public interest benefits with no material countervailing harms. Under Section 214(a) of the Act and Section 63.18 of its rules, the Commission must determine whether the transfer of control of TracFone’s international Section 214 authorization is consistent with the public interest, convenience, and necessity.<sup>18</sup> The Commission interprets that standard under four prongs focused on potential benefits and harms: (1) whether the transaction complies with the Act and any other applicable statutory provisions; (2) whether the transaction complies with the Commission’s rules; (3) whether the transaction could result in public interest harms by substantially frustrating or impairing the objectives or implementation of the Act or related statutes; and (4) whether the transaction will yield affirmative public interest benefits.<sup>19</sup> This review takes place against a backdrop where the Commission “has long recognized the clear public interest benefits in a license or authorization holder being able to assign or transfer control of its license or authorization freely.”<sup>20</sup>

This transaction satisfies these standards, as it will deliver public interest benefits to American consumers and the U.S. mobile marketplace, will advance the objectives of the Act,

---

<sup>18</sup> 47 U.S.C. § 214(a); 47 C.F.R. § 63.18; *see, e.g., XO-Verizon Order*, 31 FCC Rcd at 12504-05 ¶ 7; *Frontier Communications Corp. and Verizon Communications Inc.*, Memorandum Opinion and Order, 25 FCC Rcd 5972, 5976-77 ¶ 9 (2010) (“*Frontier-Verizon Order*”); *SBC-AT&T Order*, 20 FCC Rcd at 18300-01 ¶ 16; *Verizon-MCI Order*, 20 FCC Rcd at 18442-43 ¶ 16.

<sup>19</sup> *See XO-Verizon Order*, 31 FCC Rcd at 12504-05 ¶ 7; *Frontier-Verizon Order*, 25 FCC Rcd at 5976-77 ¶ 9; *Qwest Communications Int’l Inc. and CenturyTel, Inc. d/b/a CenturyLink*, Memorandum Opinion and Order, 26 FCC Rcd 4194, 4198-99, ¶ 7 (2011); *SBC-AT&T Order*, 20 FCC Rcd at 18300-01 ¶ 16; *OnePoint Communications Corp. and Verizon Communications*, Memorandum Opinion and Order, 15 FCC Rcd 24165, 24167 ¶ 4 (CCB 2000).

<sup>20</sup> *See, e.g., Level 3 Communications, Inc. and CenturyLink, Inc.*, Memorandum Opinion and Order, 32 FCC Rcd 9586, ¶ 10 (2017).

and does not result in any public interest harms or violate any provision of the Act or any Commission rule. The Commission should therefore approve the Application.

And the transaction warrants streamlined processing and approval under Section 63.12 of the Commission's Section 214 rules because of its limited effect on international telecommunications.<sup>21</sup> The U.S.-international telecommunications market is highly competitive and this transaction will not impact it. TracFone merely resells international long distance service and holds only a *de minimis* share of the U.S.-international calling market. Post transaction, the combined company will not be dominant in the provision of U.S.-international telecommunications services, and the foreign carriers with which Verizon is affiliated are from WTO member countries and do not possess market power. The Application thus qualifies for streamlined processing.<sup>22</sup> And as noted above, TracFone holds no Title III spectrum licenses so there are no additional license transfers for the Commission to assess.

**A. The Transaction Will Generate Substantial Public Interest Benefits for TracFone Customers.**

This transaction will allow Verizon to bring its resources to TracFone, which has experienced a recent decline in its overall customer base,<sup>23</sup> so that it can expand its prepaid business and benefit prepaid consumers. In particular, TracFone customers will gain access to a wider variety of Verizon-compatible devices, new technologies and service options (like 5G),

---

<sup>21</sup> See 47 C.F.R. § 63.12.

<sup>22</sup> See, e.g., *DISH-Boost Grant*, 35 FCC Rcd at 385; *Sprint-Virgin Mobile Grant*, 24 FCC Rcd at 11941.

<sup>23</sup> See Joe Paonessa, *For the First Time Straight Talk Has More Subscribers Than All Other Tracfone Brands Combined*, BestMVNO (Feb. 24, 2020) (noting that although TracFone brand Straight Talk Wireless has gained customers, “[t]he company overall has seen its US subscriber base shrink for at least the last 8 consecutive quarters”) (citing Wave7 Research), <https://bestmvno.com/straight-talk/for-the-first-time-straight-talk-has-more-subscribers-than-all-other-tracfone-brands-combined/>.

and more international roaming options. And Verizon will migrate those TracFone customers whose service currently rides on the networks of other facilities-based carriers to the award-winning Verizon network.

***Wider variety of devices.*** Verizon will deliver to TracFone customers a wider variety of Verizon-compatible devices than they enjoy today. As a provider of choice for wireless device manufacturers, Verizon is the launch partner for new, innovative, and competitively-priced device offerings. The transaction will allow Verizon to expand the portfolio of Verizon-compatible devices available to all TracFone customers, such as more low cost devices (with both 4G LTE and 5G); hotspots (which let the consumer share his or her network connection with other devices using Wi-Fi to access the internet); jetpacks (separate devices that let customers wirelessly share their network connections with other devices); children's watches; a 4G fixed wireless device; low cost flip phones with app store capabilities; and more.

***Access to new technologies and service options (like 5G).*** Verizon will bring its world-class vision for 5G and other technological advances to TracFone customers. And by transitioning all TracFone customers to the Verizon network, TracFone customers served now by other networks will be able to enjoy access to Verizon's 5G services as part of the Verizon family. Verizon also plans to offer TracFone customers new service opportunities, including access to home internet solutions.

***Improved international roaming options.*** The transaction will improve international service options for many TracFone customers traveling in other countries. Today, the majority of TracFone customers are not able to use their prepaid devices in other countries because of limited roaming options available to them. Verizon will make international roaming options

more broadly available to TracFone customers at competitive pricing, and it anticipates that those offerings will cover more than 100 countries around the world.

***Superior network performance.*** Post transaction, *all* TracFone customers in areas where Verizon has a network, including those that Verizon will migrate from other host networks, will experience Verizon's award-winning network quality. TracFone customers will benefit from the innovative approach and service experience that have made Verizon the leading provider of postpaid mobile services, including excellent network performance.

***Expanded distribution.*** Verizon's rationale for this transaction is rooted in growing TracFone's business. As part of that effort, Verizon intends to use TracFone's existing distribution points, and to develop thousands of additional distribution points – some of which will expand distribution exclusively for TracFone brands – in a variety of geographic areas. This will provide even more value-conscious consumers with access to TracFone's innovative prepaid plans and Verizon's network.

***Benefits for TracFone employees.*** Verizon looks forward to welcoming TracFone's employees to the Verizon family. Verizon has been recognized as one of the top-rated workplaces for compensation and benefits,<sup>24</sup> and TracFone's employees will enjoy Verizon's generous employee benefits package. TracFone's employees will also benefit from Verizon's well-earned reputation for workplace diversity and inclusion.<sup>25</sup>

---

<sup>24</sup> See, e.g., Verizon, Careers Blog, *Verizon Is Recognized as One of the Top-Rated Workplaces* (Mar. 5, 2019), <https://www.verizon.com/about/careers/blog/verizon-recognized-one-top-rated-workplaces>; see generally Verizon, *Benefits that Go Beyond*, <https://www.verizon.com/about/careers/benefits> (last visited Sept. 30, 2020).

<sup>25</sup> See, e.g., Verizon, Careers Blog, *Committed to Diversity and Inclusion in the Workplace* (Aug. 16, 2019), <https://www.verizon.com/about/careers/blog/committed-diversity-and-inclusion-workplace>.

**B. The Transaction Will Enhance Competition and Poses No Risk of Material Harms in the Wireless Marketplace.**

The transaction also will enhance competition in the prepaid segment – and it will do so without harming competition for mobile telephony/broadband services for consumers.

*The transaction will enhance competition for prepaid customers.*<sup>26</sup> The transaction will increase customer choice and competition by enabling Verizon to compete and better serve prepaid customers – an area in which Verizon historically has had a limited retail presence. As the *Communications Marketplace Report* found, “Verizon Wireless has the smallest share of prepaid subscribers among the nationwide service providers.”<sup>27</sup> AT&T prepaid brands include AT&T Prepaid and Cricket (approximately 18 million), and T-Mobile prepaid brands include Metro (more than 20 million).<sup>28</sup> And DISH recently acquired Boost (more than 9 million) as a condition of the T-Mobile-Sprint merger.<sup>29</sup> Verizon’s prepaid customer numbers are substantially lower than any of these other providers.

Verizon does not own an established “flanker brand” that differentiates its core brand and attracts prepaid customers,<sup>30</sup> as AT&T has with Cricket, T-Mobile has with Metro, and DISH plans to have with Boost. Like those other brands, TracFone has spent decades developing deep

---

<sup>26</sup> Although the Commission does not identify a separate product market for prepaid/wholesale services, it does consider prepaid service offerings “within the context of our analysis of competitive effects on the broader differentiated mobile telephony/broadband services product market.” See *T-Mobile US, Inc. and Sprint Corporation*, Memorandum Opinion and Order, Declaratory Ruling, Order Proposing Modification, 34 FCC Rcd 10578, 10604 ¶ 62 (2019) (“*T-Mobile-Sprint Order*”).

<sup>27</sup> *Communications Marketplace Report*, 33 FCC Rcd at 12571 ¶ 16; see also *supra* Section I.

<sup>28</sup> *Communications Marketplace Report*, 33 FCC Rcd at 12571 n.53.

<sup>29</sup> See *supra* note 9.

<sup>30</sup> While Verizon offers retail prepaid services through its brands Visible and Verizon Prepaid, those offerings are very small both for Verizon and relative to other prepaid providers.



knowledge of value-conscious customer behavior. The transaction will expand Verizon's small retail prepaid presence, allowing Verizon to compete more vigorously in the prepaid segment to the benefit of all prepaid consumers. Adding TracFone's established value brands to Verizon's offerings will allow Verizon to enhance its presence in the prepaid space by selling directly to the consumer and, as a result, TracFone's customers will gain quicker access to Verizon's innovative products and offerings. This strategy has been successful for Verizon's facilities-based competitors, which entered the prepaid segment the same way – AT&T through its acquisition of Cricket, and T-Mobile through its acquisition of Metro.

Nearly two-thirds of TracFone's customers are served on the Verizon network, and Verizon intends to ultimately migrate all TracFone customers riding on other networks to the Verizon network where it is available by using attractive offers and promotions. Of course, during this period the prepaid segment will continue to evolve: the churn rate among prepaid customers is significant – more than 48 percent annually, as compared to less than 16 percent in the market overall<sup>31</sup> – and other prepaid competitors no doubt will respond to the new Verizon-backed TracFone prepaid offerings. DISH is among those competitors: In the *T-Mobile-Sprint Order*, the Commission noted that, following the Boost divestiture, DISH will be uniquely situated among MVNOs and “will serve as a meaningful competitor, especially for price-conscious customers.”<sup>32</sup>

---

<sup>31</sup> See *Communications Marketplace Report*, 33 FCC Rcd at 12567 ¶ 11 & n.33.

<sup>32</sup> *T-Mobile-Sprint Order*, 34 FCC Rcd at 10668 ¶ 205. The Commission found that Boost's wholesale network access agreement with T-Mobile is “unique among MVNO agreements in the industry.” *Id.* at 10666 ¶ 201; see also *id.* at 10668 ¶ 205 (“[G]eneralized references to prior Commission decisions regarding the competitive significance of MVNOs fail to account for the unique aspects of the wholesale agreement required by the Boost Divestiture Conditions.”).

*The transaction will have no material impact on the broader mobile telephony/broadband services market.* Applying the Commission’s competition analysis here finds that post transaction there will be no material impact on the mobile telephony/broadband services market. As an initial matter, until Verizon transitions the 7.6 million TracFone customers riding on the T-Mobile or AT&T networks to its own network, Verizon will provide service to those 7.6 million customers as an MVNO. Immediately post transaction, the only change will thus be that TracFone customers currently riding on the Verizon network will shift from being Verizon wholesale customers to Verizon retail customers.<sup>33</sup>

Even at the end of the migration period, and even assuming that all 7.6 million TracFone customers currently riding on other networks migrate to the Verizon network, the impact on customer aggregation in the broader mobile/telephony market would be negligible. That market is already robustly competitive across all generally accepted metrics of competition.<sup>34</sup> DISH also will be emerging as an independent facilities-based operator in the near term as required by the *T-Mobile-Sprint Order*,<sup>35</sup> and as the Commission observed, “DISH’s planned facilities operation

---

<sup>33</sup> Under the Commission’s framework for competition analysis applied to the mobile telephony/broadband services market, *see Twentieth Competition Report*, 32 FCC Rcd at 8988 n.99, these customers should be attributed to their underlying facilities-based providers prior to their migration to the Verizon network for a consistent approach and to avoid double-counting.

<sup>34</sup> *See Communications Marketplace Report*, 33 FCC Rcd at 12563-79 ¶¶ 8-24 (finding that (i) the number of wireless connections and average data usage per connection have been rising; (ii) average prices have been falling, and service providers compete on pricing and features; (iii) significant network investments have resulted in higher data speeds, expanded network coverage, and increased network densification; (iv) at least 90 percent of consumers are covered by multiple LTE networks; and (v) service providers compete by offering a large variety of mobile wireless devices and differentiated services); *Twentieth Competition Report*, 32 FCC Rcd at 9037 ¶ 93 (concluding that “there is effective competition in the marketplace for mobile wireless services”).

<sup>35</sup> *T-Mobile-Sprint Order*, 34 FCC Rcd at 10740 ¶ 369 (“DISH commits to deploying 5G Broadband Service on its AWS-4, Lower 700 MHz E Block, and AWS H Block licenses to at least 20% of the United States population by June 14, 2022, and also deploying a core network

will create an added incentive for it to grow the Boost subscriber base.”<sup>36</sup> The impact of attributing an additional 7.6 million customers to Verizon (presuming all TracFone customers migrate) and holding the rest of the mobile telephony/broadband services market static is, thus, *de minimis* in the larger wireless marketplace, representing the net addition of *roughly two percent* of all mobile wireless connections.

***Customers will not be harmed by the transaction.*** The proposed transaction will be largely seamless to TracFone’s customers. As noted, almost two-thirds of TracFone’s customers already use the Verizon network, and Verizon plans to gradually and naturally transition the remainder to the Verizon network in a manner that will be consistent with the heavy churn that occurs in the prepaid segment. As a result, TracFone customers will not experience any loss, interruption, or impairment to their services.

*TracFone will continue to serve and expand offerings for value-oriented consumers.* Verizon entered into this transaction to better serve the value-conscious consumer and is committed to providing offerings to TracFone’s current and future customers that are designed to expand TracFone’s presence in this segment. The transaction will provide TracFone customers with access to a wider variety of Verizon-compatible devices (including smartphones, tablets, and wearables). Verizon will bring its world-class vision for 5G and other technological advances to TracFone’s customers, who also will enjoy access to new services (including home

---

by that date.”); *see also* Letter from Jeffrey H. Blum, DISH Network Corp., to Donald Stockdale, Chief, Wireless Telecommunications Bureau, FCC, ULS File No. 0008741236 *et al.*, Attachment A at 2 (July 26, 2019) (“DISH July 26 Commitments Letter”). The Commission recently conditioned its waiver and extension grants and license modifications on DISH meeting the interim deployment commitments outlined in the DISH July 26 Commitments Letter. *See American H Block Wireless L.L.C., et al.*, Order of Modification and Extension of Time to Construct, DA 20-1072, at ¶ 13 (rel. Sept. 11, 2020) (reaffirming the deployment commitments made in the DISH July 26 Commitments Letter).

<sup>36</sup> *T-Mobile-Sprint Order*, 34 FCC Rcd at 10667 ¶ 208.

internet solutions). Verizon also will make international roaming options, anticipated to cover more than 100 countries around the world, more broadly available to TracFone customers. (Today, most of TracFone’s brands do not offer international roaming options, and those that do limit those options to a handful of countries.)

*Verizon’s acquisition of TracFone will enable it to better compete for value customers by offering low price options.* Verizon is committed to serving TracFone’s customers and to competing vigorously in the prepaid segment through low price options and plans that offer great value. Demonstrating that commitment, Verizon will not require TracFone customers to move to a more expensive plan when the transaction closes. And going forward, Verizon will provide a range of prepaid plans so customers can enjoy mobile access at price points that work for them.

*Verizon will seek to transfer TracFone’s Eligible Telecommunications Carrier (“ETC”) designation for Lifeline.* TracFone provides Lifeline services to approximately 1.7 million customers, primarily through its SafeLink brand.<sup>37</sup> TracFone intends to file an amended Compliance Plan for the Commission-led ETC designation states and the District of Columbia that will account for the new Verizon ownership. Verizon intends to maintain TracFone’s ETC status and will continue to offer Lifeline service through TracFone where it will offer service through its own network.

\* \* \*

For all these reasons, the transfer of control of TracFone’s international Section 214 authorization to Verizon will provide substantial consumer benefits and otherwise benefit the public interest.

---

<sup>37</sup> TracFone also offers Lifeline services to eligible customers through other brands, including Walmart Family Mobile and Straight Talk.

**V. ADMINISTRATIVE MATTERS**

**A. Information Required by the International Section 214 Main Form and Section 63.18 of the Commission's Rules**

**Answer to Question 10 (Section 63.18(c)-(d))**

Correspondence concerning this Application should be directed to:

*For AM (Transferor) and  
TracFone (Licensee):*

Daniel K. Alvarez  
Mia Guizzetti Hayes  
Brenna A. Sparks  
Willkie Farr & Gallagher LLP  
1875 K Street, NW  
Washington, DC 20006  
202-303-1000 (tel.)  
202-303-2000 (fax)  
dalvarez@willkie.com  
mhayes@willkie.com  
bsparks@willkie.com

With a copy to:

Alejandro Cantú Jiménez  
General Counsel  
América Móvil, S.A.B. de C.V.  
Lago Zurich 245  
Plaza Carso/Edificio Telcel, Piso 16  
Colonia Ampliación Granada, Miguel  
Hidalgo  
México, D.F. 11529  
+ 52.55.2581.4250 (tel.)  
acantu@americamovil.com

Richard B. Salzman  
Executive Vice President  
and General Counsel  
TracFone Wireless, Inc.  
9700 NW 112th Ave  
Miami, FL 33178-1353  
305-715-6500 (tel.)  
RSalzman@tracfone.com

*For Verizon Communications Inc.  
(Transferee):*

Adam D. Krinsky  
Craig E. Gilmore  
Jennifer L. Kostyu  
Wilkinson Barker Knauer, LLP  
1800 M Street, NW, Suite 800N  
Washington, DC 20036  
202-783-4141 (tel.)  
202-783-5851 (fax)  
akrinsky@wbklaw.com  
cgilmore@wbklaw.com  
jkostyu@wbklaw.com

And:

William H. Johnson  
Gregory M. Romano  
Verizon Communications Inc.  
1300 I Street, NW, Suite 500E  
Washington, DC 20005  
202-515-2492 (tel.)  
will.h.johnson@verizon.com  
gregory.m.romano@verizon.com

TracFone, a Delaware corporation, holds an international Section 214 authorization to provide global resold telecommunications services between the United States and international points (File No. ITC-214- 20030401-00162).<sup>38</sup>

Verizon, a Delaware corporation, does not hold any international Section 214 authorizations but does directly or indirectly control subsidiaries that hold such authorizations to provide international switched resale services and global or limited global facilities-based and resale services.

**Answer to Question 11 (Section 63.18(h))**

Verizon is a publicly traded and widely held company, and no person or entity holds a direct or indirect 10 percent or greater ownership interest in Verizon. Verizon's address is One Verizon Way, Basking Ridge, New Jersey 07920. Verizon's principal business is the provision of communications services.

**Answer to Question 13 – Narrative of Transfer of Control and Public Interest Statement**

A description of the transaction and demonstration of how it is in the public interest is set forth above.

**Answer to Questions 14-16 (Section 63.18(i)-(m)) – Foreign Carrier Affiliates**

Verizon is not a foreign carrier. Verizon is currently affiliated with the foreign carriers in the markets listed below (the "Foreign Carrier Affiliates"). Upon closing, TracFone also will become affiliated with the Foreign Carrier Affiliates. All of the countries listed below are World Trade Organization member countries.

---

<sup>38</sup> TracFone provides international resold service to customers through multiple brands and, pursuant to Section 63.21(h), to certain South Carolina customers through its wholly owned subsidiary SafeLink Wireless, Inc.

<b>Name of the affiliated carrier:</b>	<b>Countries in which carrier is authorized to provide telecommunications services to the public:</b>
Verizon Argentina S.R.L.	Argentina
Verizon Australia Pty Limited	Australia
Verizon Austria GmbH	Austria
NV Verizon Belgium Luxembourg S.A.	Belgium, Luxembourg
Verizon Telecomunicações do Brazil Ltda	Brazil
Verizon Bulgaria EOOD	Bulgaria
Verizon Canada Ltd.	Canada
Verizon Chile S.A.	Chile
Verizon Colombia S.A.	Colombia
Verizon Costa Rica S.R.L.	Costa Rica
Verizon Croatia Limited	Croatia
Verizon Czech s.r.o.	Czech Republic
Verizon Denmark A/S	Denmark
Verizon Finland Oy	Finland
Verizon France SAS	France
Verizon Deutschland GmbH	Germany
Verizon Hellas Telecommunications Single Member LLC	Greece
Verizon Communications Guatemala Limitada	Guatemala
Verizon Hong Kong Limited	Hong Kong
Verizon Hungary Telecommunications LLC	Hungary
Verizon Communications India Private Limited	India
Verizon Ireland Limited	Ireland
Verizon Italia S.p.A.	Italy
Verizon Japan Limited	Japan
Verizon Korea Limited	Korea
Verizon Servicios Empresariales Mexico, S de R.L. de C.V.	Mexico
Verizon Nederland BV	Netherlands
Verizon New Zealand Limited	New Zealand
Verizon Norway AS	Norway
Verizon Panama S.A.	Panama
Verizon Peru SRL	Peru
Verizon Polska Sp. Z.o.o	Poland
Verizon Portugal Sociedade Unipessoal, LDA	Portugal
Verizon Romania SRL	Romania
Verizon Rus LLC	Russia
Verizon Communications Singapore Pte. Ltd.	Singapore
Verizon Communications Slovakia s.r.o	Slovakia
Verizon Communications South Africa (Pty) Limited	South Africa
Verizon Spain S.L.	Spain
Verizon Sweden AB	Sweden
Verizon Switzerland AG	Switzerland
Verizon Taiwan Co. Limited	Taiwan (Chinese Taipei)

Name of the affiliated carrier:	Countries in which carrier is authorized to provide telecommunications services to the public:
Verizon UK Limited	United Kingdom
Verizon Venezuela, S.A.	Venezuela

Verizon, and TracFone post-closing, qualifies for non-dominant classification under Section 63.10 of the Commission’s rules for all routes between the United States and the countries listed above. None of the Foreign Carrier Affiliates is a monopoly provider of communications services, and each lacks 50 percent market share in the international transport and the local access markets in the destination markets where it provides services. And the Commission has not found that any of Verizon’s Foreign Carrier Affiliates possess market power. Verizon and TracFone post-closing are therefore presumptively classified as non-dominant on all U.S.-international routes.

**Answer to Question 20 (Section 63.18(p)) – Streamlined Processing**

The Applicants request streamlined treatment of this Application pursuant to Section 63.12 of the Commission’s rules. The Application qualifies for streamlined treatment under Section 63.12(c) because the Applicants qualify for a presumption of non-dominance under Section 63.10 of the Commission’s rules for the reasons set forth in response to Questions 14-16 above.

**B. Ex Parte Status**

The Applicants request that the Commission treat this proceeding as permit-but-disclose pursuant to Section 1.1206 of the Commission's rules.<sup>39</sup> The public interest in expeditiously

---

<sup>39</sup> See 47 C.F.R. § 1.1206.



considering this Application would be served by the flexibility permitted by permit-but-disclose procedures.<sup>40</sup>

### **C. Other Filings**

In connection with this transaction, the parties are making filings or notifications with the Federal Trade Commission and U.S. Department of Justice pursuant to the Hart-Scott-Rodino Antitrust Improvements Act, and state public utility commissions as may be required.

## **VI. CONCLUSION**

This transaction will allow Verizon and TracFone to better serve customers in the prepaid segment. For the reasons above, the Applicants respectfully submit that the grant of this Application will serve the public interest, convenience, and necessity, and thus warrants prompt Commission approval.

---

<sup>40</sup> Pursuant to Section 1.1200(a) of the Commission's rules, the Commission may adopt modified *ex parte* procedures in particular proceedings if the public interest so requires. *See* 47 C.F.R. § 1.1200(a).

/s/ Alejandro Cantú Jiménez

Alejandro Cantú Jiménez  
General Counsel  
América Móvil, S.A.B. de C.V.  
Lago Zurich 245  
Plaza Carso/Edificio Telcel, Piso 16  
Colonia Ampliación Granada, Miguel Hidalgo  
México, D.F. 11529  
+ 52.55.2581.3700 (tel.)  
acantu@americamovil.com

Richard B. Salzman  
Executive Vice President  
and General Counsel  
TracFone Wireless, Inc.  
9700 NW 112th Ave  
Miami, FL 33178-1353  
305-715-6500 (tel.)  
RSalzman@tracfone.com

Daniel K. Alvarez  
Mia Guizzetti Hayes  
Brenna A. Sparks  
Willkie Farr & Gallagher LLP  
1875 K Street, NW  
Washington, DC 20006  
202-303-1000 (tel.)  
202-303-2000 (fax)  
dalvarez@willkie.com  
mhayes@willkie.com  
bsparks@willkie.com

*Attorneys for América Móvil, S.A.B. de C.V.  
(Transferor) and TracFone Wireless, Inc.  
(Licensee)*

Respectfully submitted,

/s/ William H. Johnson

William H. Johnson  
Verizon Communications Inc.  
1300 I Street, NW, Suite 500E  
Washington, DC 20005  
202-515-2492 (tel.)  
will.h.johnson@verizon.com

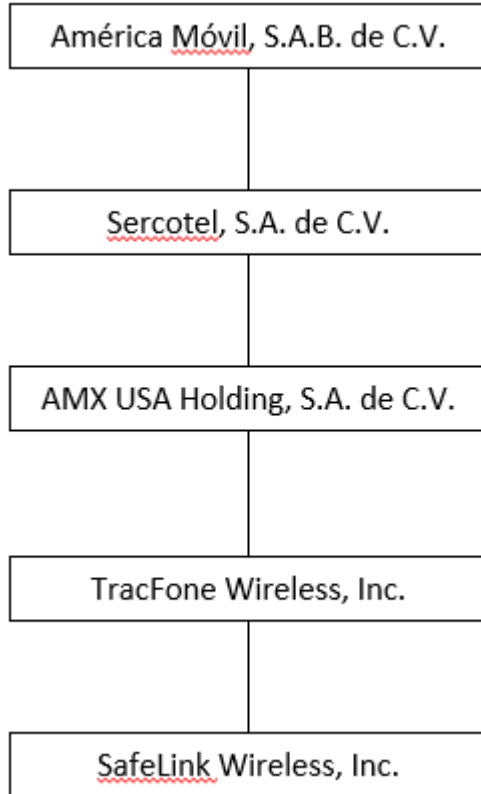
Bryan N. Tramont  
Adam D. Krinsky  
Craig E. Gilmore  
Jennifer L. Kostyu  
Wilkinson Barker Knauer, LLP  
1800 M Street, NW, Suite 800N  
Washington, DC 20036  
202-783-4141 (tel.)  
202-783-5851 (fax)  
akrinsky@wbklaw.com  
cgilmore@wbklaw.com  
jkostyu@wbklaw.com

*Attorneys for Verizon Communications Inc.  
(Transferee)*

September 30, 2020

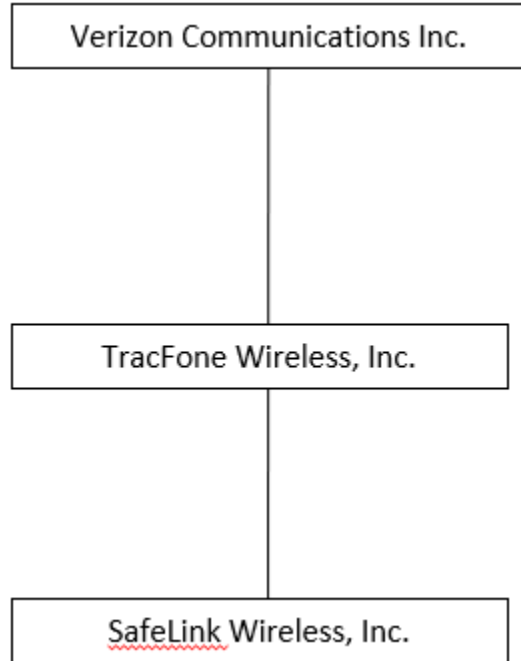
**ATTACHMENT 1**

**Pre-Closing Ownership**



All interests are 100%

## Post-Closing Ownership



All interests are 100%