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May 16, 1996

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Satellite and
Radiocommunications Division
International Bureau

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W. Room 222
Washington, DC 20554

RE: Mobile Communications Holdings, Inc., File Nos.
11-DSS-P-91; 18-DSS-P-91; 11-SAT-LA-95; 12-SAT-AMEND-95

Dear Mr. Caton:

This letter is written on behalf of L/Q Licensee, Inc. (LQL), a wholly-owned subsidiary of Loral/QUALCOMM Partnership, L.P. (LQP), and licensee of the Globalstar™ low-earth orbit satellite telecommunications system,¹ in response to several supplemental filings made by or on behalf of Mobile Communications Holdings, Inc. (MCHI) with respect to the above-referenced application and pending Application for Review.² LQL is submitting this letter to clarify for the record critical facts not reflected in a letter submitted by the U.S. Small Business Administration with respect to MCHI's claim that the financial standard for MSS Above 1 GHz applicants is allegedly unfair to small businesses.³

¹ See Order and Authorization, 10 FCC Rcd 2333 (Int'l Bur. 1995).

² MCHI filed a "Consolidated Application for Review and Request for Clarification" of the International Bureau's decision finding that MCHI had not met the financial qualification standard for the MSS Above 1 GHz service. See Order, 10 FCC Rcd 2274 (Int'l Bur. 1995). LQP opposed this Application for Review.

³ See Letter to The Honorable Reed E. Hundt from Jere W. Glover, Chief Counsel, USSBA (dated April 24, 1996). TRW filed a Motion to Strike this letter from the record on May 8, 1996, and Motorola Satellite Communications, Inc.,

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First, as the Commission itself recognized, MCHI never demonstrated that it is a small business.⁴ MCHI did not seek reconsideration of the Commission's finding on this point in the MSS Above 1 GHz Report and Order. Thus, for the Commission's purposes in this proceeding, MCHI is not, and never has been a "small business."

Second, even if MCHI were a "small business," it is in no sense eliminated from the MSS market simply because it cannot meet the MSS Above 1 GHz financial standard.⁵ The Commission has already found that there are several viable means of entry to the MSS market for entrepreneurial companies, which do not require a license for space segment. In fact, the Commission found that "our necessarily strict [financial] standards will ensure the availability of space segment capacity which will facilitate rather than impede, the progress of smaller entrepreneurial firms seeking to offer satellite services."⁶

filed a response to Mr. Glover's letter on the same date. MCHI's other supplemental pleadings are a "Notice of Supplemental Authority in Support of Consolidated Application for Review and Request for Clarification" (filed Feb. 15, 1996) and letters from Jill Abeshouse Stern to William F. Caton dated February 23, 1996 (transmitting letter of the Honorable Franklin A. Sonn), April 19, 1996 (transmitting letter of John F. Ambruz), April 26, 1996 (reporting a service agreement between Globalstar, L.P., and Rostelcom), and May 10, 1996 (transmitting summary results of a study of the cost per billable minute for several proposed satellite systems).

⁴ See Amendment of the Commission's Rules to Establish Rules and Policies Pertaining to a Mobile-Satellite Service in the 1610-1626.5 MHz and 2483.5-2500 MHz Frequency Bands, 9 FCC Rcd 5936, 5969 (1994); Opposition of Federal Communications Commission to Petitioner's Emergency Motion for Stay Pending Review, at 8-9, Case No. 94-1695 (D.C. Cir. filed Nov. 14, 1994).

⁵ In a letter dated April 26, 1996, MCHI claimed that it had been prejudiced by the Bureau's Order deferring consideration of its application because Globalstar, L.P., rather than MCHI, had finalized an agreement with Rostelcom regarding MSS services in Russia. That MCHI at one time expected to obtain a contract with Rostelcom regarding services in Russia is completely irrelevant to any matter currently before the Commission regarding MCHI's financial qualifications.

⁶ Domestic Fixed Satellite Service, 58 RR 2d 1267, 1271 (1985) (emphasis supplied).

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Third, the Commission's strict financial standard is based on sound public interest reasons which the Commission reaffirmed earlier this year.⁷

We are sympathetic to small companies without large corporate parents or other access to the hundreds of millions of dollars needed to construct a satellite system. But our primary obligation is to ensure that the U.S. public has available to it the widest range of satellite service offerings from the greatest number of competitors possible. Our repeated experience is that applicants without ready access to the needed financing have difficulty obtaining that financing, and that their attempts are often unsuccessful. This has allowed applicants to hold orbital resources to the detriment of others willing and able to go forward immediately. This ultimately results in fewer choices to the public and less competition.

Fourth, with respect to application of the "internal" and "external" financing standards, it is not inequitable for the Commission to rely on an applicant's representation that it is committed to fund a project, but to require a party not before the FCC (a lender to an applicant) to provide a firm expression of intent to fund a project for the applicant. Similarly, it is not inequitable to find that an applicant cannot meet the Commission's financial standard because it can neither rely on its own resources nor obtain firm commitments from third parties. This result arises from the lack of funds, not the lack of fairness.

Finally, the Commission has provided MCHI over a year since January 31, 1995, to demonstrate that it has "ready access to the needed financing."⁸ However, rather than submitting evidence of such financing, MCHI continues to argue that its financial qualifications should be evaluated based on a status it never established and that this alleged status somehow now makes a difference. But, MCHI is not a small business for purposes of this proceeding; even if it were, that status would not cure its deficient financial showing. The fact is that MCHI has not made the required financial showing, and so, there is no reason to modify the International Bureau's decision of January 31, 1995.

⁷ Amendment to the Commission's Regulatory Policies Governing Domestic Fixed Satellites and Separate International Satellite Systems, 11 FCC Rcd 2429, 2435 (1996) (footnote omitted) ("DISCO I").

⁸ See id. (Commission states that additional time is appropriate relief to ensure entrepreneurial companies have opportunity to qualify for satellite licenses).

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Accordingly, the matters recently placed before the Commission by MCHI and the Small Business Administration do not provide any basis for acting favorably on MCHI's Application for Review.

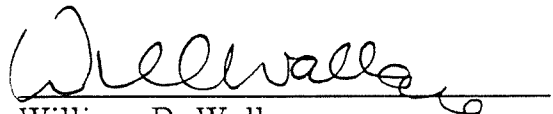
Respectfully submitted,

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