

**Before the
Federal Communications Commission
Washington, DC 20554**

In the Matter of)	GN Docket No. 20-111;
)	ITC-214-20090105-00006;
Pacific Networks Corp. and)	ITC-214-20090424-00199
ComNet (USA) LLC)	

ORDER TO SHOW CAUSE

Adopted: April 24, 2020

Released: April 24, 2020

By the Chief, International Bureau; Chief, Wireline Competition Bureau; and Chief, Enforcement Bureau:

I. INTRODUCTION

1. By this Order, we direct Pacific Networks Corp. (Pacific Networks) and its wholly owned subsidiary, ComNet (USA) LLC (ComNet),¹ to show cause why the Commission should not initiate a proceeding to revoke and terminate their domestic and international section 214 authorizations issued pursuant to section 214 of the Communications Act of 1934, as amended (Act)² and to reclaim ComNet's International Signaling Point Codes (ISPCs).³

II. BACKGROUND

A. FCC Domestic and International Authorizations and ISPC Assignments

2. In the United States, Pacific Networks resells international voice and data to operators on a wholesale basis,⁴ and ComNet provides international termination service, global SIM card service,⁵

¹ ComNet was formerly known as CM Tel (USA) LLC (CM Tel). *International Authorizations Granted; Section 214 Applications (47 C.F.R. § 63.18); Section 310(b)(4) Requests*, File No. ITC-214-20090424-00199, Public Notice, DA 10-499, 25 FCC Rcd 2838, 2841-42 (2010) (Informative); Letter from Joshua T. Guyan, Squire, Sanders & Dempsey L.L.P., to International Bureau, FCC (Feb. 22, 2010) (on file in ITC-214-20090424-00199).

² 47 U.S.C. § 214; *see* File Nos. ITC-214-20090105-00006; ITC-214-20090424-00199.

³ *See* File Nos. SPC-NEW-20010528-00019; SPC-NEW-20030529-00021.

⁴ CM Tel (USA) LLC, Application for Transfer of Control of Section 214 Authority, File No. ITC-T/C-20080913-00428, Supplement at 2 (filed Sept. 25, 2008).

⁵ ComNet has two websites that describe its service offerings. *See* ComNet (USA) LLC, *About Us*, <https://www.comnetechs.com/company/> (stating it offers “telecom partners and operators international termination services, calling card and global SIM card . . .”) (last visited Apr. 21, 2020); ComNet (USA) LLC, *About Us*, <https://www.comnet-telecom.us/about-us> (stating it offers “telecom partners and operators international termination services, calling card and global SIM card [and] deployed points of presence in the United States of America . . .”) (last visited Apr. 21, 2020).

intrastate, interstate, and international calling card service,⁶ and interexchange service.⁷ Pacific Networks and ComNet each hold an international section 214 authorization.⁸ Pacific Networks' authorization is ITC-214-20090105-00006 and ComNet's authorization is ITC-214-20090424-00199. Additionally, Pacific Networks and ComNet are authorized to provide domestic interstate telecommunications service pursuant to blanket authority that the Commission has issued by rule.⁹

3. ComNet also holds two ISPCs for Signaling System No. 7 networks.¹⁰ The International Bureau assigned ComNet (formerly known as CM Tel) an ISPC on June 1, 2001¹¹ and another on June 13, 2003.¹²

B. ComNet and Pacific Networks Ownership

4. ComNet is a Delaware corporation that is wholly owned by Pacific Networks, also a Delaware corporation.¹³ ComNet and Pacific Networks are indirectly and ultimately owned and

⁶ ComNet (USA) LLC, *About Us*, <https://www.comnetechs.com/company/> (last visited Apr. 21, 2020); ComNet (USA) LLC, *About Us*, <https://www.comnet-telecom.us/about-us> (last visited Apr. 21, 2020); see ComNet (USA) LLC, FCC Prepaid Calling Card PIU Certification for the 4rd Quarter 2019, WCB Docket No. 05-68, at 2 (filed Jan. 16, 2020), <https://www.fcc.gov/ecfs/filing/10117184054529>.

⁷ ComNet (USA) LLC, 2018 Annual 254(g) Certification – Geographic Rate Averaging And Rate Integration; Policy and Rules Concerning the Interstate, and Interexchange Marketplace, CC Docket No. 96-61, at 2 (filed Apr. 4, 2019), <https://www.fcc.gov/ecfs/filing/1040483672449>.

⁸ See Appendix A for additional information regarding the international section 214 authorizations held by Pacific Networks and ComNet.

⁹ 47 CFR § 63.01. The Commission has explained that it grants blanket section 214 authority, rather than forbearing from application or enforcement of section 214 entirely, in order to retain its ability to withdraw such grants on an individual basis for enforcement purposes. See *Implementation of Section 402(b)(2)(A) of the Telecommunications Act of 1996 et al.*, Report and Order, 14 FCC Rcd 11364, 11372-73, paras. 12-14 (1999).

¹⁰ See File Nos. SPC-NEW-20010528-00019 (ISPC 3-191-6); SPC-NEW-20030529-00021 (ISPC 3-193-4). See Recommendation Q.708 of the ITU Telecommunication Standardization Sector (ITU-T), regarding the assignment of ISPC(s) to signaling point operators by each Member State's designated Administrator. International Telecommunication Union, ITU-T Recommendation Q.708 (03/99), <https://www.itu.int/rec/recommendation.asp?lang=en&parent=T-REC-Q.708-199903-I>; see also International Telecommunication Union, List of International Signalling Point Codes (ISPC) (Oct 1, 2016), https://www.itu.int/dms_pub/itu-t/opb/sp/T-SP-Q.708B-2016-PDF-E.pdf (ITU Listing). The Commission is the Administrator of ISPCs for the United States. Recommendation Q.708 defines a signaling point code as a “code with a unique 14-bit format used at the international level for [signaling] message routing and identification of [signaling] points involved.” ITU-T Q.708 at 1. Such signaling points are within a Signaling System 7 switch. *Id.* For this reason, only carriers that operate their own switch would need a signaling point code.

¹¹ See File No. SPC-NEW-20010528-00019 (CM Tel (USA) LLC) (ISPC 3-191-6); see ITU Listing (name in the ITU Listing is ComNet (USA) LLC).

¹² See File No. SPC-NEW-20030529-00021 (ComNet (USA) LLC) (ISPC 3-193-4); see ITU Listing (name in the ITU Listing is ComNet (USA) LLC).

¹³ Letter from Norman Yuen, Chairman, Pacific Networks Corp., and Fan Wei, Director, CM Tel (USA) LLC, to Stephen Heifetz, Deputy Assistant Secretary for Policy Development, U.S. Department of Homeland Security, and Matthew G. Olsen, Acting Assistant Attorney General, National Security Division, U.S. Department of Justice, at 1 (Mar. 3, 2009) (on file in ITC-T/C-20080913-00428; ITC-214-20090105-00006); see also Pacific Networks Corp., Application for International Section 214 Authority, File No. ITC-214-20090105-00006, Application at 2 (filed Jan. 5, 2009); CM Tel (USA) LLC, Application for Authority Pursuant to Section 214 of the Communications Act of

controlled by the government of the People's Republic of China (Chinese government) through a complex series of intermediate holding companies organized in the British Virgin Islands, Hong Kong, Bermuda, and the People's Republic of China that are controlled by CITIC Group Corporation, a Chinese state-owned limited liability company.¹⁴ The State-owned Assets Supervision and Administration Commission of the State Council, a Chinese government organization, directly owns 100% of CITIC Group Corporation.¹⁵

C. China Mobile Order

5. On May 9, 2019, in the *China Mobile Order*, the Commission denied the section 214 application of China Mobile International (USA) Inc. (China Mobile USA) to provide international telecommunications services between the United States and foreign destinations.¹⁶ The Commission found that China Mobile USA, a subsidiary of a Chinese state-owned entity, is vulnerable to exploitation, influence, and control by the Chinese government.¹⁷ The Commission determined that “in the current security environment, there is a significant risk that the Chinese government would use the grant of such authority to China Mobile USA to conduct activities that would seriously jeopardize the national security and law enforcement interests of the United States.”¹⁸ It concluded that “due to a number of factors related to China Mobile USA’s ownership and control by the Chinese government, grant of the application would raise substantial and serious national security and law enforcement risks that cannot be addressed through a mitigation agreement [and] grant of this application would not be in the public interest.”¹⁹

III. DISCUSSION

6. The Commission’s findings in the *China Mobile Order* raise questions regarding the vulnerability of authorization holders that are subsidiaries of a Chinese state-owned entity to the

1934, as Amended, for Global Authority to Operate as an International Facilities-Based and Resale Carrier, File No. ITC-214-19990927-00607, Attach. at 4 (filed Sept. 27, 1999).

¹⁴ Pacific Networks Corp., Notification of Pro Forma Transfer of Control of Section 214 Authority, File No. ITC-T/C-20120126-00031, Attach. 1, Exh. A and Exh. B (filed Jan. 26, 2012) (2012 Pacific Networks Pro Forma TC Notification); ComNet (USA) LLC, Notification of Pro Forma Transfer of Control of Section 214 Authority, File No. ITC-T/C-20120126-00030, Attach. 1, Exh. A and Exh. B (filed Jan. 26, 2012) (2012 ComNet Pro Forma TC Notification).

¹⁵ 2012 Pacific Networks Pro Forma TC Notification, Attach. 1, Exh. A at 7 and Exh. B at 1; 2012 ComNet Pro Forma TC Notification, Attach. 1, Exh. A at 7 and Exh. B at 1. See Appendix B for ownership structure of ComNet and Pacific Networks based on the Commission’s records as of January 26, 2012. A circular issued by CITIC Pacific Limited (currently CITIC Limited) on May 14, 2014 presents ownership information pursuant to an acquisition by CITIC Pacific Limited of 100% of the total issued share capital of CITIC Limited from CITIC Group Corporation and CITIC Enterprise Management. See CITIC Pacific Limited, Circular – (1) Very Substantial Acquisition and Connected Transaction (2) Proposed Issue of the Consideration Shares and the Specific Mandate for the Issue of the Placing Shares (3) Proposed Change of Company Name and Corresponding Amendment to the Articles of Association (4) Re-election of a Director and Notice of Extraordinary General Meeting (May 14, 2014), <https://www1.hkexnews.hk/listedco/listconews/sehk/2014/0514/ltm20140514244.pdf> (May 14, 2014 Circular).

¹⁶ *China Mobile International (USA) Inc.; Application for Global Facilities-Based and Global Resale International Telecommunications Authority Pursuant to Section 214 of the Communications Act of 1934, as Amended*, Memorandum Opinion and Order, 34 FCC Rcd 3361 (2019) (*China Mobile Order*).

¹⁷ *Id.* at 3365-66, para. 8.

¹⁸ *Id.* at 3366, para. 8.

¹⁹ *Id.* at 3362, para. 1.

exploitation, influence, and control of the Chinese government.²⁰ As subsidiaries of a Chinese state-owned limited liability company,²¹ Pacific Networks and ComNet, like China Mobile USA, are ultimately owned and controlled by the Chinese government.²² And Pacific Networks and ComNet, like China Mobile USA, are subject to the supervision of the State-owned Assets Supervision and Administration Commission of the State Council, a Chinese government organization.²³

7. Moreover, the Commission's findings in the *China Mobile Order* raise questions as to Pacific Networks' and ComNet's ongoing qualifications to hold domestic and international section 214 authorizations, whether retention of these authorizations and ISPC assignments by Pacific Networks and ComNet serves the public convenience and necessity, and whether ComNet's use of its ISPCs is consistent with the purpose for which they were assigned.²⁴ Pacific Networks and ComNet received their international section 214 telecommunications authorizations over a decade ago, and, as the *China Mobile Order* observed, the national security and law enforcement risks linked to the Chinese government's activities have grown significantly since the Commission granted these authorizations.²⁵ The changes

²⁰ See Executive Branch Recommendation to the Federal Communications Commission to Revoke and Terminate China Telecom Americas' International Section 214 Common Carrier Authorizations, File Nos. ITC-214-20010613-00346, ITC-214-20020716-00371, ITC-T/C-20070725-00285 (filed Apr. 9, 2020) (filing with the Commission a public filing, a non-public business confidential filing, and a classified appendix) at 1-3, 41 (changed circumstances in the national security environment, including the U.S. government's increased concern in recent years about the Chinese government's malicious cyber activities; operations of a U.S. telecommunications subsidiary of a Chinese state-owned enterprise under the ultimate ownership and control of the Chinese government provide the opportunity for Chinese state-sponsored actors to engage in economic espionage and to disrupt and misroute U.S. communications traffic).

²¹ According to the Commission's records as of January 26, 2012, CITIC Group was restructured from a state-owned enterprise into a state-owned limited liability company, CITIC Group Corporation, effective December 27, 2011. See *International Authorizations Granted; Section 214 Applications (47 C.F.R. § 63.18); Section 310(b)(4) Requests*, File No. ITC-T/C-20120126-00030, Public Notice, DA 12-258, 27 FCC 1998, 2000 (2012); *International Authorizations Granted; Section 214 Applications (47 C.F.R. § 63.18); Section 310(b)(4) Requests*, File No. ITC-T/C-20120126-00031, Public Notice, DA 12-258, 27 FCC 1998, 2001 (2012). In its company website, CITIC Group Corporation is described as a "state-owned multinational conglomerate." CITIC Group Corporation, *About CITIC—Brief Introduction*, https://www.group.citic/en/About_CITIC/Brief_Introduction/ (last visited Apr. 21, 2020). See also CITIC Group Corporation, *About CITIC*, https://www.group.citic/en/About_CITIC/ (last visited Apr. 21, 2020) ("The company is a large comprehensive enterprise company approved by the state council of the People[']s Republic of China.").

²² *China Mobile Order*, 34 FCC Rcd at 3363-64, para. 3; 2012 Pacific Networks Pro Forma TC Notification, Attach. 1, Exh. A at 7 and Exh. B at 1; 2012 ComNet Pro Forma TC Notification, Attach. 1, Exh. A at 7 and Exh. B at 1.

²³ Law of China, Company Law of the People's Republic of China (2018 Amendment) at Article 64, <http://lawinfochina.com/display.aspx?id=e797dd968c30e172bdfb&lib=law> (stating that, "a 'wholly state-owned company' as mentioned in this Law refers to a limited liability company invested wholly by the state, for which the State Council or the local people's government authorizes the state-owned assets supervision and administration institution of the people's government at the same level to perform the functions of the capital contributor."). See also *China Mobile Order*, 34 FCC Rcd at 3363-64, para. 3; State-owned Assets Supervision and Administration Commission of the State Council, *What We Do*, http://en.sasac.gov.cn/2018/07/17/c_7.htm (last visited Apr. 21, 2020).

²⁴ See 47 U.S.C. § 214; ITU-T Q.708.

²⁵ *China Mobile Order*, 34 FCC Rcd at 3372-73, paras. 20-22.

include the sophistication and resulting damage of the Chinese government's involvement in computer intrusions and attacks against the United States.²⁶

8. Accordingly, we direct Pacific Networks and ComNet to explain why the Commission should not initiate a proceeding to revoke and terminate the domestic and international section 214 authorizations held by Pacific Networks and ComNet.²⁷ We also direct ComNet to explain why the Commission should not reclaim ComNet's ISPCs. This Order affords Pacific Networks and ComNet notice and an opportunity to file a written response providing evidence that they are not subject to the exploitation, influence, and control of the Chinese government, and of their ongoing qualifications to hold domestic and international section 214 authorizations²⁸ and to hold ISPCs,²⁹ thereby demonstrating that the public convenience and necessity would be served by their retention of the authorizations and assignments.

9. Pacific Networks and ComNet shall file a response with the Bureaus within thirty (30) calendar days demonstrating why the Commission should not initiate a proceeding to revoke and terminate their domestic and international section 214 authorizations and explaining why the Commission should not reclaim ComNet's ISPCs. Pacific Networks and ComNet shall include in their response the following information:

- (1) a detailed description of the current ownership and control (direct and indirect) of the companies and the place of organization of each entity in the ownership structure;
- (2) a detailed description of their corporate governance;
- (3) an identification of Pacific Networks' and ComNet's officers, directors, and other senior management officials), their employment history (including prior employment with the Chinese government), and their affiliations with the Chinese Communist Party and the Chinese government;
- (4) an identification of all officers, directors, and other senior management officials of entities that hold ten percent or greater ownership interest in Pacific Networks and ComNet, their employment history (including prior employment with the Chinese government), and their affiliations with the Chinese Communist Party and the Chinese government;
- (5) a description of the services that Pacific Networks and ComNet provide in the United States and the specific services provided using the domestic and international section 214 authorizations as well as services they provide in the United States that do not require section 214 authority;
- (6) an identification of the equipment used to provide telecommunications service, including the manufacturer, and the location of the equipment;
- (7) a description and listing of Pacific Networks' and ComNet's subscribers and other customers for domestic and international services;
- (8) a detailed description regarding the nature of the use of ComNet's ISPCs, including sufficient detail to understand the network scope, geographic coverage, and the public switched telephone

²⁶ *Id.* at 3372, para. 20.

²⁷ *See* 47 U.S.C. §§ 154(i), 154(j), (i), 154(o), 403; 47 CFR § 1.1.

²⁸ *See* 47 U.S.C. § 214.

²⁹ *See* ITU-T Q.708.

network (PSTN) portions of the network, and the region(s) where ComNet uses the ISPC(s) in its PSTN network;

(9) a statement regarding the physical addresses where ComNet's ISPCs are located;

(10) a network diagram that shows how ComNet's ISPCs are used;

(11) a list of all physical points of interconnection between Pacific Networks and other carriers as well as the names of each carrier with which Pacific Networks interconnects;

(12) a list of all physical points of interconnection between ComNet and other carriers as well as the names of each carrier with which ComNet interconnects;

(13) a list and copies of all interconnection agreements that Pacific Networks has with other carriers;

(14) a list and copies of all interconnection agreements that ComNet has with other carriers;

(15) an explanation as to why the Commission should not reclaim ComNet's ISPCs;

(16) an explanation as to whether certain *pro forma* transfer of control actions occurred from 2012 to 2014³⁰ concerning the subject international section 214 authorizations and whether Pacific Networks and ComNet appropriately notified the Commission, as required by the Commission's rules;³¹ and

(17) a description of the extent to which Pacific Networks and ComNet are or are not otherwise subject to the exploitation, influence and control of the Chinese government.

10. Pacific Networks and ComNet shall seek confidential treatment of all personally identifying information and may seek confidential treatment of other information pursuant to section 0.459 of the Commission's rules.³² Failure to respond or submit a response providing a reasonable basis for why Pacific Networks and ComNet should retain their domestic and international section 214

³⁰ According to a *pro forma* transfer of control notification filed in 2012, Pacific Networks and ComNet are indirectly 100% owned by CITIC Telecom International Holdings Limited. Douro Holdings Inc. "indirectly owns 81.69% of CITIC Telecom International Holdings Limited" and, in turn, is indirectly 100% owned by CITIC Pacific Limited. CITIC Limited "indirectly owns approximately 57.508% of CITIC Pacific Limited." 2012 Pacific Networks Pro Forma TC Notification, Attach. 1, Exh. A at 2-5; 2012 ComNet Pro Forma TC Notification, Attach. 1, Exh. A at 2-5; *see also* Pacific Networks Pro Forma Notification, Exh. B at 2 (indicating Douro Holdings Inc. indirectly and wholly owns three entities which hold, respectively, 17.01%, 4.11%, and 39.47% ownership interest in CITIC Telecom International Holdings Limited); 2012 ComNet Pro Forma TC Notification, Exh. B at 2. According to the May 14, 2014 Circular issued by CITIC Pacific Limited, as of December 31, 2013, "CITIC Limited indirectly holds an 18.39% equity interest in CITIC Telecom International, and CITIC Pacific indirectly holds a 41.42% equity interest in CITIC Telecom International." May 14, 2014 Circular at 62. Additionally, it appears that a *pro forma* transfer of control of the international section 214 authorizations held by Pacific Networks and ComNet occurred in 2014 as a result of an acquisition by CITIC Pacific Limited of 100% of the total issued share capital of CITIC Limited from CITIC Group Corporation and CITIC Enterprise Management. May 14, 2014 Circular at 1. *See also* CITIC Group Corporation, 2014 Tailored U.S. Resolution Plan (Public Section), at 10 (filed Dec. 31, 2014), <https://www.fdic.gov/regulations/reform/resplans/plans/chinacitic-165-1412.pdf> ("Prior to the CITIC Limited Acquisition, CITIC Limited [formerly known as CITIC Pacific Limited], a company listed on the Hong Kong Stock Exchange, was a 57.51% owned subsidiary of CITIC Group . . . Upon the completion of the CITIC Limited Acquisition, CITIC Limited became a 77.90% owned subsidiary of CITIC Group and CITIC Corp Limited [formerly known as CITIC Limited] became a wholly owned subsidiary of CITIC Limited.").

³¹ *See* 47 CFR §§ 63.18, 63.24(f).

³² 47 CFR § 0.459.

authorizations and ISPC assignments may result in revocation and termination of the domestic and international section 214 authorizations held by Pacific Networks and ComNet and in the Commission reclaiming ComNet's ISPCs.

IV. ORDERING CLAUSES

11. Accordingly, **IT IS ORDERED** that, pursuant to sections 4(i), 4(j), 4(o), 214, 215, 218 and 403 of the Act, sections 0.51, 0.91, 0.111, 0.261, 0.291, 0.311, 1.1, and 1.102(b)(1) of the Commission's rules,³³ and ITU Recommendation Q.708, Pacific Networks and ComNet **SHALL FILE** a written response to this Show Cause Order **within thirty (30) calendar days** from the release date of this Order.

12. **IT IS FURTHER ORDERED** that copies of this Order shall be sent by registered mail, return receipt requested, to: (1) Bruce Olcott, Jones Day, D.C. Agent for Service of Process for Pacific Networks Corp., 51 Louisiana Ave NW, Washington, DC 20001; (2) Cai Dawei, CEO, Pacific Networks Corp., 100 N. Barranca Street, Suite 910, West Covina, CA 91791; (3) Esmond Li, Pacific Networks Corp., and ComNet (USA) LLC, 100 N. Barranca Street, Suite 910, West Covina, CA 91791; (4) Peng Liying, Pacific Networks Corp., 100 N. Barranca Street, Suite 910, West Covina, CA 91791; (5) Dawei Cai, CEO, ComNet (USA) LLC, 100 N. Barranca Street, Suite 910, West Covina, CA 91791; (6) Linda Peng, General Manager, ComNet (USA) LLC, 100 N. Barranca Street, Suite 910, West Covina, CA 91791.

FEDERAL COMMUNICATIONS COMMISSION

Thomas Sullivan
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Kris Monteith
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Rosemary Harold
Chief
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³³ 47 U.S.C. §§ 154(i), 154(j), 154(o), 214, 215, 218, 403; 47 CFR §§ 0.51, 0.91, 0.111, 0.261, 0.291, 0.311, 1.1, 1.102(b)(1).

Appendix A

Summary of International Section 214 Authorizations

1. ComNet and Pacific Networks each hold an international section 214 authorization. ComNet's authorization is ITC-214-20090424-00199 and Pacific Networks' authorization is ITC-214-20090105-00006. Relevant to the history of these international authorizations, previously ComNet held international section 214 authorization, ITC-214-19990927-00607, and Pacific Networks held international section 214 authorization, ITC-214-20070907-00368, which were both subsequently surrendered. Initially, Pacific Networks and ComNet were controlled by different entities.¹ Since 1999, a number of transactions occurred concerning their international authorizations, discussed below. Pursuant to a transaction consummated in 2009, ComNet became a direct wholly owned subsidiary of Pacific Networks.²

2. *ComNet's International Section 214 Authorization (ITC-214-20090424-00199)*. On October 27, 1999, the International Bureau granted CM Tel an international section 214 authorization, ITC-214-19990927-00607, to provide global or limited global facilities-based and resale service.³ CM Tel was wholly owned and controlled by China Motion Telecom International Limited.⁴

3. On September 13, 2008, CM Tel filed an application for consent to the transfer of control of its international section 214 authorization, ITC-214-19990927-00607, from China Motion Telecom International Limited to Pacific Networks, an entity ultimately owned and controlled by the government of the People's Republic of China (Chinese government).⁵ By letter dated April 22, 2009, CM Tel

¹ See CM Tel (USA) LLC, Application for Transfer of Control of Section 214 Authority, File No. ITC-T/C-20080913-00428, Attach. 1, Exh. A at 1-3 (filed Sept. 13, 2008) (including "CM Tel (USA) LLC Current Ownership Structure" and "CM Tel (USA) LLC Post Transaction Ownership Structure") (2008 CM Tel Transfer of Control Application); CM Tel (USA) LLC, Application for Transfer of Control of Section 214 Authority, File No. ITC-T/C-20080913-00428, Supplement at 2-11 (filed Jan. 5, 2009) (including revised "CM Tel (USA) LLC Post Transaction Ownership Structure"); see also CM Tel (USA) LLC, Application for Authority Pursuant to Section 214 of the Communications Act of 1934, as Amended, for Global Authority to Operate as an International Facilities-Based and Resale Carrier, File No. ITC-214-19990927-00607, Attach. at 2-3, 12 (filed Sept. 27, 1999) (1999 CM Tel International Section 214 Application).

² *International Authorizations Granted; Section 214 Applications (47 C.F.R. § 63.18); Section 310(b)(4) Requests*, File No. ITC-T/C-20080913-00428, Public Notice, DA 09-1030, 24 FCC Rcd 5376, 5379 (2009). Pacific Network filed a notification of the consummation on May 12, 2009. See File No. ITC-T/C-20080913-00428.

³ *International Authorizations Granted; Section 214 Applications (47 C.F.R. § 63.18); Cable Landing License Applications (47 C.F.R. § 1.767); Requests to Authorize Switched Services over Private Lines (47 C.F.R. § 63.16); Section 310(b)(4) Requests*, File No. ITC-214-19990927-00607, Public Notice, DA 99-2328, 14 FCC Rcd 17862, 17864 (1999).

⁴ 2008 CM Tel Transfer of Control Application, Attach. 1, Exh. A at 1; 1999 CM Tel International Section 214 Application, Attach. at 2-3, 12 (referring to an entity, CM Telecom International Limited ("CMTI") as CM Tel's "parent company" and presenting ownership structure).

⁵ Pursuant to the terms of a Sale and Purchase Agreement, the parties contemplated that Pacific Networks would acquire all of the shares of CM Tel. CM Tel (USA) LLC, Application for Transfer of Control of International Section 214 Authority, File No. ITC-T/C-20080913-00428, Attach. 1 at 6 (filed Sept. 13, 2008); CM Tel (USA) LLC, Application for Transfer of Control of International Section 214 Authority, File No. ITC-T/C-20080913-00428, Supplement at 2 (filed Sept. 25, 2008) (stating "CITIC 1616 [Holdings Limited] will acquire CM Tel (USA) LLC through CITIC 1616's indirectly wholly owned subsidiary, Pacific Networks Corp."); *Streamlined Applications Accepted for Filing; Section 214 Applications (47 C.F.R. § 63.18); Section 310(b)(4) Requests*, File No. ITC-T/C-20080913-00428, Public Notice, Report No. TEL-01354S (2009); *International Authorizations*

clarified that it sought consent to transfer control of only part of the international section 214 authority. Specifically, “with respect to the U.S.-China and U.S.-Hong Kong routes, CM Tel [sought] approval to transfer control of only CM Tel’s authority to provide international switched services through the resale of unaffiliated U.S. facilities-based carriers’ international switched services (either directly or indirectly through the resale of another U.S. resale carrier’s international switched services).”⁶ In the April 22, 2009 letter, CM Tel stated its understanding that the Commission will “issue a new section 214 authorization to CM Tel with the foregoing restriction on the U.S.-China and U.S.-Hong Kong routes, and . . . will cancel CM Tel’s current section 214 authorization, effective upon consummation of the transfer of control to [Pacific Networks].”⁷ CM Tel further stated that “[u]pon grant of the above-referenced transfer of control, CM Tel surrenders any portion of its current section 214 authorization that is not transferred to Pacific Networks pursuant to the above terms.”⁸

4. On April 24, 2009, the International Bureau issued a new authorization, ITC-214-20090424-00199, to CM Tel and granted the transfer of control of that authorization from China Motion Telecom International Limited to Pacific Networks, conditioned upon Pacific Networks and CM Tel abiding by the commitments and undertakings set forth in their March 3, 2009 letter to the Department of Homeland Security (DHS) and Department of Justice (DOJ) (collectively, “Executive Branch agencies”).⁹ On May 21, 2009, the International Bureau subsequently issued a Public Notice of the cancellation of international section 214 authorization, ITC-214-19990927-00607.¹⁰ The International Bureau in this Public Notice noted that CM Tel “will continue to provide service pursuant to its section 214 authorization File No. ITC-214-20090424-00199, authorizing the provision of facilities-based and resale service in accordance with section 63.18(e)(1) and (e)(2) of the Commission’s rules, 47 C.F.R. § 63.18(e)(1), (2), between the United States and all permissible foreign points, except China and Hong

Granted; Section 214 Applications (47 C.F.R. § 63.18); Section 310(b)(4) Requests, File No. ITC-T/C-20080913-00428, Public Notice, DA 09-1030, 24 FCC Rcd 5376, 5379 (2009) (2009 CM Tel Public Notice).

⁶ Letter from Joshua T. Guyan, Squire, Sanders & Dempsey L.L.P., to International Bureau, FCC, at 1 (Apr. 22, 2010) (on file in ITC-T/C-20080913-00428; ITC-214-20090424-00199).

⁷ *Id.*

⁸ *Id.* at 1-2.

⁹ 2009 CM Tel Public Notice, 24 FCC Rcd at 5379; Letter from Norman Yuen, Chairman, Pacific Networks Corp., and Fan Wei, Director, CM Tel (USA) LLC, to Stephen Heifetz, Deputy Assistant Secretary for Policy Development, U.S. Department of Homeland Security, and Matthew G. Olsen, Acting Assistant Attorney General, National Security Division, U.S. Department of Justice (Mar. 3, 2009) (on file in ITC-T/C-20080913-00428; ITC-214-20090105-00006) (March 3, 2009 Letter); Department of Homeland Security, Department of Justice, Petition to Adopt Conditions to Authorizations and Licenses, File Nos. ITC-T/C-20080913-00428; ITC-214-20090105-00006 (filed Mar. 30, 2009) (March 30, 2009 Petition to Adopt Conditions). The Public Notice issued for the surrender described the service authorized pursuant to CM Tel’s new authorization rather than the Public Notice for the transfer of control. *International Authorizations Granted; Section 214 Applications (47 C.F.R. § 63.18); Section 310(b)(4) Requests*, File No. ITC-214-19990927-00607, Public Notice, DA No. 09-1114, 24 FCC Rcd 5779, 5784 (2009) (Surrender) (2009 CM Tel Surrender Public Notice).

¹⁰ 2009 CM Tel Surrender Public Notice, 24 FCC Rcd at 5784.

Kong.”¹¹ On March 25, 2010, the International Bureau issued a Public Notice of CM Tel’s name change to ComNet.¹²

5. *Pacific Networks’ International Section 214 Authorization (ITC-214-20090105-00006)*. On September 3, 2008, the International Bureau granted Pacific Networks an international section 214 authorization, ITC-214-20070907-00368, to provide switched resale service between the United States and permissible international points solely by reselling unaffiliated U.S. facilities-based carriers’ international switched services, conditioned upon Pacific Networks abiding by the commitments and undertakings set forth in its September 2, 2008 letter to the Executive Branch agencies.¹³ On January 2, 2009, the International Bureau issued a Public Notice of Pacific Networks’ surrender of its international section 214 authorization, ITC-214-20070907-00368, effective December 23, 2008.¹⁴

6. On April 8, 2009, the International Bureau granted Pacific Networks a new international section 214 authorization, ITC-214-20090105-00006, to provide global or limited global resale service, conditioned upon Pacific Networks and its then-proposed subsidiary CM Tel abiding by the commitments and undertakings set forth in their March 3, 2009 letter to the Executive Branch agencies.¹⁵ Pacific Networks was indirectly controlled by CITIC Group, a Chinese government owned entity.¹⁶ On April 23, 2009, the International Bureau issued a Public Notice correcting the grant to authorize Pacific Networks to provide resale service on all U.S. international routes, except U.S.-China and U.S.-Hong Kong.¹⁷ On the U.S.-China and U.S.-Hong Kong routes, the International Bureau authorized Pacific Networks to “provide switched services solely through the resale of unaffiliated U.S. facilities-based carriers’

¹¹ On the U.S.-China and U.S.-Hong Kong routes, CM Tel is authorized to provide switched services solely through the resale of unaffiliated U.S. facilities-based carriers’ international switched services (either directly or indirectly through the resale of another U.S. resale carrier’s international switched services). 2009 CM Tel Surrender Public Notice, 24 FCC Rcd at 5784.

¹² *International Authorizations Granted; Section 214 Applications (47 C.F.R. § 63.18); Section 310(b)(4) Requests*, File No. ITC-214-20090424-00199, Public Notice, DA 10-499, 25 FCC Rcd 2838, 2841-42 (2010) (Informative). *See also* Letter from Joshua T. Guyan, Squire, Sanders & Dempsey L.L.P., to International Bureau, FCC (Feb. 22, 2010) (on file in ITC-214-20090424-00199).

¹³ *International Authorizations Granted; Section 214 Applications (47 C.F.R. § 63.18); Section 310(b)(4) Requests*, File No. ITC-214-20070907-00368, Public Notice, DA 08-2037, 23 FCC Rcd 13265, 13266 (2008). *See* Department of Homeland Security, Department of Justice, Petition to Adopt Conditions to Authorizations and Licenses, File No. ITC-214-20070907-00368 (filed Sept. 3, 2008) (attaching Letter from Yuen Kee Tong, Chairman, Pacific Networks Corp., to Stewart A. Baker, Assistant Secretary for Policy, U.S. Department of Homeland Security, and Patrick Rowan, Acting Assistant Attorney General for National Security, National Security Division, U.S. Department of Justice (Sept. 2, 2008)).

¹⁴ *International Authorizations Granted; Section 214 Applications (47 C.F.R. § 63.18); Section 310(b)(4) Requests*, File No. ITC-214-20070907-00368, Public Notice, DA 09-2, 24 FCC Rcd 16, 19-20 (2009) (Surrender). *See also* Letter from Joshua T. Guyan, Squire, Sanders & Dempsey L.L.P., to International Bureau, FCC (Dec. 23, 2008) (on file in ITC-214-20070907-00368).

¹⁵ *International Authorizations Granted; Section 214 Applications (47 C.F.R. § 63.18); Section 310(b)(4) Requests*, File No. ITC-214-20090105-00006, Public Notice, DA 09-799, 24 FCC Rcd 4155, 4156 (2009). *See* March 3, 2009 Letter; March 30, 2009 Petition to Adopt Conditions.

¹⁶ Pacific Networks Corp., Application for International Section 214 Authority, File No. ITC-214-20090105-00006, Attach. 2 at 6 and Attach. 2, Exh. A at 1-2 (filed Jan. 5, 2009).

¹⁷ *International Authorizations Granted; Section 214 Applications (47 C.F.R. § 63.18); Section 310(b)(4) Requests*, File No. ITC-214-20090105-00006, Public Notice, DA 09-898, 24 FCC Rcd 6379, 6384 (2009) (Corrections).

international switched services (either directly or indirectly through the resale of another U.S. resale carrier's international switched services)."¹⁸

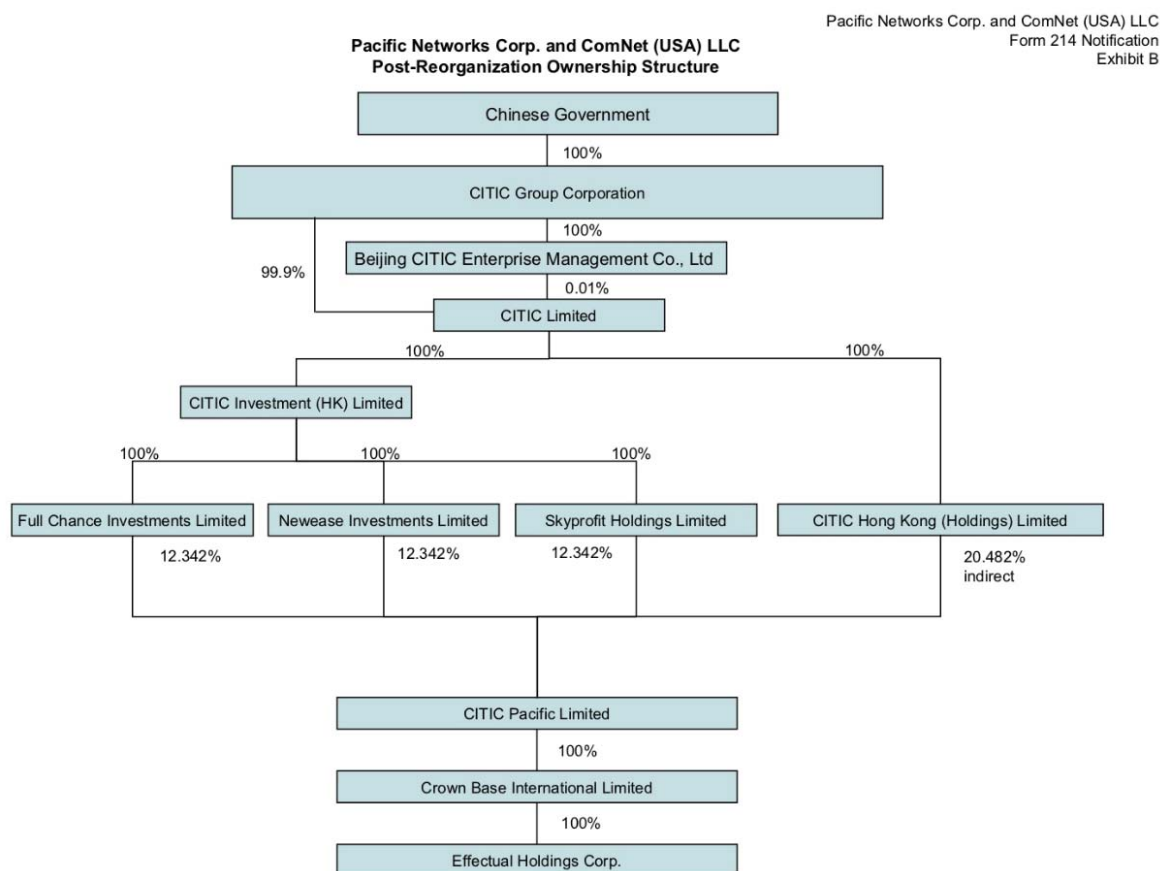
7. On February 23, 2012, the International Bureau issued a Public Notice of a *pro forma* transfer of control of the international section 214 authorizations held by ComNet and Pacific Networks from CITIC Group to CITIC Group Corporation, effective December 27, 2011.¹⁹

¹⁸ *Id.*

¹⁹ *International Authorizations Granted; Section 214 Applications (47 C.F.R. § 63.18); Section 310(b)(4) Requests*, File No. ITC-T/C-20120126-00030, Public Notice, DA 12-258, 27 FCC Rcd 1998, 2000 (2012); *International Authorizations Granted; Section 214 Applications (47 C.F.R. § 63.18); Section 310(b)(4) Requests*, File No. ITC-T/C-20120126-00031, Public Notice, DA 12-258, 27 FCC Rcd 1998, 2001 (2012).

Appendix B

**Pacific Networks Corp. and ComNet (USA) LLC
Post-Reorganization Ownership Structure (filed Jan. 26, 2012)¹**



¹ Pacific Networks Corp., Notification of Pro Forma Transfer of Control of Section 214 Authority, File No. ITC-T/C-20120126-00031, Exh. B (filed Jan. 26, 2012); ComNet (USA) LLC, Notification of Pro Forma Transfer of Control of Section 214 Authority, File No. ITC-T/C-20120126-00030, Exh. B (filed Jan. 26, 2012). A circular issued by CITIC Pacific Limited (currently known as CITIC Limited) on May 14, 2014 presents ownership information pursuant to an acquisition by CITIC Pacific Limited of 100% of the total issued share capital of CITIC Limited from CITIC Group Corporation and CITIC Enterprise Management. *See* CITIC Pacific Limited, Circular – (1) Very Substantial Acquisition and Connected Transaction (2) Proposed Issue of the Consideration Shares and the Specific Mandate for the Issue of the Placing Shares (3) Proposed Change of Company Name and Corresponding Amendment to the Articles of Association (4) Re-election of a Director and Notice of Extraordinary General Meeting (May 14, 2014), <https://www1.hkexnews.hk/listedco/listconews/sehk/2014/0514/ltm20140514244.pdf>.

**Pacific Networks Corp. and ComNet (USA) LLC
Post-Reorganization Ownership Structure**

Pacific Networks Corp. and ComNet (USA) LLC
Form 214 Notification
Exhibit B

