



PUBLIC NOTICE

Federal Communications Commission
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News Media Information 202 / 418-0500
Internet: <https://www.fcc.gov>

DA 21-707
Released: June 16, 2021

DOMESTIC SECTION 214 APPLICATION GRANTED FOR THE TRANSFER OF CONTROL OF APPSMART TGN, INC. (F/K/A TELEGRATION, INC.) TO APPDIRECT, INC.

WC Docket No. 20-229

By this Public Notice, the Wireline Competition Bureau (Bureau) grants, as conditioned, the application filed by AppSmart TGN, Inc. (f/k/a Telegration, Inc.) (Telegration), Denis V. Raue, and AppDirect, Inc. (AppDirect) (collectively, Applicants), pursuant to section 214 of the Communications Act of 1934, as amended (Act), and sections 63.03-04 of the Commission's rules, seeking approval for the transfer of control of Telegration from Mr. Raue to AppDirect that occurred on or around August 30, 2019.¹ Applicants consummated this transaction without prior authorization from the Commission.²

On December 9, 2020, the Bureau released a public notice seeking comment on the Application.³ The Bureau did not receive comments or petitions in opposition to the Application.

Telegration, a Delaware corporation and direct subsidiary of AppSmart Agent, provides competitive interstate and intrastate long-distance services in Michigan, Ohio, Illinois, Wisconsin, Florida, and New York.⁴ AppDirect, a Delaware corporation, provides cloud management services in the United States.⁵ AppDirect wholly owns AppSmart Inc. (AppSmart), which, in turn, wholly owns

¹ See 47 U.S.C. § 214; 47 CFR §§ 63.03-04; Application of Dennis V. Raue, AppDirect, Inc., and AppSmart TGN, Inc. f/k/a Telegration, Inc. for Consent to Transfer Control of Domestic Section 214 Holder, WC Docket No. 20-229 (filed July 10, 2020) (Application). Applicants also filed an application for the transfer of authorizations associated with international authorizations, ITC-T/C-20200710-00115. On August 13, 2020, October 16, 2020, December 1, 2020, and March 5, 2021, Applicants filed supplements to their domestic section 214 application. Any action on this domestic section 214 application is without prejudice to Commission action on other related, pending applications.

² An unauthorized transfer of control of Telegration occurred when Mr. Raue, a U.S. citizen who previously wholly owned Telegration, sold all of his shares to AppSmart Agent Services, Inc. (AppSmart Agent), an indirect wholly owned subsidiary of AppDirect. On August 26, 2020, WCB granted Applicants' initial request for special temporary authority (STA) to allow Telegration to provide uninterrupted service to customers during the pendency of the Application. Letter from Stephanie Weiner, Counsel to AppDirect, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 20-229 (filed July 10, 2020) (on file in WC Docket No. 20-229). On October 26, 2020, December 17, 2020, March 4, 2021, April 16, 2021, and June 15, 2021, the Bureau granted Applicants' request for an extension of the STA. A grant of the domestic section 214 application is without prejudice to any enforcement action by the Commission for non-compliance with the Act or the Commission's rules.

³ *Domestic Section 214 Application Filed for the Transfer of Control of AppSmart TGN, Inc. (f/k/a Telegration, Inc.) to AppDirect, Inc.*, WC Docket No. 20-229, Public Notice, 35 FCC Rcd 14170 (WCB 2020) (Public Notice).

⁴ Application at 3.

⁵ *Id.* at 4.

AppSmart Agent, both Delaware corporations that do not provide telecommunications services.⁶ Applicants state that several Delaware entities and Canadian citizens hold a 10% or greater interest in AppDirect.⁷

Pursuant to Commission practice, the Applications were referred to the relevant Executive Branch agencies for their reviews on any national security, law enforcement, foreign policy, or trade policy concerns related to the foreign ownership of the Applicants.⁸ On December 16, 2020, the Committee for the Assessment of Foreign Participation in the United States Telecommunications Services Sector (Committee) notified the Commission that it was reviewing the Application for any national security and law enforcement concerns that may be raised by foreign participation in the United States telecommunications services sector and requested that the Commission defer action on the Application.⁹ We deferred action in response to this request from the Committee. On February 22, 2021, the Committee notified the Commission that the Applicant had provided complete responses to initial questions posed by the Committee and that the Committee was conducting an initial review to assess whether granting the Application would pose a risk to the national security or law enforcement interests of the United States.¹⁰

On June 11, 2021, the National Telecommunications and Information Administration (NTIA) submitted a Petition to Adopt Conditions to Authorization and License (Petition) on behalf of the Committee.¹¹ In the Petition, NTIA advises the Commission that it has no objection to the Commission granting the Application “provided that the Commission conditions its consent on compliance with the June 1, 2021, [letter of agreement] LOA” attached to the Petition.¹²

In accordance with the request of NTIA and in the absence of any objection from the Applicants, we grant the Petition, and, accordingly, we condition grant of the Application on compliance by the Applicants with the commitments and undertakings set out in the Letter of Agreement that apply to the Application.¹³ A failure to comply with and/or remain in compliance with any of the provisions of the

⁶ *Id.*

⁷ See Letter from Henry Shi, Counsel for AppDirect, Inc., to Marlene H. Dortch, Secretary, FCC, WC Docket No. 20-229, ITC-T/C-20200710-00115 (filed Mar. 25, 2021) (updating minor changes to respective ownership percentages and stating that the information supersedes the 10% or greater direct and indirect ownership information previously provided). Applicants state that neither they nor their owners hold a 10% or greater interest in any other domestic telecommunications service provider. Letter from Henry Shi, Counsel to AppDirect, Inc., to Marlene H. Dortch, Secretary, FCC, WC Docket No. 20-229, ITC-T/C-20200710-00115, at 2 (filed Oct. 16, 2020).

⁸ Public Notice, 35 FCC Rcd at 14171.

⁹ Letter from Lee Licata, U.S. Department of Justice, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 20-229; ITC-T/C-20200710-00115 at 1 and Attach. 1 (Notification from Chair) (filed Dec. 16, 2020) (on file in WC Docket No. 20-229).

¹⁰ Letter from Lee Licata, U.S. Department of Justice, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 20-229; ITC-T/C-20200710-00115 (filed Feb. 22, 2021) (on file in WC Docket No. 20-229).

¹¹ Petition to Adopt Conditions to Authorization and License, WC Docket No. 20-229; ITC-T/C-20200710-00115 (filed Jun. 11, 2021) (on file in WC Docket No. 20-229).

¹² *Id.* at 2.

¹³ *Applications of T-Mobile US, Inc. and Sprint Corporation for Consent to Transfer Control of Licenses and Authorizations, et al.*, WT Docket 18-197, Memorandum Opinion and Order, Declaratory Ruling, and Order of Proposed Modification, 34 FCC Rcd 10578, 10732-33, para. 349 (2019); *Rules and Policies on Foreign Participation in the U.S. Telecommunications Market; Market Entry and Regulation of Foreign-Affiliated Entities, Report and Order and Order on Reconsideration*, 12 FCC Rcd 23891, 23918-21, paras. 59-66 (1997), recon. denied, 15 FCC Rcd 18158 (2000) (in opening the U.S. telecommunications market to foreign entry in 1997, the Commission affirmed that it would consider national security, law enforcement, foreign policy, and trade policy concerns related to reportable foreign ownership as part of its overall public interest review of applications for

(continued....)

Letter of Agreement shall constitute a failure to meet a condition of these authorizations and the underlying authorizations and licenses and thus grounds for declaring the underlying authorizations and licenses terminated without further action on the part of the Commission. Failure to meet a condition of these authorizations may also result in monetary sanctions or other enforcement action by the Commission.

We find, upon consideration of the record, that the proposed transfer will serve the public interest, convenience, and necessity.¹⁴ This grant of the Application and Petition is conditioned as set out in this Public Notice.

Pursuant to sections 214 of the Act, 47 U.S.C. §§ 214 and sections 0.91, 0.291, 63.03, and 63.04 of the Commission's rules, 47 CFR §§ 0.91, 0.291, 63.03, and 63.04, we grant the Application and the Petition with the condition described above. Pursuant to section 1.103 of the Commission's rules, 47 CFR § 1.103, the consent granted herein is effective upon the release of this Public Notice. Petitions for reconsideration under section 1.106 or applications for review under section 1.115 of the Commission's rules, 47 CFR §§ 1.106, 1.115, may be filed within 30 days of the date of this Public Notice.

For further information, please contact Gregory Kwan, Wireline Competition Bureau, (202) 418-1191.

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international section 214 authority, submarine cable landing licenses, and declaratory rulings to exceed the foreign ownership benchmarks of section 310(b) of the Act)).

¹⁴ See 47 U.S.C. § 214(a); 47 CFR § 63.03.