

Media Contact:

Will Wiquist
will.wiquist@fcc.gov

For Immediate Release

FCC REVOKES PACIFIC NETWORKS' AND COMNET'S AUTHORITY TO PROVIDE TELECOM SERVICES IN AMERICA

WASHINGTON, March 16, 2022—The Federal Communications Commission adopted an Order ending the ability of Pacific Networks Corp. and its wholly-owned subsidiary, ComNet (USA) LLC, to provide domestic interstate and international telecommunications services within the United States. The Order on Revocation and Termination directs the companies to discontinue any domestic or international services that they provide pursuant to their section 214 authority within sixty days following the release of the Order. Based on input from Executive Branch agencies, thorough review of the companies' responses in this proceeding, the public record, and the FCC's public interest analysis under the law, the Commission finds that today's action safeguards the nation's telecommunications infrastructure from potential security threats.

In March 2021, the Commission found that Pacific Networks and ComNet had failed to dispel serious concerns regarding their retention of their authority to provide telecommunications services in the United States. The Commission thus adopted procedures that allowed for Pacific Networks and ComNet, the Executive Branch agencies, and the public to present any remaining arguments or evidence in the matter.

Today, based on the FCC's public interest analysis and the totality of the extensive record, the Commission finds that the present and future public interest, convenience, and necessity is no longer served by the companies' retention of their section 214 authority.

- *First*, the Order finds that the companies are U.S. subsidiaries of a Chinese state-owned entity, and therefore they are subject to exploitation, influence, and control by the Chinese government and are highly likely to be forced to comply with Chinese government requests without sufficient legal procedures subject to independent judicial oversight.
- *Second*, given the changed national security environment with respect to China since the Commission authorized the companies to provide telecommunications services in the United States, the Order finds that the companies' ownership and control by the Chinese government raise significant national security and law enforcement risks by providing opportunities for the companies, their parent entities and affiliates, and the Chinese government to access, monitor, store, and in some cases disrupt and/or misroute U.S. communications, which in turn allow them to engage in espionage and other harmful activities against the United States.
- *Third*, independent of these concerns, the companies' conduct and representations to the Commission and Congress demonstrate a lack of trustworthiness and reliability that erodes the baseline level of trust that the Commission and other U.S. government

agencies require of telecommunications carriers given the critical nature of the provision of telecommunications service in the United States.

- *Fourth*, given the record evidence, the Order finds that further mitigation would not address these significant national security and law enforcement concerns. The Order therefore revokes the companies' domestic and international section 214 authority.
- *Fifth*, separate and apart from revocation, the Order finds that the companies violated the 2009 Letter of Assurances with the Executive Branch agencies, compliance with which is an express condition of the Companies' international section 214 authorizations. The Order therefore terminates the Companies' international section 214 authorizations.
- *Sixth*, given the record evidence of significant national security and law enforcement risks concerning the companies' section 214 authority, the Order will reclaim the two International Signaling Point Codes that were provisionally assigned to ComNet in 2001 and in 2003, sixty days from the release date of the Order.

The Commission will seek to raise consumer awareness by issuing a consumer guide in English, Simplified Chinese, and Traditional Chinese on the Commission's website, advising ComNet's customers of the Commission's decision and raising awareness of other options for calling card services.

Action by the Commission March 16, 2022 by Order on Revocation and Termination (FCC 22-22). Chairwoman Rosenworcel, Commissioners Carr, Starks, and Simington approving. Chairwoman Rosenworcel, Commissioners Carr and Starks issuing separate statements.

GN Docket No. 20-111, ITC-214-20090105-00006, ITC-214-20090424-00199

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