FCC NEWS from the Federal Communications Commission

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For Immediate Release

FCC TAKES ENFORCEMENT ACTION AGAINST TRUPHONE FOR FAILING TO ACCURATELY DISCLOSE FOREIGN OWNERSHIP STAKE BY DUAL RUSSIAN/CYPRIOT NATIONALS

WASHINGTON, April 21, 2022—The Federal Communications Commission proposed a fine of $660,639 against Truphone, Inc. for apparently exceeding statutory limits for ownership by foreign individuals or entities holding equity or voting interests in FCC-issued licenses without Commission approval. Over several years, the ownership of Truphone and control of its FCC licenses were transferred repeatedly to foreign individuals and entities without accurate disclosure to and review by the Commission as required by law.

As a result of Truphone's actions, control of its FCC licenses and international section 214 authorization passed to foreign entities that were not vetted for compliance with the Commission's rules or subject to review by Executive Branch agencies for national security, law enforcement, foreign policy, or trade policy concerns. Should the company file updated, accurate information, the FCC will review any such filing and determine whether to refer the matter for review to the Committee for the Assessment of Foreign Participation in the United States Telecommunications Services Sector, known informally as Team Telecom.

Commission approval must be obtained before foreign ownership of a U.S.-organized entity that controls a common carrier radio station license exceeds 25 percent of the U.S. entity's equity or voting interests. Further, even after a foreign ownership ruling to exceed these statutory limits is granted, prior approval is required before any additional foreign individual or entity not previously approved by the Commission acquires more than a five percent or greater direct or indirect equity or voting interest in the entity. Truphone failed to accurately report its ownership structure and obtain prior approval before vesting control of the company in its current owners, and also failed to obtain Commission approval before an unvetted foreign individual/entity acquired more than five percent of Truphone. Truphone's apparent violations reflect the repeated and ongoing nature of the company's cavalier attitude toward FCC rules and screening mechanisms to determine national security and law enforcement risks associated with foreign investment.

The Commission takes compliance with foreign ownership disclosure requirements seriously. In several recent cases, the Commission has found that foreign ownership of telecommunications companies providing services in the United States may pose national security or law enforcement risks. As such, it is critical that the FCC have accurate information about ownership structure to better ensure the security of U.S. communications and infrastructure.

In addition to the proposed fine, the Commission is also requiring that Truphone promptly file corrective transfer of control applications as necessary and amend its pending Petition for Declaratory Ruling. Today's proposed action, formally called a Notice of Apparent Liability for Forfeiture, or NAL, contains only allegations that advise a party on how it has apparently violated the law and may set forth a proposed monetary penalty. The Commission may not impose a greater monetary penalty in this case than the amount proposed in the NAL. Neither the allegations nor the proposed sanctions in the NAL are final Commission actions. The party will be given an opportunity to respond and the Commission will consider the party's submission of evidence and legal arguments before acting further to resolve the matter.

Action by the Commission April 21, 2022 by Notice of Apparent Liability for Forfeiture (FCC 22-30). Chairwoman Rosenworcel, Commissioners Carr, Starks, and Simington approving. Chairwoman Rosenworcel and Commissioner Starks issuing separate statements.

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