



2. It is axiomatic that the Commission needs accurate information in order to carry out its work, and this is especially true with regard to compliance with foreign ownership disclosures. In several recent cases the Commission has found that foreign ownership of telecommunications companies providing services in the United States may pose a risk to national security, law enforcement interests, or the safety of U.S. persons.<sup>4</sup> As such it is critical that the FCC have accurate information about ownership structure to better ensure the security of U.S. communications.

## II. BACKGROUND

3. *Legal Background.* Section 310(b)(4) of the Act establishes a 25 percent limit on ownership by foreign individuals, corporations, and governments in U.S.-organized entities that directly or indirectly control, *inter alia*, common carrier radio station licensees.<sup>5</sup> Pursuant to section 310(b)(4), the Commission may permit higher levels of foreign equity or voting interest in a Commission licensee if it determines that such higher levels are consistent with the public interest, which includes assessing, with the assistance and expertise of the Executive Branch, whether approval of the increase is consistent with U.S. national security, law enforcement, foreign policy, and trade policy concerns.<sup>6</sup> The Commission has adopted rules governing the procedures and setting the conditions for obtaining the Commission's prior approval of transactions involving entities seeking to hold equity or voting interests exceeding the 25 percent limits.<sup>7</sup> Commission approval must be obtained before direct or indirect aggregate 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 interests and/or 25 percent of its voting interests. Further, even after a U.S.-organized entity controlling a licensee is granted a foreign ownership ruling to exceed the statutory limits in section 310(b)(4), prior Commission approval has been required since adoption of the *2013 Foreign Ownership Order* before any foreign individual or entity not previously approved by the Commission acquires, directly or indirectly more than a five percent or greater direct or indirect equity or voting interest in the entity.<sup>8</sup>

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<sup>4</sup> See, e.g., *Pacific Networks Corp. and ComNet (USA) LLC*, GN Docket No. 20-111, Order of Revocation and Termination, FCC 22-22 (Mar. 16, 2022); *China Unicom (Americas) Operations Limited*, GN Docket No. 20-110, Order on Revocation, FCC 22-9, (Jan. 27, 2022); *China Telecom (Americas) Corporation*, GN Docket No. 20-109, Order on Revocation and Termination, FCC 21-114 (Oct. 26, 2021).

<sup>5</sup> 47 U.S.C. § 310(b)(4).

<sup>6</sup> The Commission has explained that the 310(b)(4) review process enables the Commission to review foreign entities and individuals acquiring interests in U.S. common carrier radio station license holders for risks to competition, particularly in situations where the applicant has an affiliation with a foreign carrier with market power on the foreign end of the route that may be able to leverage that market power to discriminate against U.S. competitors to the detriment of U.S. consumers. *Rules and Policies on Foreign Participation in the U.S. Telecommunications Market*, Report and Order and Order on Reconsideration, 12 FCC Rcd 23891 (1997) (*Foreign Participation Order*); Order on Reconsideration, 15 FCC Rcd 18158 (2000). The Commission also considers national security, law enforcement, foreign policy and trade policy concerns in its public interest review of an application and will seek input from the Executive Branch on these issues. *Foreign Participation Order* at 23918-21, paras. 61-66. See also *Process Reform for Executive Branch Review of Certain FCC Applications and Petitions Involving Foreign Ownership*, Report and Order, 35 FCC Rcd 10927 (2020) (*Executive Branch Review Order*).

<sup>7</sup> 47 CFR §§ 1.5000-1.5004. See *Review of Foreign Ownership Policies for Common Carrier and Aeronautical Radio Licenses Under Section 310(b)(4) of the Communications Act of 1934 as Amended*, Second Report and Order, 28 FCC Rcd 5741 (2013) (*2013 Foreign Ownership Order*) (adopting rules for foreign ownership rulings for common carrier and aeronautical licensees); see also *Review of Foreign Ownership Policies for Broadcast, Common Carrier and Aeronautical Radio Licensees under Section 310(b)(4) of the Communications Act of 1934, as Amended*, Report and Order, 31 FCC Rcd 11271 (2016) (*2016 Foreign Ownership Order*) (extending the foreign ownership rules to broadcast licensees and moving the rules to 47 CFR §§ 1.5000-1.5004). Before the adoption of rules in the *2013 Foreign Ownership Order*, foreign ownership declaratory rulings were issued on a case-by-case basis with language and conditions specific to the particular petition.

4. Section 310(d) of the Act provides that no radio licenses “shall be transferred, assigned, or disposed of in any manner, voluntarily or involuntarily, directly or indirectly, or by transfer of control of any corporation holding [the] license,” unless the license holder applies for Commission authority to transfer the license, and the Commission finds that the transfer is in the “public interest, convenience, and necessity.”<sup>9</sup>

5. Section 214(a) of the of the Act requires telecommunications carriers to obtain a certificate of public convenience and necessity before constructing, extending, acquiring, or operating any line, or engaging in transmission over that line.<sup>10</sup> While the Commission has forbore from applying its domestic 214 authority to commercial mobile radio service (CMRS) carriers,<sup>11</sup> any carrier that provides common carrier services between the United States and a foreign point must request and receive such authority by application to the Commission pursuant to section 63.18 of the Commission’s rules.<sup>12</sup> Through this process, the applicant provides the Commission with, among other things, contact information, ownership information, information on any affiliations it may have with foreign carriers, certification that it will comply with Commission rules, and certification that the applicant is not subject to denial of federal benefits pursuant to the Anti-Drug Abuse Act of 1988.<sup>13</sup> A carrier may apply for Special Temporary Authority relating to temporary or emergency services under a section 214 authorization pursuant to section 63.25 of the Commission’s rules.<sup>14</sup> Under section 63.24 of the Commission’s rules, control of an international section 214 authorization, other than a *pro forma* transfer of control, may be transferred to another party only by application and after prior Commission approval.<sup>15</sup>

6. *Factual Background.* Truphone is a Delaware corporation and the sole owner of Smartcall, LLC (Smartcall).<sup>16</sup> In turn, Smartcall is the sole owner of iSmart Mobile, LLC (iSmart).<sup>17</sup> iSmart holds a PCS broadband license in Butte, Montana (call sign WPSJ976) that is a common carrier radio station license and thus subject to the requirements of section 310(b) of the Act. In addition, iSmart holds two

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<sup>8</sup> *2013 Foreign Ownership Order*, 28 FCC Rcd at 5786-87, para. 83. See also 47 CFR §1.5004(a)(1) ([T]he 100 percent aggregate allowance “is subject to the requirement that the licensee seek and obtain Commission approval before any foreign individual, entity, or ‘group’ not previously approved acquires, directly and/or indirectly, more than 5 percent of the U.S. parent’s outstanding capital stock (equity) and/or voting stock, or a controlling interest[.]”).

<sup>9</sup> 47 U.S.C. § 310(d).

<sup>10</sup> 47 U.S.C. § 214(a).

<sup>11</sup> See *Implementation of Sections 3(n) and 332 of the Communications Act, Regulatory Treatment of Mobile Services*, Second Report and Order, 9 FCC Rcd 1411, 1480-81, para. 182 (1994).

<sup>12</sup> 47 CFR § 63.18. As with the 310(b) process discussed above in note 6, the international section 214 authorization review process enables the Commission to review applications for risks to competition, particularly in situations where the applicant has an affiliation with a foreign carrier with market power on the foreign end of the route that may be able to leverage that market power to discriminate against U.S. competitors to the detriment of U.S. consumers. *Foreign Participation Order*, 12 FCC Rcd 23891. The Commission also considers national security, law enforcement, foreign policy and trade policy concerns in its public interest review of an application and will seek input from the Executive Branch on these issues. *Id.* at 23918-21, paras. 61-66. See also *Executive Branch Review Order*, 35 FCC Rcd 10927.

<sup>13</sup> See 47 CFR § 63.18.

<sup>14</sup> 47 CFR § 63.25.

<sup>15</sup> 47 CFR § 63.24(a). A *pro forma* transfer of control does not require prior Commission approval, but the carrier is required to notify the Commission of the transfer within 30 days of the transfer. 47 CFR §§ 63.24(f).

<sup>16</sup> LOI Response at 1.

<sup>17</sup> *Id.*

fixed microwave industrial business pool licenses (call signs WRDX252 and WRDX253) that are not common carrier radio licenses and thus not subject to the requirements of section 310(b) of the Act. Truphone also holds an international section 214 authorization.<sup>18</sup>

7. Truphone's ownership and reports regarding its ownership have changed over time. Truphone, Ltd., a privately held limited company organized under the laws of England and Wales, is the direct parent of Truphone. On October 20, 2011, Truphone filed a Petition for Declaratory Ruling (PDR) requesting a ruling to allow Vollin Holdings Ltd. (Vollin) to acquire a 58 percent ownership interest in Truphone, Ltd. in a funding transaction scheduled to conclude on October 25, 2011.<sup>19</sup> The 2011 PDR stated that Vollin is wholly owned by Whiteclif Enterprises Ltd. (Whiteclif), both of which are organized in the British Virgin Islands.<sup>20</sup> On November 2, 2011, while the 2011 PDR was pending before the Commission, Vollin acquired a controlling 58.81 percent equity and voting interest in Truphone without prior Commission approval. On November 7, 2011, Truphone filed applications for the transfer of control of Truphone's international section 214 authorization and the PCS license held by iSmart, which occurred on November 2, 2011, without the required Commission consent for the prior acquisition by Vollin.<sup>21</sup> On December 14, 2011, Truphone notified the Commission that Whiteclif was wholly owned by two Russian citizens, Alexander Abramov (greater than 50 percent interest) and Alexander Frolov (less than 50 percent interest).<sup>22</sup> While the 2011 Intl. Section 214 and PCS Transfer of Control Applications and 2011 PDR were pending, Vollin increased its holdings in Truphone Ltd. - first to 68.63 percent<sup>23</sup> and then to 75.39 percent without notice to the Commission or amendments to its pending applications.<sup>24</sup> On September 9, 2012, the Commission granted the 2011 Intl. Section 214 Transfer of Control Application and 2011 PDR.<sup>25</sup> The ruling in the 2011 PDR was conditioned on compliance with an August 22, 2012 letter outlining commitments Truphone and Truphone Ltd. made to the United States Department of Justice to address national security and law enforcement concerns.<sup>26</sup> The 2011 PDR allowed Truphone Ltd. to hold up to 100 percent of Truphone; Vollin and Whiteclif to hold up to 75.39 percent equity and

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<sup>18</sup> ITC-214-20081112-00494 (Intl. Sec. 214 granted Mar. 23, 2009).

<sup>19</sup> IBFS File No.: ISP-PDR-20111020-00011 at 2 (2011 PDR).

<sup>20</sup> *Id.* at 3.

<sup>21</sup> FCC ITC-T/C-20111107-00349 (2011 Intl. Section 214 Transfer of Control Application); ULS File No.: 0004928994 (PCS transfer of control application for WPSJ676). The iSmart microwave licenses, WRDX252 and WRDX253, were not licensed at that time.

<sup>22</sup> Letter from Thomas Bardo, Esq., Nelson Mullins Riley & Scarborough, counsel for Truphone, Inc. to Marlene H. Dortch, Secretary, FCC (Dec. 14, 2011) (on file in IBFS File Number: ISP-PDR20111020-00011 and ITC-T/C-20111107-00349).

<sup>23</sup> Letter from Thomas Bardo, Esq., Nelson Mullins Riley & Scarborough, counsel for Truphone, Inc. to Marlene H. Dortch, Secretary, FCC (Jun. 4, 2012) (on file in IBFS File Number: ISP-PDR20120913-00005 and ITC-T/C-20111107-00349).

<sup>24</sup> Letter from Thomas Bardo, Esq., Nelson Mullins Riley & Scarborough, counsel for Truphone, Inc. to Marlene H. Dortch, Secretary, FCC (Jul. 9, 2012) (on file in IBFS File Number: ISP-PDR20120913-00005 and ITC-T/C-20111107-00349).

<sup>25</sup> International Authorizations Granted, Rep. No. TEL-01576, Public Notice, 27 FCC Rcd 10884, 10885, 10887 (IB 2012) (2011 Grant).

<sup>26</sup> Letter from Gregory Mappedoram, General Counsel, Truphone Ltd., to Lisa Monaco, Assistant Attorney General, National Security Division, U.S. Dept. of Justice (Aug. 22, 2012) (on file in File No.: ISPPDR2011102000011).

voting interests; and, Alexander Abramov and Alexander Frolov up to 75.39 percent equity and voting interests in Truphone Ltd. through their respective interests in Whiteclif.<sup>27</sup>

8. On September 13, 2012, Truphone filed another PDR seeking approval to increase the ownership interests of Vollin up to 82.66 percent of Truphone Ltd.<sup>28</sup> The increase was scheduled to happen through three funding rounds on September 14, 2012; January 2, 2013; and March 14, 2013.<sup>29</sup> In the 2012 PDR, Truphone noted that Vollin held a 77.45 percent interest in Truphone Ltd.<sup>30</sup> On September 14, 2012, without prior Commission approval, Vollin increased its ownership in Truphone Ltd. to 80.59 percent. Vollin stated it planned to increase its ownership interest in Truphone Ltd. to 82.27 percent on January 2, 2013, and to 82.66 percent on March 14, 2013.<sup>31</sup> On December 26, 2012, the Commission granted the 2012 PDR.<sup>32</sup> The ruling in the 2012 PDR allowed Truphone Ltd. to hold up to 100 percent of Truphone; Vollin and Whiteclif to hold up to 82.66 percent equity and voting interests; and Alexander Abramov and Alexander Frolov up to 82.66 percent equity and voting interests through their respective interests in Whiteclif.<sup>33</sup> The ruling also allowed Truphone to have an additional 25 percent aggregate foreign ownership but required Truphone to obtain Commission approval before either Alexander Abramov or Alexander Frolov increased their equity or voting interests in Truphone.<sup>34</sup>

9. In 2013, Truphone notified the Commission that Minden Worldwide Limited, a British Virgin Islands company, purchased a 23.97 percent interest in Truphone Ltd., pursuant to the terms of the 2012 declaratory ruling.<sup>35</sup> This investment diluted the Vollin ownership interest in Truphone Ltd. to 60.90 percent.<sup>36</sup>

10. In 2019, Truphone filed another PDR seeking to add another entity to Truphone's ownership structure and reported that in preparing the filing it discovered that its prior ownership reports were

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<sup>27</sup> 2011 Grant at 10885 (“Specifically, this ruling permits SmartCall and iSmart to be owned indirectly, through their controlling U.S. parent, [Truphone], by Truphone [Ltd.] (individually, up to and including 100% of the equity and voting interests); Vollin and Whiteclif (individually and collectively, up to and including 75.39% of the equity and voting interests); and Alexander Abramov and Alexander Frolov (collectively, up to and including 75.39% of the equity and voting interests through their respective interests in Whiteclif.”).

<sup>28</sup> IBFS File No.: ISP-PDR-20120913-00005 (2012 PDR).

<sup>29</sup> *Id.* at 2.

<sup>30</sup> *Id.* at 2 & n.1.

<sup>31</sup> *Id.* at 2.

<sup>32</sup> International Authorizations Granted, Rep. No. TEL-01596, Public Notice, 27 FCC Rcd 16050, 16051 (IB 2012).

<sup>33</sup> *Id.* (“Specifically, this ruling permits SmartCall and iSmart to be owned indirectly, through their controlling U.S. parent, [Truphone], by Truphone [Ltd.] (individually, up to and including 100% of the equity and voting interests); Vollin and Whiteclif (individually and collectively, up to and including 82.66% of the equity and voting interests); and Alexander Abramov and Alexander Frolov (collectively, up to and including 82.66% of the equity and voting interests through their respective interests in Whiteclif.”).

<sup>34</sup> *Id.* (“This ruling also authorizes SmartCall and iSmart to have up to and including an additional, aggregate 25 percent indirect equity and/or voting interests from other foreign investors without seeking prior Commission approval under section 310(b)(4) subject to the requirements that SmartCall and iSmart obtain Commission approval before any such foreign investor acquires individually an indirect equity and/or voting interest in excess of 25 percent and before aggregate indirect foreign investment from non-WTO Member countries exceeds 25 percent. SmartCall and iSmart shall also obtain Commission approval before either Mr. Abramov or Mr. Frolov increases his existing equity and/or voting interest in SmartCall or iSmart.”).

<sup>35</sup> Letter from Thomas Bardo, Esq., Nelson Mullins Riley & Scarborough, counsel for Truphone, Inc. to Marlene H. Dortch, Secretary, FCC (Feb. 12, 2013) (on file in IBFS File Number: ISP-PDR20120913-00005).

<sup>36</sup> See IBFS File No.: ISP-PDR-20191226-00010 at 2, <http://licensing.fcc.gov/myibfs/> (2019 PDR).

inaccurate.<sup>37</sup> Truphone corrected its 2011 and 2012 reports to reflect that Whiteclif is (and had been) wholly owned by Redrock Group Ltd., a British Virgin Islands-registered company.<sup>38</sup> Redrock Group Ltd. is, in turn, wholly owned by two entities, Dapore Holding Ltd. (66.7 percent) and Elpins Co. Ltd. (33.3 percent), both of which are investment holding companies organized in Cyprus.<sup>39</sup> Dapore Holdings Ltd. is owned by the Dapore Trust which is an irrevocable investment trust organized under the laws of Cyprus for the benefit of Alexander Abramov, who is a citizen of Russia and Cyprus, and his family members.<sup>40</sup> Elpins Co. Ltd. is owned and controlled by the Elpins Trust, which is an irrevocable investment trust organized under the laws of Cyprus for the benefit of Alexander Frolov, who is a citizen of Russia and Cyprus, and his family members.<sup>41</sup> In the 2019 PDR, Truphone also reported that as a result of stock transactions between 2013 and 2019, Vollin owned 72 percent of Truphone Ltd. and that Minden Worldwide Limited owned 22.75 percent.<sup>42</sup>

11. In response to the Enforcement Bureau's LOI, Truphone provided new details regarding the trusts.<sup>43</sup> In particular, both the Dapore and Elpins Trusts were formed in 2005<sup>44</sup> and predated Truphone's 2011 and 2012 ownership reports.<sup>45</sup> In addition, the voting rights associated with both Trusts are held by Imperium Trustees Ltd. (ITL) as trustee.<sup>46</sup> ITL is a Cypriot company regulated by the Cyprus Bar Association, and its director and sole shareholder is Imperium Nominees Limited (INL), a Cyprus company.<sup>47</sup> The shareholders of INL, in turn, are Stathis Lemis, Theophanis Philippou, Elsa Anastasiades, and Theano Anastasiades, and are all citizens of Cyprus.<sup>48</sup>

12. On March 16, 2022, Truphone notified the Commission that it had made further changes to its ownership structure.<sup>49</sup> Specifically, the Company informed the Enforcement Bureau that the Dapore Trust was amended on March 5, 2022, to remove Alexander Grigorievich Abramov and Natalia Abramov as trust beneficiaries, and that the Elpins Trust was amended to remove Alexander Vladimirovich as a trust beneficiary.<sup>50</sup> Truphone stated that Minden Worldwide Limited, which holds 22.8 percent interest in

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<sup>37</sup> 2019 PDR at 3.

<sup>38</sup> *Id.* at 3.

<sup>39</sup> *Id.*

<sup>40</sup> *See* 2019 PDR at 3-4.

<sup>41</sup> *Id.*

<sup>42</sup> *Id.* In the LOI Response Truphone clarified that as of April 29, 2021, Vollin owned 72.46 percent, Minden owned 22.77 percent and that the remaining 4.77 percent of Truphone's indirect equity and voting interests is held by individuals and entities none of which own a 5 percent or more interest in Truphone Ltd. (the corporate parent of Truphone Inc., the U.S. parent of the licensee). LOI response at 5, Exhibit 8.

<sup>43</sup> *See infra* note 2.

<sup>44</sup> LOI Response at 14, 17.

<sup>45</sup> *Id.* at 3.

<sup>46</sup> LOI Response, Letter of Rachel Chapman, General Counsel and Co-Secretary, Truphone Ltd. The trustee may appoint the majority of Vollin's Limited Board which controls the voting rights in Truphone Limited.

<sup>47</sup> Response to LOI at 15, 18.

<sup>48</sup> Response to LOI at 14-20. ITL is indirectly owned in equal shares by the following four partners in the Cyprus law firm of Nicos Chr. Anastasiades & Partners LLC: Stathis Lemis, Theophanis Philippou, Elsa Anastasiades, and Theano Anastasiades. *Id.* at 15, 18. The LOI Response recites various trust provisions such that the trustees (who are not related to the beneficiaries) are to operate independently of the beneficiaries. *Id.* at 14-20.

<sup>49</sup> Letter from Thomas Bardo, Esq., Nelson Mullins Riley & Scarborough, counsel for Truphone, Inc. to Jeffrey Gee, Chief, Investigations and Hearings Division, FCC Enforcement Bureau at 1 (Mar. 16, 2022).

Truphone, changed owners on March 15, 2022, and that ownership of Minden Worldwide Limited had been transferred from Norma Investments Holding Limited to Greenleas Holdings Limited, which is organized in the British Virgin Islands.<sup>51</sup> Truphone also disclosed that Greenleas Holdings Limited is wholly owned by Grano Trust, which was established for the benefit of Roman Abramovich, who is a citizen of Israel, Portugal and Russia, and his five children.<sup>52</sup> According to Truphone, Grano Trust previously owned an indirect interest in Minden Worldwide Limited through Norma Investments Holdings Limited.<sup>53</sup> Truphone, however, did not disclose where Grano Trust was organized.

### III. DISCUSSION

13. Under section 503(b)(1) of the Act, any person who is determined by the Commission to have willfully or repeatedly failed to comply with any provision of the Act or any rule, regulation, or order issued by the Commission shall be liable to the United States for a forfeiture penalty.<sup>54</sup> Section 312(f)(1) of the Act defines willful as “the conscious and deliberate commission or omission of [any] act, irrespective of any intent to violate” the law.<sup>55</sup> The legislative history of section 312(f)(1) of the Act clarifies that this definition applies to both sections 312 and 503(b) of the Act<sup>56</sup> and the Commission has so interpreted the term in the section 503(b) context.<sup>57</sup> The Commission may also assess a forfeiture for violations that are merely repeated, and not willful.<sup>58</sup> “Repeated” means that the act was committed or omitted more than once or lasts more than one day.<sup>59</sup> To impose such a forfeiture penalty, the Commission must issue a notice of apparent liability and the person against whom the notice has been issued must have an opportunity to show, in writing, why no such forfeiture penalty should be imposed.<sup>60</sup> The Commission will then issue a forfeiture if it finds by a preponderance of the evidence that the person has violated the Act or a Commission rule.<sup>61</sup>

#### A. Truphone Apparently Violated Sections 214, 310(b)(4), and 310(d) of the Act

14. Under the Act, Congress tasked the Commission with the responsibility to review applications for radio station licenses, other authorities, and transfers and assignments. We take our responsibility seriously and have crafted specific procedures with respect to section 310(b)(4) to determine whether the requested foreign ownership serves the public interest.<sup>62</sup> In order to act on a

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<sup>50</sup> *Id.* In the LOI Response, Truphone listed the remaining beneficiaries. LOI Response at 16, 18-19.

<sup>51</sup> Supplemental LOI Response at 1-2.

<sup>52</sup> *Id.* at 2.

<sup>53</sup> *Id.*

<sup>54</sup> See 47 U.S.C. § 503(b)(1)(B); 47 CFR § 1.80(a)(1).

<sup>55</sup> 47 U.S.C. § 312(f)(1).

<sup>56</sup> H.R. Rep. No. 97-765, 97<sup>th</sup> Cong. 2d Sess. 51 (1982).

<sup>57</sup> See, e.g., *Application for Review of Southern California Broadcasting Co.*, Memorandum Opinion and Order, 6 FCC Rcd 4387, 4388, para. 5 (1991) (*Southern California Broadcasting Co.*).

<sup>58</sup> See, e.g., *Callais Cablevision, Inc., Grand Isle, Louisiana*, Notice of Apparent Liability for Monetary Forfeiture, 16 FCC Rcd 1359, 1362, para. 10 (2001) (*Callais Cablevision, Inc.*) (issuing a Notice of Apparent Liability for, *inter alia*, a cable television operator’s repeated signal leakage).

<sup>59</sup> 47 U.S.C. § 312(f)(2); see also *Southern California Broadcasting Co.*, 6 FCC Rcd at 4388, para. 5; *Callais Cablevision, Inc.*, 16 FCC Rcd at 1362, para. 9.

<sup>60</sup> 47 U.S.C. § 503(b); 47 CFR § 1.80(g).

<sup>61</sup> See, e.g., *SBC Communications, Inc.*, Forfeiture Order, 17 FCC Rcd 7589, 7591, para. 4 (2002) (forfeiture paid).

request for a foreign ownership ruling on proposed equity or voting interests in the controlling U.S. parent of a Commission licensee, we require accurate information relating to the identity and citizenship of all reportable direct and indirect foreign interests in the controlling U.S. parent.<sup>63</sup> The Commission cannot properly conduct this assessment without accurate and complete information. It follows that we regard inaccurate information submitted in this process as a serious breach of our rules.<sup>64</sup> As discussed below, we find that Truphone apparently violated section 310(b)(4) by failing to accurately report its ownership structure and obtain prior approval before vesting control of the company in its current owners.<sup>65</sup>

15. As a consequence of the FCC common carrier radio license granted to iSmart, a subsidiary of Truphone, and the foreign ownership of Truphone, the Company is obligated to comply with the Commission's foreign ownership requirements in section 310(b)(4) of the Act.<sup>66</sup> Truphone also holds an international section 214 authorization and wireless licenses and is obligated to comply with the Commission's transfer of control procedures.<sup>67</sup>

16. We further find that Truphone apparently violated sections 214 and 310(d) of the Act (as implemented by sections 1.948 and 63.24 of the Commission's rules) because the Company provided inaccurate information to the Commission and vested the control of Truphone's radio licenses and its international section 214 authorization in ITL without giving the Commission an opportunity to review whether ITL's control was in the public interest. On March 15 and 16, 2022, Truphone then compounded its violations by yet again transferring greater than five percent of the Company to a foreign entity without prior Commission approval.<sup>68</sup> These actions further deprived the Commission of the opportunity

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<sup>62</sup> See *2013 Foreign Ownership Order*, 28 FCC Rcd 5741; *2016 Foreign Ownership Order*, 31 FCC Rcd 11271. See also 47 CFR §§ 1.5000-1.5004.

<sup>63</sup> See *Foreign Participation Order*, 12 FCC Rcd at 23941 para. 115 (the Commission requires each request for a foreign ownership ruling to state how much ownership is attributable to each owner). The Commission determines the citizenship of an investor based on its "principal place of business" which includes information on the country of its incorporation, organization, or charter and the nationality of all investment principals, officers, and directors. See *id.*, at para 116 (citing *Market Entry and Regulation of Foreign-Affiliated Entities*, Report and Order, 11 FCC Rcd 3873, 3948-52, paras. 199-208 (1995) (*Foreign Carrier Entry Order*). See also *2013 Foreign Ownership Order*, 28 FCC Rcd at 5778, para. 67 & n.192 (Noting that section 208 of the Act authorizes the Commission to inquire into the management of the business of all common carriers subject to the Act and to "obtain from such carriers and persons directly or indirectly controlling or controlled by, or under direct or indirect common control with, such carriers full and complete information necessary to enable the Commission to perform the duties and carry out the objects for which it was created" and stating that the Commission "reserve[s] the right to request, at any time, information as to the direct and indirect foreign ownership of licensees.").

<sup>64</sup> See *Amendment of Section 1.17 of the Commission's Rules Concerning Truthful Statements to the Commission*, 18 FCC Rcd 4016 (2003) *recon. denied* 19 FCC Rcd 5790 (2004) (requiring, *inter alia*, that regulates exercise reasonable care to assure that written statements made to the Commission are truthful and accurate); see also, *FCC v. WOKO, Inc.*, 329 U.S. 223 (1946) (United States Supreme Court affirmed Commission refusal to renew broadcast station license because of inaccurate ownership information.).

<sup>65</sup> See *America Movil, S.A.B. de C.V., Parent of Puerto Rico Telephone Company, Inc.*, Notice of Apparent Liability for Forfeiture, 26 FCC Rcd 8672 (EB 2011) (NAL paid) (\$16,000 forfeiture proposed for failure to seek prior approval of stock transfer in violation of section 310(b)(4) foreign ownership requirements relating to indirect ownership--doubling the base forfeiture due to the company's size and gross revenues).

<sup>66</sup> 47 U.S.C. § 310(b)(4); see also 47 C.F.R. § 1.5000-1.5004.

<sup>67</sup> See 47 CFR §§ 1.948, 63.24.

<sup>68</sup> 47 U.S.C. § 310(b)(4); 47 CFR §§ 1.5000-1.5004. See also, *Satamatics, Inc.*, Notice of Apparent Liability for Forfeiture, 22 FCC Rcd 21011, 21015, para. 11 (EB, IHD 2007) (NAL paid) (proposing a \$24,000 forfeiture for violation of sections 214, 310(b)(4), 310(d) of the Act).

to receive the Executive Branch's review and recommendation as to any risks to U.S. national security or law enforcement interests, as well as the consideration of any U.S. foreign policy, and trade policy concerns. We expect that Truphone will promptly file corrective transfer of control applications as necessary and amend its pending Petition for Declaratory Ruling.

### **B. Statute of Limitations**

17. The apparent violations of sections 214, 310(b)(4), and 310(d) occurred in 2011 and 2012 when Truphone made the inaccurate filings. Because compliance with the Commission's foreign ownership and 214 transfers requires the Commission's prior approval, we treat these violations as continuing for purposes of our statute of limitations until the applicant/regulatee either unwinds the transaction or files appropriate applications and obtains requisite approvals after the unauthorized transfer or assignment.<sup>69</sup> To put it another way, the Commission never approved iSmart's and Truphone's current ownership structure, so Truphone has been in violation since at least 2012 and will remain in violation of our rules until it unwinds the transactions or the Commission approves the relevant requests correcting those inaccuracies. Further, it appears that Truphone's March 5, 2022, and March 15, 2022, ownership changes also constitute violations of these provisions.

### **C. Proposed Forfeiture**

18. Section 503(b)(1) of the Act authorizes the Commission to impose a forfeiture against any entity that "willfully or repeatedly fail[s] to comply substantially with the terms and conditions of any license, permit, certificate or other instrument or authorization issued by the Commission" as well as or against an entity that "willfully or repeatedly fail[s] to comply with any of the provisions of the [Act] or of any rule, regulation, or order issued by the Commission."<sup>70</sup> For the violations at issue here, section 503(b)(2)(B) of the Act authorizes us to assess a forfeiture against a telecommunications carrier such as Truphone of up to \$220,213 for each violation or each day of a continuing violation, up to a statutory maximum of \$2,202,123 for a single act or failure to act. In exercising the Commission's forfeiture authority, we must consider the "the nature, circumstances, extent and gravity of the violation, and, with respect to the violator, the degree of culpability, any history of prior offenses, ability to pay, and such other matters as justice may require."<sup>71</sup> In addition, the Commission has established forfeiture guidelines that establish base penalties for certain violations and identify criteria we consider when determining the appropriate penalty in any given case.<sup>72</sup>

19. The Commission may adopt upward or downward adjustments to forfeitures when appropriate.<sup>73</sup> Under section 1.80 of the Commission's rules, we may adjust a forfeiture upward for

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<sup>69</sup> See 47 U.S.C. § 503, 47 CFR § 1.80. *Petition for Reconsideration concerning Benito Rish, Licensee of Radio Station WREB(AM), Monticello, Me*, Memorandum Opinion and Order, 10 FCC Rcd 2861 para. 4 (1995) (holding, "Commission precedent amply demonstrates that an unauthorized transfer of control is treated as a continuing violation. See, e.g., *Cate Communications Corp.*, 60 RR2d 1386 (1986); *Galesburg Broadcasting Co.*, 6 FCC Rcd 2210 (1991); *New West Broadcasting Systems, Inc.*, 7 FCC Rcd 5556 (MMB 1992); *Mountain Signals, Inc.*, 6 FCC Rcd 2874 (MMB 1991) (Notice of Apparent Liability), *aff'd* 7 FCC Rcd 3970 (MMB 1992) (Forfeiture Order). In these cases, as in the one before us, the licensee at some point relinquished control of the station to an unauthorized party and continued to allow such unauthorized control every day until Commission authorization or some other event brought it to an end.")

<sup>70</sup> 47 U.S.C. § 503(b)(1).

<sup>71</sup> 47 U.S.C. § 503(b)(2)(E).

<sup>72</sup> 47 CFR § 1.80(b)(10), Table 2 to Paragraph (B)(10).

<sup>73</sup> See *Commission's Forfeiture Policy Statement & Amendment of Section 1.80 of the Rules to Incorporate the Forfeiture Guidelines*, Report and Order, 12 FCC Rcd 17087, 17110, para. 53 (1997) (citing 47 U.S.C. § 503(b)(2)(E)) (*1997 Forfeiture Guidelines*), *recon. denied*, Memorandum Opinion and Order, 15 FCC Rcd 303 (1999).

egregious misconduct, ability to pay and relative disincentive, an intentional violation, substantial harm, prior violations of Commission requirements, substantial economic gain, or repeated or continuous violations.<sup>74</sup> We may adjust a forfeiture downward for a minor violation, good faith or voluntary disclosure, a history of overall compliance, or an inability to pay.<sup>75</sup> The forfeiture guidelines listed in section 1.80 of the Commission's rules specifically "are intended as a guide for frequently recurring violations" and not "a complete or exhaustive list of violations."<sup>76</sup>

20. It appears that Truphone's failure to report truthful and accurate ownership information was egregious. As a result of Truphone's failure, control of a U.S. common carrier passed to an unvetted foreign entity and associated individuals for more than seven years. Truphone has not, to date, filed corrective transfer of control applications. We conclude that Truphone apparently violated section 310(b)(4) of the Act<sup>77</sup> by willfully or repeatedly failing to obtain the Commission's approval prior to exceeding the ownership limits placed on foreign persons and/or entities in U.S. entities that control, *inter alia*, U.S. common carrier licensees. In addition, we find that the same conduct constitutes a violation of section 310(d) for the unauthorized transfer of control of radio licensees and section 214 of the Act<sup>78</sup> (with respect to the unauthorized transfer of control of radio station licensees and international section 214 authorization holders as implemented by sections 1.948 and 63.24 of the Commission's rules<sup>79</sup>) by inaccurately reporting ownership information and thereby transferring control to entity not vetted by the Commission. Truphone filed inaccurate information in its transfer of control applications relating to its PCS license and its international section 214 authorization, and therefore transferred control of its radio licenses and section 214 authority to an unvetted entity.

21. Section 1.80(b) of the Commission's rules establishes a base forfeiture of \$8,000 for each foreign ownership violation and unauthorized transfer of control.<sup>80</sup> In the case of Truphone, the total base forfeiture is \$24,000 for three violations. We also have discretion to depart from these guidelines either upward or downward, taking into account the particular facts of each individual case.<sup>81</sup> Based on our discretion, and the totality of the facts in the record, we have decided to increase the forfeiture penalty.

22. As explained above, Truphone failed to meet its obligations in a significant number of ways: it did not disclose in 2012 that Redrock Group Ltd. is in its ownership chain; did not disclose that Vollin was ultimately controlled by the Dapore and Elpin Trusts; and it did not disclose that the voting rights in Truphone were vested in Cypriot trustees. In failing to accurately report the foreign equity and voting interests in Truphone Ltd., Truphone violated the standard of care appropriate to seeking approval under section 310(b)(4) of the Act and is an apparent violation of section 1.17 of the Commission's rules which requires truthful and accurate statements to the Commission.<sup>82</sup> While we are not assessing a forfeiture amount for the section 1.17 rule violation based on the applicable statute of limitations,<sup>83</sup> we find that the

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<sup>74</sup> 47 CFR § 1.80(b)(10), Table 3 to Paragraph (b)(10); *see also* 1997 Forfeiture Guidelines, 12 FCC Rcd at 17098–99, para. 22 (1997) (noting that "[a]lthough we have adopted the base forfeiture amounts as guidelines to provide a measure of predictability to the forfeiture process, we retain our discretion to depart from the guidelines and issue forfeitures on a case-by-case basis, under our general forfeiture authority contained in Section 503 of the Act").

<sup>75</sup> 47 CFR § 1.80(b)(10), Table 3 to Paragraph (b)(10).

<sup>76</sup> 1997 Forfeiture Guidelines, 12 FCC Rcd at 17109-10, para. 53.

<sup>77</sup> 47 U.S.C. § 310(b)(4).; *see also*, 47 CFR § 1.5000-1.5004.

<sup>78</sup> 47 U.S.C. §§ 214, 310(d).

<sup>79</sup> 47 CFR §§ 1.948, 63.24.

<sup>80</sup> 47 CFR § 1.80(b), Table 1 to Paragraph (B)(10); *see also* WDT World Discount Telecommunications Co., Inc., Notice of Apparent Liability for Forfeiture and Admonishment, 31 FCC Rcd 12571, 12577, para. 17 (EB 2016).

<sup>81</sup> Forfeiture Policy Statement, 12 FCC Rcd at 17098–99, para. 22.

<sup>82</sup> 47 U.S.C. §310(b)(4); 47 CFR § 1.17.

circumstances here, including Truphone's history of past offenses including the section 1.17 violation (the inaccurate reporting of Truphone's ownership and voting structure), warrant a substantial upward adjustment of the forfeiture. Moreover, Truphone Ltd., Truphone Inc.'s parent company, is a sophisticated and large multi-national telecommunications company that should never have committed such a serious error, which it continued to repeat as recently as last month, and thus warrants a substantial upward adjustment of the forfeiture. Furthermore, Truphone's actions circumvented the Commission's ability to refer these transactions for further review to determine risks to U.S. national security and law enforcement interests, as well as to consider any foreign policy or trade policy concerns. Finally, the fact that Truphone failed to correct its erroneous ownership reporting for approximately seven years further justifies a substantial upward adjustment of the forfeiture. We note that section 503 of the Act specifically authorizes us to adjust forfeitures based on the gravity and circumstances of the apparent violation and the licensee's history of prior offenses.<sup>84</sup> Accordingly, we propose an upward adjustment of the forfeiture to \$220,213 for each violation, and we propose a total forfeiture of \$660,639 for Truphone's violations of sections 214, 310(b)(4), and 310(d) of the Act.<sup>85</sup>

23. Therefore, after applying the Forfeiture Policy Statement, section 1.80 of the Commission's rules, and the statutory factors, we propose a forfeiture of \$660,639,<sup>86</sup> for which Truphone is apparently liable.<sup>87</sup>

#### IV. CONCLUSION

24. We have determined that Truphone apparently willfully or repeatedly violated sections 214, 310(b)(4), and 310(d) of the Communications Act. Accordingly, Truphone is apparently liable for a \$660,639 forfeiture.

#### V. ORDERING CLAUSES

25. Accordingly, **IT IS ORDERED** that, pursuant to section 503(b) of the Act and section 1.80 of the Commission's rules,<sup>88</sup> Truphone is **HEREBY NOTIFIED** of this **APPARENT LIABILITY FOR FORFEITURE** in the amount of six hundred sixty thousand, six hundred and thirty-nine dollars (\$660,639) for apparently willfully or repeatedly violating sections 214, 310(b)(4), and 310(d) of the Act.<sup>89</sup>

26. **IT IS FURTHER ORDERED** that, pursuant to section 1.80 of the Commission's rules,<sup>90</sup> within thirty (30) calendar days of the release date of this Notice of Apparent Liability for Forfeiture, Truphone **SHALL PAY** the full amount of the proposed forfeiture or **SHALL FILE** a written statement seeking reduction or cancellation of the proposed forfeiture consistent with paragraph 29 below.

(Continued from previous page) \_\_\_\_\_

<sup>83</sup> 47 U.S.C. § 503(b)(6). To the extent that certain section 1.17 violations might be viewed as continuing until corrected, Truphone corrected these misstatements in its 2019 PDR, more than one year ago.

<sup>84</sup> See 47 U.S.C. § 503(b)(2)(D).

<sup>85</sup> See 47 U.S.C. §§ 214, 310(b)(4), 310(d).

<sup>86</sup> 47 CFR § 1.80(b), Table 1 to Paragraph (B)(10); see also *Forfeiture Policy Statement*, 12 FCC Rcd at 17098-99, para. 22.

<sup>87</sup> Any entity that is a "Small Business Concern" as defined in the Small Business Act (Pub. L. 85-536, as amended) may avail itself of rights set forth in that Act, including rights set forth in 15 U.S.C. § 657, "Oversight of Regulatory Enforcement," in addition to other rights set forth herein.

<sup>88</sup> 47 U.S.C. § 503(b); 47 CFR § 1.80.

<sup>89</sup> 47 U.S.C. § 310(b)(4).

<sup>90</sup> 47 CFR § 1.80.

27. Truphone shall send electronic notification of payment to [EnforcementBureauIHD@fcc.gov](mailto:EnforcementBureauIHD@fcc.gov) and to William Knowles-Kellett, Enforcement Bureau, Federal Communications Commission, at [William.Knowles-Kellett@fcc.gov](mailto:William.Knowles-Kellett@fcc.gov) on the date said payment is made. Payment of the forfeiture must be made by credit card, ACH (Automated Clearing House) debit from a bank account, or by wire transfer using the Commission's Registration System (the Commission's FRN Management and Financial system).<sup>91</sup> The Commission no longer accepts forfeiture payments by check or money order. Below are instructions that payors should follow based on the form of payment selected.<sup>92</sup>

- Payment by wire transfer must be made to ABA Number 021030004, receiving bank TREAS/NYC, and Account Number 27000001. A completed Form 159 must be faxed to the Federal Communications Commission at 202-418-2843 or e-mailed to [EnforcementBureauIHD@fcc.gov](mailto:EnforcementBureauIHD@fcc.gov) and to [RROGWireFaxes@fcc.gov](mailto:RROGWireFaxes@fcc.gov) on the same business day the wire transfer is initiated. Failure to provide all required information in Form 159 may result in payment not being recognized as having been received. When completing FCC Form 159, enter the Account Number in block number 23A (call sign/other ID), enter the letters "FORF" in block number 24A (payment type code), and enter in block number 11 the FRN(s) captioned above (Payor FRN).<sup>93</sup> For additional detail and wire transfer instructions, go to <https://www.fcc.gov/licensing-databases/fees/wire-transfer>.
- Payment by credit card must be made by using the Commission's Registration System (CORES) at <https://apps.fcc.gov/cores/userLogin.do>. To pay by credit card, log in using the FCC Username associated with the FRN captioned above. If payment must be split across FRNs, complete this process for each FRN. Next, select "Manage Existing FRNs | FRN Financial | Bills & Fees" from the CORES Menu, then select FRN Financial and the view/make payments option next to the FRN. Select the "Open Bills" tab and find the bill number associated with the NAL Acct. No. The bill number is the NAL Acct. No. with the first two digits excluded (e.g., NAL 1912345678 would be associated with FCC Bill Number 12345678). After selecting the bill for payment, choose the "Pay by Credit Card" option. Please note that there is a \$24,999.99 limit on credit card transactions.
- Payment by ACH must be made by using CORES at <https://apps.fcc.gov/cores/userLogin.do>. To pay by ACH, log in using the FCC Username associated with the FRN captioned above. If payment must be split across FRNs, complete this process for each FRN. Next, select "Manage Existing FRNs | FRN Financial | Bills & Fees" on the CORES Menu, then select FRN Financial and the view/make payments option next to the FRN. Select the "Open Bills" tab and find the bill number associated with the NAL Acct. No. The bill number is the NAL Acct. No. with the first two digits excluded (e.g., NAL 1912345678 would be associated with FCC Bill Number 12345678). Finally, choose the "Pay from Bank Account" option. Please contact the appropriate financial institution to confirm the correct Routing Number and the correct account number from which payment will be made and verify with that financial institution that the designated account has authorization to accept ACH transactions.

28. Any request for making a full payment over time under an installment plan should be sent to Chief Financial Officer – Financial Operations, Federal Communications Commission, 45 L Street, NE, Washington, D.C. 20554.<sup>94</sup> If you have any questions regarding payment procedures, please contact the

<sup>91</sup> Payments made using CORES do not require the submission of an FCC Form 159.

<sup>92</sup> For questions regarding payment procedures, please contact the Financial Operations Group Help Desk by phone at 1-877-480-3201 (option #6), or by e-mail at [ARINQUIRIES@fcc.gov](mailto:ARINQUIRIES@fcc.gov).

<sup>93</sup> Instructions for completing the form may be obtained at <http://www.fcc.gov/Forms/Form159/159.pdf>.

<sup>94</sup> See 47 CFR § 1.1914.

Financial Operations Group Help Desk by phone, 1-877-480-3201, or by e-mail, [ARINQUIRES@fcc.gov](mailto:ARINQUIRES@fcc.gov).

29. The written statement seeking reduction or cancellation of the proposed forfeiture, if any, must include a detailed factual statement supported by appropriate documentation and affidavits pursuant to sections 1.16 and 1.80(g)(3) of the Commission's rules.<sup>95</sup> The written statement must be mailed to Jeffrey J. Gee, Chief, Investigations and Hearings Division, Enforcement Bureau, Federal Communications Commission, 45 L Street, NE, Washington, D.C. 20554, and must include the NAL/Acct. No. referenced in the caption. The written statement shall also be e-mailed to Jeffrey J. Gee at [Jeffrey.Gee@fcc.gov](mailto:Jeffrey.Gee@fcc.gov) and to William Knowles-Kellett at [William.Knowles-Kellett@fcc.gov](mailto:William.Knowles-Kellett@fcc.gov) and to [EnforcementBureauIHD@fcc.gov](mailto:EnforcementBureauIHD@fcc.gov).

30. The Commission will not consider reducing or canceling a forfeiture in response to a claim of inability to pay unless the petitioner submits: (1) federal tax returns for the past three years; (2) financial statements for the past three years prepared according to generally accepted accounting practices; or (3) some other reliable and objective documentation that accurately reflects the petitioner's current financial status.<sup>96</sup> Any claim of inability to pay must specifically identify the basis for the claim by reference to the financial documentation submitted. Inability to pay, however, is only one of several factors that the Commission will consider in determining the appropriate forfeiture, and we have discretion to not reduce or cancel the forfeiture if other prongs of 47 U.S.C. § 503(b)(2)(E) support that result.<sup>97</sup>

31. **IT IS FURTHER ORDERED** that a copy of this Notice of Apparent Liability for Forfeiture shall be sent by first-class mail and certified mail, return receipt requested to: Thomas F. Bardo, Esquire, Nelson Mullins Riley & Scarborough LLP, 101 Constitution Avenue, N.W., Suite 900, Washington, D.C. 20001.

FEDERAL COMMUNICATIONS COMMISSION

Marlene H. Dortch  
Secretary

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<sup>95</sup> 47 CFR §§ 1.16, 1.80(g)(3).

<sup>96</sup> 47 U.S.C. § 503(b)(2)(E).

<sup>97</sup> See, e.g., *Ocean Adrian Hinson, Surry County, North Carolina*, Forfeiture Order, 34 FCC Rcd 7619, 7621, para. 9 & n.21 (2019); *Veal Pennington and Michael Williamson*, Forfeiture Order, 34 FCC Rcd 770, paras. 18–21 (2019); *Fabrice Polynice, Harold Sido and Veronise Sido, North Miami, Florida*, Forfeiture Order, 33 FCC Rcd 6852, 6860–62, paras. 21–25 (2018); *Adrian Abramovich, Marketing Strategy Leaders, Inc., and Marketing Leaders, Inc.*, Forfeiture Order, 33 FCC Rcd 4663, 4678–79, paras. 44–45 (2018); *Purple Communications, Inc.*, Forfeiture Order, 30 FCC Rcd 14892, 14903–904, paras. 32–33 (2015); *TV Max, Inc., et al.*, Forfeiture Order, 29 FCC Rcd 8648, 8661, para. 25 (2014).

**STATEMENT OF  
CHAIRWOMAN JESSICA ROSENWORCEL**

*Re: In the Matter of Truphone, Inc.*, Notice of Apparent Liability for Forfeiture, FCC 22-30, EB-IHD-20-00031626 (Apr. 21, 2022).

In 2020 the Senate Permanent Subcommittee on Investigations, which is part of the Homeland Security and Government Affairs Committee, issued a report on the threats that foreign-owned carriers pose to our communications networks. In the process, the Subcommittee identified a problem that requires more attention. Across the federal government there has not been enough oversight to safeguard our networks against evolving threats after the issuance of a license. After all, our interest in security does not stop with a one-time grant of authority. We need to regularly review what has come before to ensure that every service provider subject to the Communications Act complies with the law.

At the Federal Communications Commission, we have taken this problem head on. We now have a clear process for revoking a foreign carrier's existing authorization when our national security colleagues recommend that we do so. You can see this in the actions we took with China Telecom Americas, China Unicom Americas, Pacific Networks, and ComNet. We are also working with our federal partners to establish a broader review of foreign carrier authorizations to provide service in the United States. As part of this effort, I directed the International Bureau to review all past grants of international Section 214 applications and in the wake of the Russia-Ukraine conflict, we launched an internal assessment of Russian ownership of telecommunications interests in the United States.

This Notice of Apparent Liability is a product of that review. Through our increased oversight of past grants of authority we discovered that Truphone filed inaccurate information with this agency about its ownership structure and control. This violates our rules. It undermines our ability to assess foreign investment in licenses under the Communications Act. It denies us the information we require to make basic assessments about national security. We make clear today that this is unacceptable and we hold those responsible to account.

I'm grateful to my colleagues Commissioner Carr and Commissioner Starks for working to strengthen this enforcement action. Thank you to the staff who worked on this effort, including Jeffrey Brown, Rizwan Chowdhry, Loyaan Egal, Georgina Feigen, Pamela Gallant, Jeffrey Gee, William Knowles-Kellett, Kalun Lee, Keith Morgan, Deborah Ridley, and Raphael Sznajder from the Enforcement Bureau; Kathleen Collins, Kimberly Cook, David Krech, and Fara Mohsenikolour from the International Bureau; Patrick Brogan, Virginia Metallo, and Michelle Schaefer from the Office of Economics and Analytics; and Terry Cavanaugh, Richard Mallen, Joel Rabinovitz, and William Richardson from the Office of General Counsel.

**STATEMENT OF  
COMMISSIONER GEOFFREY STARKS**

*Re: In the Matter of Truphone, Inc., Notice of Apparent Liability for Forfeiture, FCC 22-30, EB-IHD-20-00031626 (Apr. 21, 2022).*

Network security is national security. Even before Russia’s invasion of Ukraine, the United States and other democracies around the world were reassessing their policies towards entities affiliated or otherwise subject to the jurisdiction of adversary states. The FCC has done so in several recent proceedings, including our effort to “rip and replace” Huawei and ZTE equipment from U.S. networks, as well as our revocation of the section 214 authorizations for certain Chinese telecom carriers. Today’s enforcement action provides yet another example of how the Commission’s actions must work to ensure that our networks are as secure as possible.

This case involves a small Montana wireless carrier that has been indirectly owned by a group of Russian oligarchs since at least 2011. While it does not appear that these individuals are currently subject to any U.S. sanctions, they have been targeted with sanctions overseas. The licenses at issue have undergone a bewildering number of changes in ownership over the years but at all times have ultimately been controlled by these oligarchs and their representatives.

With the importance of the Internet and the shifting national security environment facing our nation, protecting our communications networks has never been more critical. Given that even the smallest carrier has access to U.S. communications far beyond its own service area, I’m glad that we have strengthened our rules regarding FCC and Team Telecom coordination on transactions involving foreign ownership. To that end, many of the transactions in this case that were not subject to FCC review and referral to Team Telecom would now receive such treatment.

As this case demonstrates, foreign transactions involving domestic communications networks may present significant national security issues. Given the record in this case and the individuals involved, I encourage the International Bureau to consult with the relevant national security agencies regarding the current ownership of these licenses. While today’s proposed forfeiture is a welcome first step, I would support a close review of our foreign ownership and unauthorized transfer of control rules to ensure that we are adequately addressing any national security issues.

My thanks to the Enforcement Bureau and the other Bureaus and Offices that worked on this item.