

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

In the Matter of

DENIS V. RAUE,
Transferor,

APPDIRECT, INC.,
Transferee,

APPSMART TGN, INC. (F/K/A TELEGRATION, INC.),
Authority Holder

Consolidated Application for Consent to Transfer
Control of Domestic and International Section
214 Authority Holder

File No. ITC-T/C-2020-_____
WC Docket No. _____

**CONSOLIDATED APPLICATION FOR CONSENT TO TRANSFER CONTROL
OF DOMESTIC AND INTERNATIONAL SECTION 214 AUTHORITY HOLDER—
STREAMLINED PROCESSING REQUESTED**

Pursuant to 47 U.S.C. § 214 and 47 C.F.R. §§ 63.04 and 63.24(e), AppSmart TGN, Inc. (f/k/a Telegration, Inc.) (“Telegration” or “Authority Holder”); Denis V. Raue, formerly the sole shareholder of Telegration, (“Mr. Raue” or “Transferor”); and AppDirect, Inc., (“AppDirect” or “Transferee” and, together with Telegration and Transferor, the “Applicants”), seek authority to transfer control of Telegration from Transferor to AppDirect.

On August 30, 2019, the Transferor and Transferee’s indirect, wholly-owned subsidiary, AppSmart Agent Services, Inc. (“AppSmart Agent Services”) closed on the sale of 100 percent of the issued and outstanding shares of Telegration from Mr. Raue to AppSmart Agent Services (hereinafter, the “Transaction”). As a result of the Transaction, Telegration is 100-percent owned by AppSmart Agent Services, which is 100-percent owned by AppSmart, Inc. (“AppSmart”), itself the wholly-owned subsidiary of AppDirect—Transferee and Telegration’s

ultimate controlling parent.

Granting the Transaction would serve the public interest by ensuring continued service to Telegration customers without substantial changes to the rates, terms, or conditions. Since 2006, Telegration had accumulated a complicated array of outstanding and sizable FCC and USAC debts, including dozens of accounts held by multiple federal agencies and private collection companies that took considerable time and resources to unwind and address. The Transaction provides Telegration with additional capital to support customer services and to alleviate the disproportionate financial hardship imposed by Telegration's longstanding FCC and USAC debts—which have now been fully resolved. Retroactive consent to the transfer of control would also be consistent with Commission precedent, as the Commission's general practice is not to deny or dismiss an otherwise conforming untimely application.

In addition, the Transaction raises no public interest concerns that would warrant an extended review or transaction-specific conditions for consent. This Application qualifies for presumptive streamlined processing under 47 C.F.R. § 63.12 because Telegration is not affiliated with any foreign carriers and is entitled to a presumption of non-dominance pursuant to 47 C.F.R. § 63.10(a)(1). Nor does the Transaction create new combinations that would adversely affect competition on any U.S.-international route. Further, none of AppDirect, AppSmart, and AppSmart Agent Services are or are affiliated with providers of telecommunications services or holders of domestic or international Section 214 authority other than Telegration.

I. BACKGROUND

A. Parties to the Transaction

1. AppSmart TGN, Inc. (f/k/a Telegration, Inc.)

Telegration is a Delaware entity formed on March 28, 1990, with a principal place of business in Clawson, Michigan. The Company relies on the blanket Section 214 authorization in 47 C.F.R. § 63.01 to provide competitive interstate and intrastate long-distance services in Michigan, Ohio, Illinois, Wisconsin, Florida, and New York. The Company also provides international and toll-free services, in addition to other non-telecommunications services. Telegration holds one international Section 214 authorization to provide global facilities-based and global resale services, ITC-214-19980213-00108.

2. Denis V. Raue

Prior to AppDirect's indirect acquisition of Telegration, Mr. Raue was the corporation's sole shareholder and CEO. Mr. Raue no longer owns any voting or economic interests in Telegration. Mr. Raue is now the Vice President of Business Development of AppSmart.

3. AppSmart Agent Services, Inc.

AppSmart Agent Services is a Delaware entity formed in 2019, with a principal place of business in San Francisco, California. It is a wholly-owned subsidiary of AppSmart. AppSmart Agent Services is the referral services operating entity of AppSmart.

4. AppSmart, Inc.

AppSmart is a Delaware entity formed in 2018, with a principal place of business in San Francisco, California. It is a direct, wholly-owned subsidiary of AppDirect and the direct parent company of AppSmart Agent Services. AppSmart powers a digital marketplace that enables businesses to find, buy and manage leading technology services in the United States.

5. AppDirect, Inc.

AppDirect is a Delaware entity formed in 2009, with a principal place of business in San Francisco, California. AppDirect is the direct parent company of AppSmart and the indirect parent of AppSmart Agent Services. Post-consummation of the Transaction, AppDirect is also the indirect parent of Telegration. AppDirect provides business-to-business cloud marketplace and cloud management services across the United States. AppDirect also provides these services internationally to a customer base across more than 25 countries, including global offices in Canada, Germany, India, and Argentina.

B. The Transaction

On or around August 30, 2019, Mr. Raue sold 100 percent of the issued and outstanding shares of Telegration to AppSmart Agent Services, resulting in AppDirect acquiring an indirect, 100-percent voting and economic interest in Telegration. Mr. Raue and AppSmart Agent Services entered into a stock purchase agreement for the Transaction on August 9, 2019. Before consummating the Transaction, AppSmart Agent Services discovered that Telegration's status in the FCC's Red Light Display System was red because of numerous overdue invoices, including nearly two dozen Universal Service Fund contribution invoices. As a result, the parties were unable to conduct any business with the Commission, including submitting a transfer-of-control application, until Telegration paid off the invoices, thereby changing its status to green.

Upon this discovery, Telegration informed AppSmart Agent Services that it believed that a substantial amount of the debt was the result of a clerical error made by Telegration. AppSmart Agent Services asked for more information from Telegration to understand the source of this debt. Telegration explained that the majority of the debt appeared to arise largely from an inadvertent typographical error in Telegration's 2006 FCC Form 499-A submitted to the

Universal Service Administrative Company (“USAC”).¹ The typo incorrectly added a zero to Telegration’s reported 2005 international telecommunications revenues, which caused Telegration to overstate its 2005 international revenues by approximately \$1.5 million—an order of magnitude higher than its actual international telecommunications revenue.² Telegration sought to correct the mistake by submitting a revised 2006 FCC Form 499-A on April 12, 2007, which USAC denied for being filed two days after expiration of the one-year period for filing corrections.³ Telegration then attempted to appeal the revision denial and on November 7, 2007 submitted its response to the related Enforcement Bureau inquiry.⁴ In the meantime, interest on the balance in this account continued to accrue. Moreover, Telegration accumulated other unpaid regulatory fees to the Commission and unpaid USAC contributions after 2006.

After learning these facts in the summer of 2019, AppSmart Agent Services worked with Telegration to resolve this issue with the Commission as expeditiously as possible. However, by then, Telegration’s complicated array of outstanding invoices included more than 30 separate overdue invoices originating with the Commission or USAC, most of which were being serviced by the Bureau of the Fiscal Service (“BFS”) at the Department of the Treasury or by private, third-party collection agencies working on behalf of BFS. Applicants sought to have the issue resolved but, due to the number of outstanding invoices, the age of many of these invoices, incomplete records, and confusion caused by multiple transfers of the debt to different servicers

¹ See Request for Review by Telegration, Inc. of a Decision of the Universal Service Administrator and Request for Waiver of for Filing Revisions to FCC Form 499-A at 3, WC Docket Nos. 96-45, 06-122 (filed Aug. 15, 2019) (“*Request for Review and Waiver*”).

² *Id.*, Exhibit B, Declaration of Denis Raue, ¶ 5 (“Raue Decl.”); see also *id.*, Exhibit A, 2006 Form 499-A Accepted Filing.

³ *Id.*, Exhibit A, 2006 Form 499-A Rejected Filing.

⁴ *Id.*, Exhibit C, Appeal Letter to USAC (Sept. 4, 2007) and Exhibit D, Response to FCC Enforcement Bureau.

and by BFS's providing only verbal, over-the-phone information about the various account numbers, the Applicants faced significant difficulties in clarifying and then resolving the outstanding debts. Telegration was able to pay off some of these outstanding invoices, including those associated with the past-due regulatory fees, before the Applicants closed the Transaction. However, due to business exigencies, the Applicants could not postpone the closing date of the Transaction for the indefinite period of time it would likely have taken to fully resolve the remaining USAC debt and associated invoices.

After consummating the Transaction, Applicants continued their efforts to resolve Telegration's FCC and USAC debt. As the owner of Telegration, AppSmart Agent Services brought additional internal resources, retained additional specialized counsel, and renewed its efforts to resolve the outstanding debts. After several months of communications with BFS, private collection agencies, and the Commission, with AppSmart Agent Services's assistance, Telegration ultimately paid the debts, satisfying 20 separate invoices totaling approximately \$660,000. With Telegration's debts fully paid, Applicants are moving forward to seek the Commission's approval of their transfer-of-control application.

III. THE TRANSACTION SERVES THE PUBLIC INTEREST AND WOULD NOT HARM COMPETITION

A. Standard of Review

Under 47 C.F.R. § 214(a), the Commission must determine whether a proposed assignment or transfer of control of a provider of interstate or international telecommunications services is consistent with the public interest, convenience, and necessity.⁵ First, the

⁵ See, e.g., *Applications of Level 3 Communications, Inc. and CenturyLink, Inc. for Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 32 FCC Rcd. 9581, 9585 ¶ 8 (2017) ("Level 3-CenturyLink Order"); *Applications of AT&T Inc. and DIRECTV For Consent to Assign or Transfer Control of Licenses and Authorizations*,

Commission assesses “whether the proposed transaction complies with the specific provisions of the [Communications] Act,⁶ other applicable statutes, and the Commission’s rules.”⁷ Second, if the transaction would not violate the aforementioned statutes nor the Commission’s rules, the Commission then examines whether the transaction “could result in public interest harms by substantially frustrating or impairing the objectives or implementation of the [Communications] Act or related statutes.”⁸ Third, where a transaction does not raise any public interest harms or where such harms can be ameliorated by narrowly tailored conditions, the Commission considers the transaction’s public interest benefits.⁹ Applicants have the burden of proving those benefits by a preponderance of the evidence.¹⁰ Lastly, if the Commission finds that narrowly-tailored,

Memorandum Opinion and Order, 30 FCC Rcd. 9131, 9139-40 ¶ 18 (2015) (“*AT&T-DIRECTV Order*”); *Applications of XO Holdings and Verizon Communications Inc. For Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 31 FCC Rcd. 12,501, 12,504-05 ¶ 7 (Wireline Comp., Int’l, and Wireless Tel. Burs. 2016) (“*Verizon-XO Order*”).

⁶ Communications Act of 1934, as amended (“Communications Act”).

⁷ See *Level 3-CenturyLink Order*, 32 FCC Rcd. at 9585 ¶ 8; *AT&T-DIRECTV Order*, 30 FCC Rcd. at 9139-40 ¶ 18 (citations omitted); *Verizon-XO Order*, 31 FCC Rcd. at 12,504-05 ¶ 7 (citations omitted); *Applications of SoftBank Corp., Starburst II, Inc., Sprint Nextel Corp., and Clearwire Corp.*, Memorandum Opinion and Order, Declaratory Ruling, and Order on Reconsideration, 28 FCC Rcd. 9642, 9650 ¶ 23 (citations omitted) (“*Softbank-Sprint-Clearwire Order*”); *Applications Filed by Qwest Communications International Inc. and CenturyTel, Inc. d/b/a CenturyLink For Consent to Transfer Control*, Memorandum Opinion and Order, 26 FCC Rcd. 4194, 4198-99 ¶ 7 (citation omitted) (“*Qwest-CenturyLink Order*”).

⁸ See *Level 3-CenturyLink Order*, 32 FCC Rcd. at 9585 ¶ 9; *AT&T-DIRECTV Order*, 30 FCC Rcd. at 9140 ¶ 18 (citation omitted); *Verizon-XO Order*, 31 FCC Rcd. at 12,504-05 ¶ 7 (citation omitted); *SoftBank-Sprint-Clearwire Order*, 28 FCC Rcd. at 9651 ¶ 23 (citation omitted); *Qwest-CenturyLink Order*, 26 FCC Rcd. at 4199 ¶ 7.

⁹ See *Level 3-CenturyLink Order*, 32 FCC Rcd. at 9586 ¶ 10. In earlier transactions, the Commission weighed a proposed transaction’s potential public interest harms against its potential public interest benefits. See *AT&T-DIRECTV Order*, 30 FCC Rcd. at 9140 ¶ 18 (citation omitted); *Verizon-XO Order*, 31 FCC Rcd. at 12,504-05 ¶ 7 (citation omitted); *SoftBank-Sprint-Clearwire Order*, 28 FCC Rcd. at 9650-51 ¶ 23 (citation omitted).

¹⁰ See *id.*

transaction-specific conditions would ameliorate any public interest harms for a transaction that is otherwise in the public interest, it may approve the transaction as so conditioned.¹¹

The Transaction does not violate any provision of the Communications Act or any Commission rule. Nor does it substantially frustrate or impair the Commission's implementation or enforcement of the Act or interfere with the objectives of the Act or other statutes. To the contrary, as detailed below, the Transaction offers substantial public interest benefits without any material countervailing harms. In the absence of any such harms, the Applicants believe that there is no need to impose transaction-specific conditions.

B. The Transaction Serves the Public Interest

The Transaction serves the public interest, convenience, and necessity by ensuring that Telegration's customers continue to receive quality services at reasonable prices. In addition to capital, AppSmart Agent Services provides Telegration with experienced management personnel. These resources position Telegration not only to maintain services, but potentially to expand its range of service offerings and customer base.

Granting the instant application would also be consistent with Commission precedent relating to untimely transfer-of-control applications.¹² Earlier this year, for example, the Commission granted an untimely application for the assignment of 32 wireless licenses.¹³

¹¹ See *Level 3-CenturyLink Order*, 32 FCC Rcd. at 9586 ¶ 11.

¹² See *The Zayo Group, LLC, Application for Assignment of License of 42 Microwave Licenses from Eagle-Net Alliance; The Zayo Group, LLC, Request for Waiver of Section 1.917(a) of the Commission's Rules*, Order, DA No. 20-4, 2020 WL 132474, at *2 ¶ 7 (OHMSV Jan. 3, 2020) (granting untimely application, while reserving its right to initiate enforcement action); *Domestic 214 Application Granted - Application for the Acquisition of Assets of HBC Telecom, Inc. by Hiawatha Broadband Communications, Inc.*, Public Notice, 23 FCC Rcd. 924, 924 n.4 (WCB 2008) ("*Hiawatha Order*") (same).

¹³ *Zayo Order* ¶¶ 6-7.

Similarly, Hiawatha Broadband Communications' acquisition of HBC Telecom received approval because it was in the public interest, even though the application was filed more than four years after consummation of the transaction.¹⁴ Even where the applicant "proffered no explanation for its failure to request Commission consent prior to the transaction," Commission practice has been to grant consent to the transfer of control.¹⁵ In other instances, the Commission reminded applicants that the rules required seeking Commission approval prior to consummation, as a warning to avoid the same mistake in the future, but otherwise approved the transfer of control because granting the transfers would serve the public interest.¹⁶ There is no reason for the Commission to deviate from its general practice of granting remedial applications that would serve the public interest.

C. The Transaction Would Not Create Any Anti-Competitive Effects

The Transaction does not create any new combinations to adversely affect competition in any domestic market or on any U.S.-international route. Telegration is a non-dominant provider of telecommunications services: its new owners do not control, and are not affiliated with, any foreign carrier or any domestic telecommunications services providers in the United States.

IV. INFORMATION REQUIRED BY 47 C.F.R. § 63.04

The Applicants submit the following information pursuant to 47 C.F.R. § 63.04(a):

A. Applicant Identification Information¹⁷

In Table 1 below, the Applicants provide their names, addresses, telephone numbers,

¹⁴ *Hiawatha Order* at 924.

¹⁵ Lexington Coal Co., LLC, Notice of Apparent Liability for Forfeiture, DA No. 19-51, 2019 WL 497355, at *1 (Enforcement Bur. Feb. 7, 2019).

¹⁶ *Global Crossing Ltd.*, Memorandum Opinion and Order, 15 FCC Rcd. 24,924, 24,926, 24,928 ¶¶ 8, 15 (Int'l Bur. 2000).

¹⁷ *See* 47 C.F.R. §§ 63.04(a)(1), (2).

places of organization, and FCC Registration Numbers.

TABLE 1: Applicant Identification Information

Name, Address, and Telephone #	Place of Organization	FRN	Transaction Role
AppDirect, Inc. 650 California Street, Floor 25 San Francisco, CA 94108 +1 (415) 852-3919	Delaware	0029733037	Transferee
Denis V. Raue Vice President, Business Development AppSmart, Inc. 905 W. Maple Road Clawson, MI 48017 +1 810-560-8386	N/A	0029736436	Transferor
AppSmart TGN, Inc. (f/k/a Telegration, Inc.) 905 W. Maple Road Clawson, MI 48017 +1 810-560-8386	Delaware	0010958312	Authority Holder

B. Contact Information¹⁸

The Commission should address correspondence regarding this application to the persons identified in Table 2 below.

¹⁸ See *id.* § 63.04(a)(3).

TABLE 2: Applicant Contact Information

Applicant	Company Contact	Counsel Contact
AppSmart TGN, Inc. (f/k/a Telegration, Inc.) AppDirect, Inc.	Julien Brosseau Senior Corporate Counsel AppDirect, Inc. 650 California Street, Floor 25 San Francisco, CA 94108 +1 514 208 4102 jbrosseau@appdirect.com (with a copy to legal@appdirect.com)	Stephanie Weiner Henry Shi Mengyu Huang Harris, Wiltshire & Grannis LLP 1919 M Street, N.W., Suite 800 Washington, D.C. 20036-3537 +1 202 730 1344 sweiner@hwglaw.com
Denis V. Raue	Denis V. Raue Vice President AppSmart TGN, Inc. 905 W. Maple Road Clawson, MI 48017 +1 810-560-8386 denis.raue@appsmart.com	Blake D. Crocker Crocker & Crocker 107 W. Michigan Avenue, 4 th FL Kalamazoo, Michigan 49007 +1 269-381-8893 blake@crockerlawfirm.com

C. Direct and Indirect Ownership of Transferee¹⁹

Authority Holder certifies that, as a result of the Transaction, it has the following 10-percent-or-greater interest holders:²⁰

AppSmart Agent Services, Inc. (“AppSmart Agent Services”)

Address: 650 California Street, Floor 25, San Francisco, CA 94108

Place of Organization: Delaware

Principal Business: referral services

Ownership Interest: 100-percent voting and economic interest in Authority Holder.

¹⁹ See *id.* § 63.04(a)(4).

²⁰ AppDirect is managed by its board of directors, which currently consists of 6 directors out of a maximum of 8 directors. No single shareholder of AppDirect currently has sufficient votes to elect a majority of the board.

AppSmart, Inc. (“AppSmart”)

Address: 650 California Street, Floor 25, San Francisco, CA 94108

Place of Organization: Delaware

Principal Business: cloud-based technology marketplace

Ownership Interest: 100-percent voting and economic interest in AppSmart Agent Services.

AppDirect, Inc. (“AppDirect”)

Address: 650 California Street, Floor 25, San Francisco, CA 94108

Place of Organization: Delaware

Principal Business: business-to-business cloud marketplace and cloud management services

Ownership Interest: 100-percent voting and economic interest in AppSmart.

Nicolas Desmarais (directly and through investment entities)

Address: AppDirect, 650 California Street, Floor 25, San Francisco, CA 94108

Citizenship: Canada

Principal Business: Founder and co-CEO of AppDirect

Ownership Interest: 13-percent economic interest and 40-percent voting interest in AppDirect.

Paul Desmarais Jr. (through investment entities)

Address: AppDirect, 650 California Street, Floor 25, San Francisco, CA 94108

Citizenship: Canada

Principal Business: Investor

Ownership Interest: 16-percent economic interest and 6-percent voting interest in AppDirect.

Mithril Capital Management (through investment entities)

Address: 600 Congress Avenue, Suite 3100, Austin, TX 78701,

Place of Organization: Delaware

Principal Business: investment company

Ownership Interest: 13-percent economic interest and 5-percent voting interest in AppDirect.

PEG Digital Growth Fund II

Address: JP Morgan Asset Management, Private Equity Group, 320 Park Avenue, 15th Floor, NY1-U016, New York, NY 10022

Place of Organization: Delaware

Principal Business: investment company

Ownership Interest: 13-percent economic interest and 5-percent voting interest in AppDirect.

Daniel Saks (directly and through investment entities)

Address: Daniel Saks, c/o AppDirect, 650 California Street, Floor 25, San Francisco, CA 94108

Citizenship: Canadian

Principal Business: President and co-CEO of AppDirect

Ownership Interest: 11-percent economic interest and 32-percent voting interest in AppDirect.

In Exhibits A and B, respectively, the Applicants provide diagrams showing the pre- and post-consummation economic and voting interests in Authority Holder.

D. Certification Regarding the Anti-Drug Abuse Act of 1988²¹

The Applicants certify that no party to this Application is subject to denial of federal benefits under Section 5301 of the Anti-Drug Abuse Act of 1988, as amended.²²

E. Transaction Description

The Applicants describe the Transaction in part I.B above.

F. Services Provided and Geographic Areas Services²³

As indicated in part I.A above, Telegration provides competitive interstate and intrastate long-distance services in Michigan, Ohio, Illinois, Wisconsin, Florida, and New York.

Telegration also provides international and toll-free services. Telegration provides services in geographic areas based on its customers' connectivity needs and the location of their premises.

²¹ See 47 C.F.R. §§ 63.04(a)(5).

²² 21 U.S.C. § 862(a); Anti-Drug Abuse Act of 1988, Pub. L. No. 100-690, § 5301, 102 Stat. 4181, 4310-12 (1988), which related to denial of Federal benefits to drug traffickers and possessors—previously codified at 21 U.S.C. § 853(a)—was renumbered section 421 of the Controlled Substances Act of 1990, Pub. L. No. 101-647, § 1002(d)(1), 104 Stat. 4789, 4827 (1990), and has been recodified as 21 U.S.C. § 862(a). 47 C.F.R. § 63.18(o) does not reflect this recodification.

²³ 47 C.F.R. § 63.04(a)(7).

G. Streamlining²⁴

This Application qualifies for streamlined processing pursuant to 47 C.F.R. § 63.03(b)(1)(ii) because the Transaction did not transfer control of Authority Holder to another telecommunications provider, and Transferee is not affiliated with any other telecommunications services provider in the United States.

H. Other Applications Filed with the Commission²⁵

The Applicants have no other applications filed with the Commission relating to the Transaction.

I. Business Necessity²⁶

The Applicants are not requesting special consideration under 47 C.F.R. § 63.04(a)(10).

J. Public Interest Benefits²⁷

Please see part III above for a discussion of the public interest benefits of granting the application.

V. INFORMATION REQUIRED BY 47 C.F.R. § 63.24

The Applicants provide the following information pursuant to 47 C.F.R. § 63.24(e).

A. Applicant Identification Information²⁸

See response to part IV.A above for the Applicants' names, addresses, telephone numbers, place of organization, and FCC Registration Numbers.

²⁴ 47 C.F.R. § 63.04(a)(8).

²⁵ 47 C.F.R. § 63.04(a)(9).

²⁶ 47 C.F.R. § 63.04(a)(10).

²⁷ 47 C.F.R. § 63.04(a)(12).

²⁸ 47 C.F.R. § 63.18(a), (b).

B. Contact Information²⁹

See response to part IV.B above for the contact details of the persons to whom correspondence relating to this application should be addressed.

C. Prior Section 214 Authority³⁰

Telegation holds global facilities-based and global resale authority, granted under the following file number: ITC-214-19980213-00108.

D. Certification Regarding Ownership, Place of Organization, Principal Business, and Interlocking Directorates.³¹

See response to part IV.C above for a list of persons or entities that, pursuant to the Transaction, hold directly or indirectly a 10-percent-or-greater voting or equity interest in the Authority Holder, and the percentage held by each of those entities. Neither Authority Holder nor Transferee has any interlocking directorates with foreign carriers.

E. Certification Regarding Foreign Carrier Status and Foreign Affiliations³²

The Applicants certify that as a result of the Transaction, no Applicant: (1) will be a foreign carrier in any foreign country; and (2) will be affiliated with any foreign carrier.

F. Certification Regarding Destination Countries³³

The Applicants certify that following consummation of the Transaction: (1) none of the Applicants is a foreign carrier in any of the countries that the Authority Holder services; (2) no Applicant controls foreign carriers in the destination countries on the routes served by the Authority Holder; and (3) no grouping of two or more foreign carriers (or parties that control

²⁹ 47 C.F.R. § 63.18(c).

³⁰ 47 C.F.R. § 63.18(d).

³¹ 47 C.F.R. § 63.18(h).

³² 47 C.F.R. § 63.18(i).

³³ *See id.* § 63.18(j).

foreign carriers in the countries served by the Authority Holder) own, in aggregate, more than 25 percent of the Applicants and are parties to, or beneficiaries of, a contractual relationship affecting the provision or marketing of arrangements for the terms of acquisition, sale, lease, transfer, and use of capacity on the routes served by the Authority Holder.

G. Certifications Regarding WTO Status³⁴

No response is required. The Applicants did not identify any non-WTO markets in response to 47 C.F.R. § 63.18(j).

H. Non-Dominant Status

No response is required, as the Applicants did not identify any foreign affiliates in response to 47 C.F.R. § 63.18(i).

I. Special Concessions³⁵

The Applicants certify that they have not agreed to accept special concessions directly or indirectly from any foreign carrier with respect to any U.S. international route where the foreign carrier possesses market power on the foreign end of the route and will not enter into such agreements in the future.

J. Certification Regarding the Anti-Drug Abuse Act of 1988.³⁶

See part IV.D above for the Applicants' Anti-Drug Abuse Act certification.

³⁴ *See id.* § 63.18(j).

³⁵ 47 C.F.R. § 63.18(n).

³⁶ 47 C.F.R. § 63.18(o).

K. Streamlining³⁷

The Applicants request streamlined processing pursuant to 47 C.F.R. § 63.12, as they qualify for a presumption of non-dominance based pursuant to 47 C.F.R. § 63.10(a)(1), as Applicants are not affiliated with any foreign carriers.

³⁷ 47 C.F.R. § 63.18(p).

CONCLUSION

For the reasons stated above, the Applicants request that the Commission expeditiously grant consent for the transfer of control of Telegration from Denis V. Raue to AppDirect.

Respectfully submitted,

Denis V. Raue



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CONCLUSION

For the reasons stated above, the Applicants request that the Commission expeditiously grant consent for the transfer of control of Telegation from Denis V. Raue to AppDirect.

Respectfully submitted,

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Exhibit A: Pre-Transaction Ownership of Authority Holder

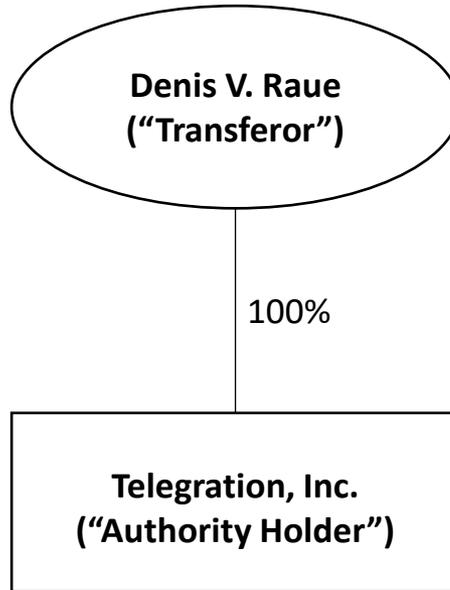


Exhibit B: Post-Transaction Ownership of Authority Holder

