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Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

GRANTED

FEB 18 2016

Competition Policy Division
Wireline Competition Bureau
Effective for 60 days

Attn: Gregory Kwan
Competition Policy Division
Wireline Competition Bureau

Re: WC Docket No. 16-11
Sangoma U.S., Inc.'s Request for Domestic Special Temporary Authority

Dear Ms. Dortch:

Sangoma U.S., Inc. ("Sangoma U.S."), by its undersigned counsel, and pursuant to Section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214, and Section 63.04 of the rules of the Federal Communications Commission ("FCC" or the "Commission"), 47 C.F.R. § 63.04, hereby respectfully requests domestic Special Temporary Authority ("STA") to provide service to customers pending consideration of and final FCC action on a previously filed domestic Section 214 authorization application.[1] This STA and the previously filed domestic Section 214 authorization application were filed to remedy recently discovered telecommunications regulatory oversights; namely the failure to timely notify the Commission of Sangoma U.S.'s acquisition of SIPStation Inc. ("SIPStation") and Rockbochs Inc. ("Rockbochs"). Accordingly, Sangoma U.S. seeks this STA to authorize its continued domestic operations while its domestic Section 214 application is considered by the FCC.

Sangoma U.S. requests an STA for a period of 60 days and will seek an extension of the STA period should the FCC require additional time to take dispositive action on the underlying application for domestic Section 214 authorization. Sangoma U.S. acknowledges that a grant of domestic STA will not prejudice any action the FCC may take on the underlying domestic Section 214 application. Sangoma U.S. further acknowledges that domestic STA can be revoked by the FCC upon its own motion and without a hearing.

[1] *See* WC Docket No. 16-11. Because this request solely seeks a grant of domestic STA, Sangoma U.S. has omitted background and other information related to its pending international Section 214 STA request. *See* IBFS File No. ITC-214-20150918-00222.

Background

Sangoma U.S. is a Delaware based corporation whose parent entity is Sangoma Technologies Corp. ("STC.V"), a Canadian publicly listed Company. STC.V has one 10% or more individual shareholder, Mr. David Mandelstam, a Canadian citizen who holds an estimated 16.3% interest in STC.V.[2] STC. V has a single 100% owned subsidiary, Sangoma Technologies Inc. ("STI"), through which all of STC. V's business is conducted. STI holds 100% of Sangoma U.S. On January 1, 2015, Sangoma U.S. acquired SIPStation and Rockbochs. After acquiring SIPStation and Rockbochs, Sangoma U.S. subsequently merged SIPStation (July 1, 2015) and Rockbochs (October 1, 2015) into Sangoma U.S. SIPStation, based in Wisconsin, was established to provide an integrated SIP trunking service. Rockbochs, based in Minnesota, offered fax-over-IP service and supporting hardware. With the exception of Sangoma U.S.'s current telecommunications service offerings (i.e., those telecommunications services formerly provided by SIPStation and Rockbochs), which STC.V provides solely by virtue of its status as the ultimate parent owner of Sangoma U.S., STC.V does not provide telecommunications services in any country, nor is STC.V affiliated with any other telecommunications providers. Moreover, Sangoma U.S. does not have market power in any country.

Transfers of Control and Assignments

Prior to the acquisitions of SIPStation and Rockbochs (the "Acquired Companies"), the Acquired Companies were 100% U.S. owned and had not previously experienced a substantial transfer of control. Thus, they had not been required to obtain domestic Section 214 licenses.[3] Pursuant to the FCC's rules, however, prior to Sangoma U.S.'s acquisitions of SIPStation and Rockbochs, applications should have been filed seeking FCC prior approval for the domestic substantial transfers of control.[4] Nonetheless, because Sangoma U.S. was not aware that domestic applications were required for each transfer of control, the required applications were not filed. Because the Commission does not require notification for the *pro forma* assignment of domestic Section 214 authorization, no such notifications were provided when SIPStation and Rockbochs were merged into Sangoma U.S.[5]

Sangoma U.S. regrets its part in the failure to seek prior FCC approval for the domestic transfers of control of SIPStation and Rockbochs. Failure to submit the required domestic applications in connection with these transactions was an oversight that occurred due to lack of

[2] Note that STC.V is a Canadian publicly held company of which Mr. Mandelstam holds an estimated 16.3% equity interest, with an estimated 83.7% equity interest being publicly held. Mr. Mandelstam is the only equity holder of STC.V with a more than 10% equity interest.

[3] See 47 C.F.R. § 63.01(a) ("Any party that would be a domestic interstate communications common carrier is authorized to provide domestic, interstate services to any domestic point and to construct or operate any domestic transmission line as long as it obtains all necessary authorizations from the Commission for use of radio frequencies.").

[4] *See* 47 C.F.R. § 63.04 (describing the filing procedures for domestic and joint domestic/international applications for transfers of control).

[5] See 47 C.F.R. §§ 63.03(d) (providing blanket authorization to transfer or assign a domestic Section 214 authorization in case of a corporate restructuring that does not result in change in ultimate control).

familiarity with the Commission's domestic Section 214 rules. Sangoma U.S. reports these transactions now, and seeks the requisite domestic Section 214 authority, because it understands the importance of compliance with U.S. telecommunications regulations and wants to assure the Commission of its intent to operate as a good U.S. corporate citizen.

Throughout this period, the actual services offered to the customers of the Acquired Companies have not changed. Instead, only the ownership of the companies has changed; they have been simplified into a single U.S. operating entity. Sangoma U.S. has worked diligently with counsel to gather the information necessary to prepare the required domestic Section 214 application and the corresponding request for domestic STA. Sangoma U.S. also intends to put in place internal monitoring controls and to work with counsel to ensure full compliance with FCC licensing requirements in the future.

Public Interest Statement

An STA to authorize continued domestic operations would be in the public interest because it would avoid disruption of service to Sangoma U.S.'s business' customers. In addition, granting Sangoma U.S.'s STA request is consistent with Commission precedent.[6] The Commission does not typically deny STAs where they are the result of unintentional error, especially where such denial would mean disruption in valuable services provided to the public. Rather, the FCC has granted such requests even in cases where previously undisclosed foreign ownership amounted to control of the licensee.[7]

Sangoma U.S.'s failure to seek and obtain the required domestic authorization was not done deliberately and no harm to customers has resulted from the transactions outlined in this attachment. STC.V, Sangoma U.S.'s ultimate parent owner, is a Canadian company and, until recently, its senior officials had limited knowledge of U.S. telecommunications and licensing law. Sangoma U.S. acknowledges that a grant of domestic STA may be revoked by the Commission upon its own motion and without a hearing, and that a grant of this domestic STA request and the corresponding domestic Section 214 application will not preclude enforcement action by the Commission.

[6] *See, e.g.*, Diller Telephone Co., Request for Domestic Section 214 Special Temporary Authority, WC Docket No. 14-224 (filed Nov. 20, 2014) (stamped with WCB grant of authority) ("Diller Domestic Request"). This application was granted three years after Diller acquired Diode and failed to seek authorization for the transfer or notify the Commission. *See* Diller Domestic Request at 1-2 (underlying transactions took place in March, 2011).

[7] See Public Notice, DA 12-543, at 3 (FCC IB rel. Apr. 5, 2012) (granting application for assignment to One World Telecom, LLC under IBFS File No. ITC-ASG-20110812-00261); One World Telecom, LLC, Request for Special Temporary Authority (Domestic, WC Docket No. 12-65 (filed Mar. 15, 2012) (stamped with WCB grant of authority); see also Public Notice, DA 12-1842, at 3 (FCC IB rel. Nov. 15, 2012) (approving increased foreign investment transferring control of Verscom LLC under IBFS File No. ITC-T/C-20120203-00040); Public Notice, Authorizations Granted, DA 07-3472, 22 FCC Rcd 13894 (FCC IB rel. July 30, 2007) (granting applications of Satamatics, Inc., Satamatics Worldwide Limited, and Satamatics Global Limited for consent to transfer control of licensees and authorizations, including a Section 214 authorization under IBFS File No. ITC-T/C-20070319-00113).

Granting Sangoma U.S.'s request for domestic STA serves the public interest by ensuring that there is no interruption in the telecommunications services of Sangoma U.S.'s business customers, who rely on the connectivity provided by the Acquired Companies' infrastructure and services for their business operations. Some of these services are unique capabilities that allow remote locations, in some cases offshore oil rigs, to communicate almost exclusively within the United States.

As previously mentioned, Sangoma U.S. is taking steps to avoid FCC regulatory compliance failures in the future. It has engaged telecommunications counsel and has been briefed on the types of transactions that require FCC notification and approval. Sangoma U.S. will consult telecommunications counsel in the future regarding any sales and/or acquisitions of telecommunications assets and any significant changes in company equity, ownership, or voting control.

For the foregoing reasons, Sangoma U.S. respectfully requests that the FCC grant the requested domestic STA for a period of 60 days. Sangoma U.S. will seek an extension of the STA period should the FCC require more than 60 days to take dispositive action on the underlying application for domestic Section 214 authorization.

Please do not hesitate to contact us if you require additional information.

Respectfully submitted,

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