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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

September 20, 2000

Magalie Roman Salas
Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Room TW-A325
Washington, D.C. 20554

Re: Notification of Ex Parte Presentation in WT Dkt. No. 00-81

Dear Ms. Salas:

Pursuant to section 1.1206(b)(2) of the Commission's rules,[1] I am filing the attached two copies of a written ex parte presentation I submitted today to Elizabeth Nightingale of the International Bureau's Telecommunications Division.

Thank you very much for your assistance.

Sincerely,

Peter J. Schildkraut

Peter J. Schildkraut
Counsel for SBC Communications Inc.

Attachment

cc: Elizabeth Nightingale

[1] *Id.* § 1.1206(b)(2).

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

September 20, 2000

Elizabeth Nightingale
Telecommunications Division
International Bureau
Federal Communications Commission
445 12th Street, S.W.
Room 6-A729
Washington, D.C. 20554

Re: Effect of SBC/BellSouth Wireless Joint Venture on Control of CCPR

Dear Ms. Nightingale:

As Susan O'Connell requested, this letter explains the ownership and governance of the CCPR family of companies (collectively "CCPR"), both as they exist now and as they will exist after SBC Communications Inc. ("SBC") and BellSouth Corporation ("BellSouth") form their proposed wireless joint venture, Alloy LLC ("Newco").[1]

The Present Structure

Currently, SBC and Teléfonos de Mexico, S.A. de C.V. ("Telmex") jointly own CCPR. The top-level company within CCPR, SBC International – Puerto Rico, Inc. ("SBCI – PR"), is owned in equal shares by SBC Wireless – Puerto Rico, Inc., a wholly owned subsidiary of SBC, and Inmobiliaria Aztlán, S.A. de C.V. ("Inmobiliaria"), a wholly owned subsidiary of Telmex. Nevertheless, Telmex does not have "true negative control of the CCPR subsidiaries . . . because Telmex's control rights [are] circumscribed to certain veto rights pertaining only to issues affecting the economic integrity of its

---

[1] As explained in the original applications in this docket, SBC will have an approximately 60 percent economic interest in Newco while BellSouth will have an approximately 40 percent interest. Despite the differing economic interests in Newco, control will be equally shared by SBC and BellSouth. For a more detailed explanation of Newco's ownership, *see Description of the Transaction, Public Interest Showing and Related Demonstrations* at 7 *in In re Applications of SBC Communications Inc., BellSouth Corp., and Alloy LLC*, WT Dkt. No. 00-81, SBC International Section 214 Application Ex. 1 (filed May 4, 2000); *Description of the Transaction, Public Interest Showing and Related Demonstrations* at 7 *in In re Applications of SBC Communications Inc., BellSouth Corp., and Alloy LLC*, WT Dkt. No. 00-81, BellSouth International Section 214 Application Ex. 1 (filed May 4, 2000).

investment."[2] In particular, although both SBC and Telmex have the right to elect two members of the SBCI – PR board of directors, SBC has the right to appoint one of its two directors to be the chairman of SBCI – PR. This chairman is empowered to cast an additional vote in the event of a tie.[3] Therefore, SBC exercises affirmative control over CCPR.

The Proposed Structure

SBC, BellSouth, and Telmex are in the process of finalizing the structure of CCPR that will exist after the consummation of the transfer of control and assignment of authorizations controlled by SBC and BellSouth to Newco. However, SBC makes the following commitments to the Commission with respect to CCPR's post-consummation structure:

1. As of the consummation, SBC plans to contribute its interest in certain CCPR companies (collectively, the "Contributed Properties") to Newco. The Contributed Properties include CCPR Services, Inc. and USVI Cellular Telephone Corporation, which hold international Section 214 authorizations. Assuming such contribution occurs, Newco will acquire SBC Wireless – Puerto Rico LLC[4] and that company's 50 percent interest in SBCI – PR. Telmex's noncontrolling interests in SBCI – PR will not change. SBCI – PR will remain the indirect parent of the Contributed Properties.

   Accordingly, although both Newco and Telmex will have the right to elect two members of the SBCI – PR board of directors, Newco will have the right to appoint one of its two directors to be the chairman of SBCI – PR. This

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[2] *Wireless Telecomm. Bureau and Int'l Bureau Complete Review of Proposed Investment by Teléfonos de Mexico, S.A. de C.V. in Parent of Cellular Communications of Puerto Rico*, Public Notice, 15 FCC Rcd. 1227 (WTB/IB 1999).
[3] Attached for your convenience is a copy of *In re SBC International, Inc.*, File Nos. ISP-PDR-19990611-00005 & FCN-NEW-19990617-00022, Petition for Declaratory Ruling & Notification of Intent (filed June 17, 1999), which explains CCPR's governance in more detail. Please note that, since that filing, SBC has transferred pro forma its interest in SBCI – PR from one wholly owned subsidiary, SBC International, Inc., to another, SBC Wireless, Inc. *See* ULS File Nos. 0000073750, 0000073757, 0000073759, 0000073761, & 0000073764 (filed Jan. 26, 2000). (Pursuant to section 63.24(b) of the Commission's rules, 47 C.F.R. § 63.24(b), no filing needed to be made for this pro forma transfer of control of CCPR's international Section 214 authorizations.)
[4] SBC Wireless – Puerto Rico, Inc. will be converted to a limited liability company prior to the contribution.

chairman will be empowered to cast an additional vote in the event of a tie. Telmex – exactly as it does now – will have certain veto rights pertaining only to issues affecting the economic integrity of its investment. Therefore, Newco will exercise affirmative control over the CCPR cellular companies, just as SBC does now.

2. As of the consummation, SBC plans not to contribute its interest in CCPR's other businesses (collectively, the "Excluded Properties") to Newco. The Excluded Properties consist of CCPR's paging companies,[5] competitive local exchange carrier ("CLEC") company,[6] and wireline long distance business.[7] Accordingly, SBC and Telmex are creating one or more new holding companies to hold the Excluded Properties. A wholly owned SBC subsidiary and Inmobiliaria each will have a 50 percent equity interest in the new holding companies.[8] The governance structures of the new holding companies will be identical to SBCI – PR's in all respects material to control.

   In particular, although both SBC and Telmex will have the right to elect two members of the new holding companies' boards of directors, SBC will have the right to appoint one of its two directors to be the chairman of each new holding company. This chairman will be empowered to cast an additional vote in the event of a tie. Telmex – exactly as it does now – will have certain veto rights pertaining only to issues affecting the economic integrity of its investment. Therefore, SBC will exercise affirmative control over the Excluded Properties, just as it does now.

To summarize, after the consummation of the transfer of control and assignment of authorizations controlled by SBC and BellSouth to Newco pursuant to the pending

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[5] CCPR Paging, Inc. and USVI Paging, Inc. The parties are considering seeking the Commission's consent to contribute SBC's controlling interest in CCPR's paging companies to Newco. However, the parties presently do not plan to file applications for such consent until after the consummation of the pending transfer of control and assignment of authorizations controlled by SBC and BellSouth to Newco. (Of course, no such contribution will be made without the Commission's consent.)

[6] CCPR Telecommunications, Inc.

[7] The wireline long distance business currently is a division of CCPR Services, Inc., but it will be placed within the Excluded Properties as part of the restructuring described in this letter.

[8] For convenience, the plural will be used although it remains possible that only one new holding company will hold all of the Excluded Properties.

applications, Newco will have the same degree of affirmative control of the Contributed Properties that SBC currently holds. SBC will continue to have the same degree of affirmative control of the Excluded Properties as it currently holds. Telmex will neither gain nor lose rights that are relevant to a control analysis or otherwise; therefore, Telmex's interest in the CCPR companies will remain noncontrolling, and its effective economic interest in the CCPR companies will remain at 50 percent. Since the Commission previously has determined that SBC has affirmative control of each CCPR company, it should conclude that, after the consummation of the transactions contemplated by the pending applications, Newco will have affirmative control of the Contributed Properties while SBC will retain affirmative control of the Excluded Properties.

If you have any questions regarding this letter, please contact

Wayne Watts
Vice President and Assistant General Counsel
SBC Communications Inc.
175 East Houston
San Antonio, TX 78205
(210) 351-3476 (voice)
(210) 351-3257 (facsimile)

Thank you very much for your consideration.

Sincerely,

Peter J. Schildkraut

Peter J. Schildkraut
Counsel for SBC Communications Inc.

Attachment

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

RECEIVED
JUN 17 1999
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of SBC INTERNATIONAL, INC. Petition for Declaratory Ruling That Exceeding 25% Indirect Foreign Ownership of Various Subsidiaries of Cellular Communications of Puerto Rico, Inc., Pursuant to Section 310(b)(4) of the Communications Act of 1934, as Amended, Is Consistent With the Public Interest. Notification of Intent for CCPR Services, Inc. and USVI Cellular Telephone Corporation to Become Affiliated With a Foreign Carrier Pursuant to Section 214 of the Communications Act of 1934, as Amended, and Section 63.11 of the Commission's Rules.	)	File No. _____

PETITION FOR DECLARATORY RULING THAT EXCEEDING 25% INDIRECT FOREIGN OWNERSHIP OF VARIOUS SUBSIDIARIES OF CELLULAR COMMUNICATIONS OF PUERTO RICO, INC., PURSUANT TO SECTION 310(b)(4) OF THE COMMUNICATIONS ACT OF 1934, AS AMENDED, IS CONSISTENT WITH THE PUBLIC INTEREST

NOTIFICATION OF INTENT FOR CCPR SERVICES, INC. AND USVI CELLULAR TELEPHONE CORPORATION TO BECOME AFFILIATED WITH A FOREIGN CARRIER PURSUANT TO SECTION 214 OF THE COMMUNICATIONS ACT OF 1934, AS AMENDED, AND SECTION 63.11 OF THE COMMISSION'S RULES

Pursuant to Section 310(b)(4) of the Communications Act of 1934, as amended, 47 U.S.C. § 310(b)(4), SBC International, Inc. ("SBCI") hereby seeks a declaratory ruling from the Federal Communications Commission (the "Commission") that SBCI's intended sale of an indirect equity interest in various subsidiaries of Cellular Communications of Puerto Rico, Inc. and in a partnership owned by some of those subsidiaries (collectively, "the CCPR Subsidiaries") that hold FCC licenses to Inmobiliaria Aztlán, S.A. de C.V., a Mexican sociedad anónima de capital variable that is an indirect, wholly-owned subsidiary of Teléfonos de México, S.A. de C.V. (hereinafter "Telmex" shall refer to both the parent and subsidiary companies), which will give Telmex an indirect equity interest of 50% in, but no control over, the CCPR Subsidiaries, is consistent with the public interest.

In addition, since two of the CCPR Subsidiaries, CCPR Services, Inc. ("CCPR Services") and USVI Cellular Telephone Corporation ("USVI Cellular") (collectively, the "CCPR § 214 Subsidiaries") hold international § 214 authorizations, SBCI, pursuant to Section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214, and Section 63.11 of the Commission's rules, 47 C.F.R. § 63.11 (1999), hereby files a notification of intent for the CCPR § 214 Subsidiaries to become affiliated with a foreign carrier, Telmex.

I. <u>The Proposed Transactions</u>

In addition to this petition for a declaratory ruling and notice pursuant to Section 63.11 of the Commission's rules, SBC Communications Inc. ("SBC") and Cellular Communications of Puerto Rico, Inc. ("CCPR") also have filed applications (in a separate proceeding) for authority to transfer control of the FCC authorizations held by the CCPR Subsidiaries to SBC (the "Transfer Applications").

As set forth in detail in the "Description of Transaction, Public Interest Showing and Related Demonstrations" (submitted with the Transfer Applications), on April 30, 1999, SBC entered into an Agreement and Plan of Merger (the "Merger Agreement") with CCPR. SBC thereby will obtain control over all the FCC licenses and authorizations held by the CCPR Subsidiaries, including the international § 214 authorizations held by the CCPR § 214 Subsidiaries. The licenses and authorizations to be transferred authorize cellular and paging operations in the Commonwealth of Puerto Rico ("Puerto Rico") and the United States Virgin Islands ("U.S.V.I.").[1] The identity of the licensees will not change, but SBC will control and become the ultimate parent company of the licensees. SBC proposes to hold its investment in CCPR through SBCI, a wholly-owned subsidiary of SBC that controls all of SBC's international telecommunications operations. In turn, SBCI has organized a wholly-owned subsidiary, called SBC International Puerto Rico, Inc. ("SBCIPR"), to become, at the closing of the Merger Agreement, the holder of all of the common stock of CCPR. Through this process, CCPR will become an indirect, wholly-owned subsidiary of SBC.

Pursuant to an entirely separate Stock Purchase Agreement and a Shareholders Agreement between SBCI and Telmex, after the closing of the Merger Agreement SBCI plans to transfer to Telmex a 50% interest in SBCIPR. Under these agreements – and pursuant to SBCIPR's organizational documents – both SBCI and Telmex will be entitled to elect two members of the board of directors of SBCIPR, but SBCI will control the board through casting an additional vote to be given to the chairman, who will be designated by SBCI. Telmex will have certain veto rights, but only on issues affecting

---

1 A list of these licenses and authorizations, as well as licenses for point-to-point microwave service used in the operation of the cellular systems and international 214 authorizations, is attached hereto as Exhibit 1.

the economic integrity of its investment.[2] SBCI will control the appointment and compensation of officers and other employees, entering contracts, incurring debt, developing and approving budgets and business plans, declaring dividends, instituting and settling litigation, determining regulatory policy, etc. SBCI has no obligation to put Telmex representatives on the Board of Directors of CCPR or the CCPR Subsidiaries and, at those levels, Telmex' veto rights extend only to those matters affecting the economic integrity of its investment.[3] As discussed below, Telmex will have neither affirmative nor negative control of the CCPR Subsidiaries following this sale.

In order to expedite the closing of SBCI's planned sale of a 50% non-controlling interest in SBCIPR to Telmex following the Commission's approval of the Transfer Applications, SBCI is filing now to seek a declaratory ruling from the Commission that this sale is consistent with the public interest under § 310(b)(4). In addition, since the CCPR § 214 Subsidiaries hold two international § 214 authorizations, SBCI is filing a

---

[2] Telmex' veto rights with respect to SBCIPR relate to the following matters: entering a new line of business other than the operation and ownership of a telecommunications business in Puerto Rico or the U.S.V.I., or terminating an existing line of business; filing bankruptcy or liquidation or similar proceedings; undertaking a merger, consolidation or dissolution; entering a contract or other agreement with SBCI or an affiliate of SBCI other than on normal, arm's-length, commercial terms; selling, issuing, repurchasing, or redeeming equity interests or securities convertible into equity interests; amending the organizational documents of the company; and selling all or substantially all of the assets of the company. A copy of the form of SBCIPR's Amended and Restated Certificate of Incorporation (to be entered into upon the purchase by Telmex of its interest in SBCIPR), setting forth these rights as well as the process for electing directors, is attached hereto as Exhibit 2.

[3] Telmex' veto rights with respect to CCPR and the CCPR Subsidiaries are the same in all material respects to those it has with respect to SBCIPR, except that they do not apply to selling, issuing, repurchasing, or redeeming equity interests or securities convertible into equity interests, or amending the organizational documents of CCPR or the CCPR Subsidiaries. *See* Exhibit 2.

notice of intent for the CCPR § 214 Subsidiaries to become affiliated with a foreign carrier as required under Part 63 of the Commission's rules. The sale to Telmex, of course, is contingent upon the Commission's approval of the Transfer Applications. Subject to that contingency, SBCI hereby makes the following showings.

II. Petition For Declaratory Ruling That SBCI's Sale Of A 50% Non-Controlling Indirect Interest In The CCPR Subsidiaries To Telmex Is Consistent With The Public Interest

Section 310(b)(4) of the Communications Act of 1934, as amended, provides in relevant part:

> No broadcast or common carrier or aeronautical en route or aeronautical fixed radio station license shall be granted to or held by –
>
> * * * *
>
> (4) any corporation directly or indirectly controlled by any other corporation of which more than one-fourth [25%] of the capital stock is owned of record or voted by . . . any corporation organized under the laws of a foreign country, if the Commission finds that the public interest will be served by the refusal or revocation of such license.

47 U.S.C. § 310(b)(4).

The planned transfer to Telmex of a 50% non-controlling indirect equity interest in the CCPR Subsidiaries requires Commission approval under § 310(b)(4), because the threshold for Commission approval is an indirect interest greater than 25%. However, the Commission easily can dispose of this issue.

Because it is a foreign entity from a nation which is World Trade Organization ("WTO") Member – Mexico – Telmex enjoys a rebuttable presumption that no competitive concerns are raised by its acquisition of a 50% non-controlling indirect interest in the CCPR Subsidiaries. In other words, there is a rebuttable presumption in favor of allowing the transaction, *i.e.*, finding that it is consistent with the public interest. *See* Rules and Policies on Foreign Participation in the U.S. Telecommunications Market; Market Entry and Regulation of Foreign-Affiliated Entities, Report and Order and Order on Reconsideration, 12 FCC Rcd. 23,891, ¶¶ 13-14, 50 (1997) ("Foreign Participation Order"). This "open entry policy" applies in a variety of contexts, including "petitions for declaratory rulings by existing or prospective licensees that the public interest would be served by allowing them to exceed 25 percent indirect foreign ownership." *Id.* ¶ 111. Indeed, as stated in the Foreign Participation Order, "[b]ecause additional foreign investment can promote competition in the U.S. market, [the Commission] conclude[s] that the public interest will be served by permitting more open investment by entities from WTO Member countries in U.S. common carrier wireless licensees." *Id.*

Far from raising any concerns, Telmex' non-controlling involvement with CCPR will be beneficial due to Telmex' extensive experience as a telecommunications provider and, in particular, its experience in providing telecommunications products and customer service to customers of Hispanic origin. CCPR also will benefit from its access to Telmex' knowledge and expertise in providing innovative telecommunications services.

In any event, there can be no claim that this transfer raises any concerns because SBCI will remain in control of SBCIPR and the CCPR Subsidiaries. SBCI will control the day-to-day managerial and operational functions of the CCPR Subsidiaries, and SBCI will control the boards of directors of the CCPR Subsidiaries.[4] Telmex will be a passive

[4] As noted, the SBCIPR board will consist of four members – two elected by each of SBCI and Telmex – but SBCI is entitled to name the chairman of the board, and in the

Footnote continued on next page

investor, whose rights are limited to protecting its indirect economic investment in CCPR's telecommunications business. Unlike a typical 50% investor, Telmex will not have negative control due to SBCI's extra vote on the board of directors and its resulting operational, managerial and financial control of SBCIPR, CCPR and the CCPR Subsidiaries.[5] There simply is no basis to find that a denial of this request for a declaratory ruling would serve the public interest.[6]

Accordingly, SBCI requests that the Commission find that SBCI's sale of a 50% interest in SBCIPR to Telmex – which would give Telmex a 50% indirect interest in, but no control over, the CCPR Subsidiaries – is consistent with the public interest, and that this sale be allowed to proceed after the Transfer Applications are granted.[7]

Footnote continued from previous page
event of an even (2-2) vote, the chairman is given an extra vote to break the tie. Thus, SBCI has complete control of SBCIPR. This control in turn gives SBCI control of the CCPR Subsidiaries.

[5] As the Commission is well aware, there have been extensive proceedings involving the applications of a Telmex affiliate for international § 214 authorization. Since SBCI is not transferring control to Telmex, this petition raises no new issues with respect to Telmex' participation in the U.S. market, and any such issues are irrelevant to this proceeding.

[6] Although Telmex indirectly owns 55% of Topp Telecom Inc. ("Topp"), a reseller of CCPR cellular service in Puerto Rico and the U.S.V.I., this interest raises no competitive issues. Topp, a provider of prepaid wireless communications services, is not a facilities-based cellular carrier, and serves less than 1% of the market for wireless services in Puerto Rico and the U.S.V.I. There are numerous other far more substantial wireless telecommunications providers in these markets. Moreover, while Telmex controls Topp, it will not, as discussed above, control SBCIPR, CCPR or the CCPR Subsidiaries.

[7] SBC is a widely held, publicly traded company, none of whose shareholders own even a 1% interest. SBC assumes that some number of its outstanding shares are foreign-owned but, although it does not know the precise number of such shares, it has no reason to believe that a significant number are foreign-owned. Under Section 310(b)(4) of the Communications Act, those shares should not be aggregated with Telmex' proposed 50% investment in SBCIPR for the purpose of calculating the level of indirect foreign ownership of the CCPR Subsidiaries. *See, e.g.*, Cheryl A. Tritt, Esq., 13 FCC Rcd. 17,950 (1998) ("Under the Commission's decision in Data Transmission, direct foreign
Footnote continued on next page

III. Notification Pursuant To Section 63.11 Of The Commission's Rules

In accordance with Section 63.11 of the Commission's rules, 47 C.F.R. § 63.11 (as effective May 19, 1999), SBCI hereby provides the following information:

(a) Telmex, as described above, intends to acquire a non-controlling indirect interest in CCPR Services and USVI Cellular, both of which are subsidiaries of CCPR,[8] after the Commission (i) grants the Transfer Applications and (ii) issues a declaratory ruling that SBCI's sale of a 50% non-controlling indirect interest in the CCPR Subsidiaries to Telmex is consistent with the public interest. Telmex is a foreign carrier in Mexico. *See* 47 C.F.R. § 63.11(a)(2).

(b) Telmex is authorized to provide telecommunications services to the public in Mexico. *See* 47 C.F.R. § 63.11(c).

(c) Mexico is a WTO Member. *See* 47 C.F.R. § 63.11(c).

(d) CCPR Services and USVI Cellular are authorized to provide resold international communications services. CCPR Services presently holds one international section 214 authorization which allows it to resell services of U.S. facilities-based common carriers

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investment in the licensee and direct foreign investment in the licensee's parent are not aggregated for purposes of calculating foreign ownership."); Data Transmission Co., 52 F.C.C.2d 439 (1975) ("Congress did not intend a 'flow through' effect whereby ownership in a parent corporation would be included with the ownership interest of the subsidiary licensee."). In any event, even if the Commission believes it has the authority to aggregate the shares owned by foreign shareholders of SBC with Telmex' non-controlling indirect 50% interest in the CCPR Subsidiaries, the Commission should find that the total indirect foreign investment in the CCPR Subsidiaries can exceed 50% because the presence of some number of foreign-owned SBC shares does not alter the conclusion that Telmex' purchase is consistent with the public interest.

[8] CCPR has a 99.9998% interest in CCPR Services. USVI Cellular is a wholly-owned subsidiary.

for the purpose of providing switched voice, data, and facsimile communications between Puerto Rico and various international points and to provide credit cards to its customers enabling them to charge international switched message telecommunications to their accounts with CCPR Services. CCPR Services' authorization was granted under FCC File No. ITC-94-100 (public notice of approval, Report No. I-6941, March 16, 1994; effective March 13, 1994). This authorization also has been the subject of a pro forma transfer of control and a pro forma assignment, both of which have been approved by the Commission. *See* FCC File Nos. ITC-97-021 (TC) and ITC-97-689 (AL).

USVI Cellular holds one international section 214 authorization, which grants it the authority to resell switched voice and data international message telephone service from United States Virgin Islands 1 – St. Thomas Island RSA to various international points. USVI Cellular's authorization was granted under FCC File No. ITC-93-128 (public notice of approval, Report No. I-6796, May 12, 1993; effective May 8, 1993). This authorization also has been the subject of two transfers of control, both of which have been approved by the Commission. *See* FCC File Nos. ITC-94-219 (TC) and ITC-97-021 (TC). *See* 47 C.F.R. § 63.11(c).

(e) CCPR Services and USVI Cellular provide international switched services solely through the resale of international switched services of unaffiliated U.S. facilities-based carriers to Mexico. *See* 47 C.F.R. § 63.11(c)(1).

(f) Upon consummation of the Merger Agreement and the sale to Telmex of 50% of SBCIPR, the following entities will own, indirectly through their interests in SBCIPR, at least 10% of CCPR Services and USVI Cellular:

(1) SBC Communications Inc.
175 E. Houston
San Antonio, TX 78205
Citizenship: United States of America
Principal Business: Telecommunications
Percentage Ownership: 50%

(2) Teléfonos de México, S.A. de C.V.
Parque Via No. 190, Piso 10
Colonia Cuauhtemoc
06599 Mexico, D.F.
Mexico

Citizenship: Mexico
Principal Business: Telecommunications
Percentage Ownership: 50%

(3) Carso Global Telecom, S.A. de C.V.
AV. Insurgentes Sur 3500
Colonia Peña Pobre
Tlalpan, Mexico, D.F.
14060
Mexico

Citizenship: Mexico
Principal Business: Telecommunications Holding Company
Percentage Ownership: 11% (Owns Approximately 22% of Telmex; 50% x 22% = 11%)

CCPR Services and USVI Cellular, after the closing of the Merger Agreement, will have no interlocking directorates with a foreign carrier. If, during the pendency of this proceeding, SBCIPR, or any of its subsidiaries, obtains an interlocking directorate with a foreign carrier, SBCI promptly will notify the Commission. *See* 47 C.F.R. § 63.11(c)(2)(i).

(g) CCPR Services and USVI Cellular 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. *See* 47 C.F.R. § 63.11(c)(2)(ii).

(h) CCPR Services and USVI Cellular are entitled to retain non-dominant status for the provision of international switched service between Puerto Rico and the U.S.V.I. and Mexico because, under § 63.10(a)(4) of the Commission's Rules, 47 C.F.R. § 63.10(a)(4), the international service which is the subject of this notice will be provided solely through the resale of an unaffiliated U.S. facilities-based carrier's international switched services (either directly or indirectly through resale of another U.S. resale carrier's international switched services). *See* 47 C.F.R. § 63.11(d).

(i) In view of the provisions for streamlined processing of notifications under Part 63 of the Commission's rules, SBCI, on behalf of CCPR Services and USVI Cellular, hereby requests a waiver of the sixty-day notification period contained in Section 63.11(a).

There is no question that Telmex' proposed investment, giving it an indirect interest of 50% in, but no control of, CCPR Services and USVI Cellular, is in the public interest.[9] The Foreign Participation Order indicates that the Commission will evaluate requests under § 214 in the same manner as petitions for declaratory rulings under § 310(b)(4). There is "a rebuttable presumption that applications for Section 214 authority from carriers from WTO Members do not pose concerns that would justify denial of an application on competition grounds." Foreign Participation Order ¶ 50. This

[9] Section 63.11(e)(2) of the Commission's rules states: "The Commission will presume the investment to be in the public interest unless the Commission notifies the carrier that the investment raises a substantial and material question of fact as to whether the investment serves the public interest, convenience and necessity." 47 C.F.R. § 63.11(e)(2).

"presumption in favor of entry," *see id.* ¶ 69, applies to Telmex which, as noted above, is from a WTO Member nation.[10] Moreover, as discussed above, the fact that SBCI will maintain managerial and operational control over CCPR Services and USVI Cellular eliminates any conceivable concerns.[11]

Accordingly, SBCI requests that the Commission allow the acquisition by Telmex of a 50% non-controlling indirect interest in CCPR Services and USVI Cellular as consistent with the public interest, convenience and necessity.

IV. Conclusion

In view of the foregoing, SBCI respectfully requests that the Commission (i) approve, as consistent with the public interest under § 310(b)(4), SBCI's intended sale of a 50% non-controlling indirect interest in the CCPR Subsidiaries to Telmex after the Transfer Applications are approved, (ii) allow the total indirect foreign ownership in the CCPR Subsidiaries to exceed 50% if the Commission deems that the shares owned by foreign shareholders of SBC (who purchase their shares on the open market) should be aggregated with Telmex' 50% non-controlling indirect interest in the CCPR Subsidiaries, and (iii) allow Telmex' holding of a 50% indirect interest in the CCPR § 214 Subsidiaries, without acquiring control, as consistent with the public interest, convenience and necessity pursuant to 47 C.F.R. § 63.11.

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[10] Here, as noted in discussing the petition for a declaratory ruling, not only is there a presumption in favor of entry, but Telmex will be a resource to SBCIPR and its subsidiaries.

[11] To reiterate, since SBCI is not transferring control to Telmex, this petition raises no new issues with respect to Telmex' participation in the U.S. market, and any such issues are irrelevant to this proceeding.

SBC International, Inc.

By: ____________________

James S. Kahan

Executive Vice President – Development

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Philip W. Horton
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Phone: (202) 942-5000
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DATED: June 16, 1999.

Exhibit 1

LIST OF APPLICATIONS FILED AND COVERED AUTHORIZATIONS

Public Mobile Services (Part 22)

The following are applications for consent to transfer control from Cellular Communications of Puerto Rico, Inc. to SBC Communications Inc. of Public Mobile Services authorizations held by affiliates or subsidiaries of CCPR.

CCPR of the Virgin Islands, Inc.	KNKN523
CCPR Paging, Inc.	KNKP735 KNLM297 WWA311
CCPR Services, Inc.	KNKA451 KNKA467 KNKA627 KNKA804 KNKN517 KNKN521 KNKN682 KNKN843 KNKQ240 KNKQ343 KNKQ362
San Juan Cellular Telephone Company	KNKA785 KNKQ241
USVI Cellular Telephone Corporation	KNKN524

International Section 214 Authorizations (Part 63)

The following are applications for consent to transfer control from Cellular Communications of Puerto Rico, Inc. to SBC Communications Inc. of international section 214 authorizations held by affiliates or subsidiaries of CCPR.

CCPR Services, Inc.	ITC-94-100[1]
USVI Cellular Telephone Corporation	ITC-93-128[2]

Fixed Microwave Services (Part 101)

The following are applications for consent to transfer control from Cellular Communications of Puerto Rico, Inc. to SBC Communications Inc. of Fixed Microwave Services authorizations held by affiliates or subsidiaries of CCPR.

CCPR Services, Inc.	WHB505
	WHB506
	WLU418
	WLW688
	WMJ267
	WMJ268
	WMJ270
	WMJ751
	WMJ836
	WMK287
	WMK468
	WMK727
	WMN267
	WMN410
	WMN411
	WMN412
	WMR295

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[1] This authorization has been the subject of a pro forma transfer of control and a pro forma assignment, both of which have been approved by the Commission. *See* FCC File Nos. ITC-97-021(TC) and ITC-97-689-AL.

[2] This authorization has been the subject of two transfers of control, both of which have been approved by the Commission. *See* FCC File Nos. ITC-94-219-TC and ITC-97-021(TC).

San Juan Cellular Telephone Company	WMJ821
	WMJ964
	WMK677
	WMK678
	WMK679
	WMK680
	WMK681
	WMK682
	WMK684
	WMK685
	WMK686
	WMK955
	WML265
	WML361
	WML362
	WML384
	WML603
	WML608
	WMN257
	WMN258
	WMN259
	WMN627
	WMN637
	WMQ772
	WMQ820
	WMQ965
	WMR271
	WMR272
	WMR275
	WMR288
	WMR385
	WMR463
	WMR512
	WMR758
	WMR802
	WMR885
	WMR886
	WMR951
	WMR952
	WMR953
	WMR954
	WMR955
	WMS294
	WMS982
	WMS983
	WMS984

WMT290
WMT291
WMT384
WMT385
WMT430
WMT536
WMT537
WMT898
WMT899
WMV895
WMV979
WPJA586
WPJA707
WPJB296
WPJB307
WPJB308
WPJB356
WPJB357
WPJB367
WPJC220
WPJC221
WPJC357
WPJC358
WPJC685
WPJC686
WPJF794
WPJF795
WPNA647
WPNA648
WPNB414
WPNB415
WPNB564
WPNC695
WPNC696
WPNC697
WPNC726
WPNC968
WPND765
WPND766
WPND767
WPNF230
WPNF231
WPNF232
WPNG656
WPNG657
WPNG658

	WPNG659
	WPNG660
	WPNG824
	WPNG825
	WPNG857
	WPNG858
	WPNH281
	WPNH282
	WPNH414
	WPNL214
	WPNL232
	WPNL233
	WPNL642
	WPOS363
	WPOS364
	WPOS365
	WPOT351
USVI Cellular Telephone Corporation	WML317
	WMN453
	WMN454
	WMN657
	WMN658
	WMN659
	WMS665
	WMT760
	WMT773
	WPJA861
	WPJD303
	WPJF582
	WPND637
	WPND638
	WPNG912
	WPNG917
	WPNG921

Exhibit 2

US OFFICE PRODUCTS

FORM OF AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION OF
SBC INTERNATIONAL PUERTO RICO, INC.

ARTICLE ONE

The name of the corporation is SBC International Puerto Rico, Inc.

ARTICLE TWO

The address of the registered office of the Corporation in the State of Delaware is Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801. The name of the registered agent of the Corporation at such address is The Corporation Trust Company.

ARTICLE THREE

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

ARTICLE FOUR

The total number of shares that the Corporation is authorized to issue is one thousand (1,000) shares of common stock, divided into two (2) classes, consisting of five hundred (500) shares of Class A Common Stock, par value $1.00 per share ("Class A Common Stock"), and five hundred (500) shares of Class B Common Stock, par value $1.00 per share ("Class B Common Stock"). Class A Common Stock and Class B Common Stock will be collectively referred to as "Common Stock." Except as otherwise provided herein, all shares of Class A Common Stock and Class B Common Stock will be identical and will entitle the holders thereof to the same rights and privileges.

(i) Voting Rights. The holders of the Class A Common Stock shall elect two (2) directors, one of whom shall be the Chairman of the Board of Directors. The holders of the Class B Common Stock shall elect two (2) directors. The holders of the Common Stock shall vote as a single class on all matters, except when any person and its affiliates own more than 50% of the outstanding Class B Common Stock and not less than 25% of the outstanding Common Stock, in which case, a majority vote of the holders of each class shall be required with respect to the following matters: (a) amendment of the Certificate of Incorporation or Bylaws of the Corporation, (b) a merger, consolidation or dissolution of the Corporation or any of its subsidiaries, other than a merger, consolidation or dissolution of any subsidiary that does not result in a change of the ultimate parent entity of any affiliate of the Corporation, or (c) a sale of all or substantially all of the assets of the Corporation or any of its subsidiaries, other than those of its subsidiaries that do not, in the aggregate, constitute all or substantially all of the indirectly-owned assets of the Corporation.

(ii) Conversion. Each record holder of Class A Common Stock shall be entitled to convert such holder's Class A Common Stock into the same number of shares of Class B Common Stock until such time as all authorized shares of Class B Common Stock have been issued.

ARTICLE FIVE

The business and affairs of the Corporation shall be managed by the Board of Directors. The directors need not be elected by ballot, unless required by the Bylaws of the Corporation. The two (2) directors elected by the holders of the Class A Common Stock shall constitute a quorum for the transaction of business.

Directors shall have equal voting rights, except in the event of a tie vote, in which case the Chairman of the Board of Directors shall have an extra vote to break the tie. If any person and its affiliates own more than 50% of the outstanding Class B Common Stock and not less than 25% of the outstanding Common Stock, an affirmative vote of both the directors elected by the holders of the Class A Common Stock and the Class B Common Stock shall be required before the Corporation shall undertake any of the following actions: (a) enter, or cause any of its subsidiaries to enter, into any line of business other than the operation and ownership of a local exchange, long distance, cellular, paging or other telecommunications business in Puerto Rico or the U.S. Virgin Islands, (b) terminate, or cause any of its subsidiaries to terminate, any existing line of business; (c) commence bankruptcy, liquidation or similar proceedings, or cause any of its subsidiaries to commence bankruptcy, liquidation or similar proceedings where such subsidiaries, in the aggregate, constitute all or substantially all of the indirectly-owned assets of the Corporation; (d) enter, or cause any of its subsidiaries to enter, into a contract or other agreement with SBC International, Inc. or any affiliate thereof, other than on normal, arm's-length, commercial terms; or (e) sell, issue, repurchase or redeem equity interests of the Corporation or securities convertible into equity interests of the Corporation.

No director of this Corporation shall be liable to this Corporation or its stockholders for monetary damages, for breach of fiduciary duty as a director, except for liability (a) for any breach of the director's duty of loyalty to the Corporation or its stockholders; (b) for acts or omissions not in good faith which involve intentional misconduct or knowing violation of the law; or (c) for any transaction from which a director derived an improper benefit.

ARTICLE SIX

The Corporation reserves the right to amend and repeal any provision contained in this Certificate of Incorporation in the manner prescribed by the laws of the State of Delaware. All rights herein conferred are granted subject to this reservation.