

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

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In the Matter of)	IB Docket No. 02-286
)	File Nos. ISP-PDR-20020822-0029;
GLOBAL CROSSING, LTD.)	ITC-T/C-20020822-00406
(Debtor-in-Possession),)	ITC-T/C-20020822-00443
)	ITC-T/C-20020822-00444
Transferor,)	ITC-T/C-20020822-00445
)	ITC-T/C-20020822-00446
and)	ITC-T/C-20020822-00447
)	ITC-T/C-20020822-00449
)	ITC-T/C-20020822-00448
GC ACQUISITION LIMITED,)	SLC-T/C-20020822-00068
)	SLC-T/C-20020822-00070
Transferee)	SLC-T/C-20020822-00071
)	SLC-T/C-20020822-00072
Application for Consent to Transfer)	SLC-T/C-20020822-00077
Control and Petition for Declaratory)	SLC-T/C-20020822-00073
Ruling)	SLC-T/C-20020822-00074
)	SLC-T/C-20020822-00075
)	0001001014
_____)	

**COMMAXXESS' RESPONSE
IN SUPPORT OF NATIONAL SECURITY ISSUES**

COMMAXXESS provides the following as additional information in support of its October 21, 2002¹ ECFS filing to this Commission regarding national security.

Article 4, Section 4, U.S. Constitution²:

Section. 4.

The United States shall guarantee to every State in this Union a Republican Form of Government, and shall protect each of them against Invasion; and on Application of the Legislature, or of the Executive (when the Legislature cannot be convened) against domestic Violence.

¹ <http://www.fcc.gov/transaction/globalcrossing-gx.html>, GlobalAxxess Response, October 21, 2002, Attachment 1 and Attachment 2.

² <http://www.house.gov/Constitution/Constitution.html>

On October 21, 2002³, this Respondent filed an objection to the proposed transfer of control of Global Crossing to Hutchison Whampoa and ST Telemedia. Attachment 1 of that October 21, 2002 ECFS document is as follows:

TESTIMONY OF CONGRESSMAN DANA ROHRBACHER⁴
U.S. SENATE ARMED SERVICES COMMITTEE
OCTOBER 22, 1999

The Chinese People's Liberation Army does have a defined military strategy for confronting the United States. It's called "asymmetrical" or unrestricted warfare. An important new book called "Unrestricted War," published by the People's Liberation Army in 1999, is widely read and discussed by China's military elite. **As the Washington Post reported, the authors of "Unrestricted War," advocate that the tactics for a less developed country to attack and defeat a superpower should include terrorism, drug trafficking, computer hacking and financial warfare.**

Pointedly, in an interview published on June 28, 1999 in a Beijing newspaper, the authors of "Unrestricted War" cite Panama as a fertile area for no-limits war. They state, "A small country like Panama would have a chance to exploit [the United States]. It could use a no-limits strike [the Canal] to cause America trouble... causing chaos to the U.S. financial system. Finally, it could have acquired two small atomic bombs from somewhere, hiding one in Washington and one in a prosperous New York neighborhood, under which pressure, the United States would have conceded, with the United States losing... And while China is not rich, it could come up with enough money to raid an unprepared power's [financial markets] "to cause a financial crisis."

I am especially concerned about the corruption and the lack of transparency in the contract bidding process that enabled the Chinese Hutchison Whampoa Company and its Chairman, Li Ka-Shing, to obtain 25 to 50 year leases on ports at both the Atlantic and Pacific Ocean ends of the Canal. Li Ka-Shing and his Hong Kong-based company and subsidiaries are closely associated with the Beijing regime and have a history of acting as sources of funding or acting as intermediaries in deals for the People's Liberation Army.

It is especially troubling that the Clinton administration, including defense and intelligence agencies, have publicly stated that they have no knowledge of a connection between Li Ka Shing, his Hutchison Whampoa ports company and the communist Chinese government or military.

I request the Committee's permission to enter for the record of this hearing unclassified documents by U.S. intelligence agencies, the U.S. Bureau of Export Affairs [BXA], the U.S. Embassy in Beijing and the Rand Corporation that identify Li Ka-Shing and Hutchison Whampoa as financing or serving as a conduit for communist China's military to acquire sensitive technologies and other equipment.

Despite being a billionaire and international tycoon, with business interests throughout the world, Li is a prominent player in the communist Chinese leadership's inner circle. Our intelligence agencies have identified Li as a board member of the China International Trust and Investment Corporation CITIC, which is a principal funding arm of the Chinese and a technology acquiring source for China's military. Not included in the CIA biography is that in 1979 Li was a founding member of CITIC. Other members of the CITIC board include prominent members of the communist Chinese military industrial

³ ECFS, GlobalAxxess Objection to Change of Control, October 21, 2002, Attachment 1

⁴ <http://www.house.gov/rohrbacher/sentstmnny.html>

complex. A 1997 Rand Corporation report states, “CITIC does enter into business partnerships with and provide logistical assistance to the People’s Liberation Army...”

Among CITIC board members is Wang Jun, the chairman of the Poly Technologies corporation, which was indicted by U.S. Customs for attempting to ship thousands of weapons into California for use by street gangs. According to the Wall Street Journal, the South China Morning Post and other reports, the People’s Liberation Army created the Poly Group, with CITIC funding, for international arms trading. The Poly Group is known for selling advanced military systems to Third World countries.

Li is also a director the giant communist Chinese shipping firm COSCO, which in addition to commercial transport, acts as the merchant marine for the Chinese military. COSCO has been involved in shipping Chinese missile technology and biological warfare components to North Korea, Pakistan, Iraq and Iran. Li has also engaged in numerous business partnerships with the China Resources Company, a firm that has been identified by U.S. Congressional investigators as a front for Beijing’s intelligence agencies.

Li Ka-shing (Hutchison) is known to be directly tied to an entity that attempted to smuggle automatic weapons into the United States. Li Ka-shing is known to be on the board of CITIC, and entity that was looking at acquiring Asia Global Crossing. [See below]

The “especially concerned about the corruption and the lack of transparency in the contract bidding process” cited above by Congressman Rohrabacher should sound familiar to this Commission for that is exactly what is being presented to the U.S. Bankruptcy Court and presented to this Commission and CFIUS.

There are different forms of invasion; financial terrorism, disruption of financial markets, computer hacking, theft of information, technology, trade secrets, drug trafficking, terrorism, etc.

This Commission could contact virtually any hospital in the United States and talk to their IT division about repeated attempts by Russian and Chinese hackers to get at patient records that are now the subject of HIPAA regulations. They repeatedly attempt to get at those records to copy them and then threaten to publish them if the hospital does not pay them to prevent a violation of HIPAA from occurring.

See Attachment 3, which directly addresses the matter that “information” has value and some people want access to exploit such value. Placing Asia Global Crossing, Pacific Crossing and Global Crossing into the hands of “affiliates” who put “money” above “national security” is not in the best interests of national security of the United States. On the contrary, it would be an open invitation to attack using the “seamless” Global Crossing network.

It is a matter of public record that Li Ka-shing is the largest individual shareholder of CIBC, one of the original founding parties of Global Crossing and a firm that is known to have profited to the tune of over \$2.0 billion in trading of Global Crossing shares.

It is also a matter of record that former Michael Milken co-defendants Bruce Raben⁵ and Jay Bloom joined Argosy Partners and CIBC after the Drexel Burnham & Lambert fiasco and helped to create Global Crossing. It is also a matter of record that Global Crossing started off as a Cayman Islands entity known as “Global Crossing Ltd, LDC”⁶ with both Winnick and CIBC as partners in that entity.

It is also a matter of record that Global Crossing amended and formed in Bermuda, however CIBC kept its holdings in the Cayman Islands LDC.

It is also a matter of public record that Global Crossing and Asia Global Crossing deemed it not a “travesty of corporate governance” to have multiple former Milken co-defendants sitting on its board of directors or involved in virtually every deal they touched. For brevity sake, not all of the former co-defendants involved in deals are listed below.

UNITED STATES COURT OF APPEALS⁷

FOR THE SECOND CIRCUIT

No. 1371 August Term, 1995

(Argued: May 3, 1996 Decided: August 26, 1996)

Docket No. 95-9072

PRESIDENTIAL LIFE INSURANCE COMPANY,
Plaintiff-Appellee,
TLC BEATRICE INTERNATIONAL HOLDINGS, INC.,
Movant-Appellant,
v.

MARK ATTANASIO = Trust Company of the West DISTRESSED ASSETS, former Global Crossing board, current Asia Global Crossing board; JAY BLOOM = Argosy Partners, CIBC, \$1.3 billion in GX profits, Global Crossing Ltd LDC, Cayman Islands; JEFFREY CHANIN = Chanin Capital Partners (Los Angeles) = Milken Institute attendee = FINANCIAL ADVISOR TO THE GLOBAL CROSSING CREDITORS COMMITTEE RIGHT NOW; JOHN KISSICK = Apollo Advisors, LP = Ares Management, LP = BLACKSTONE = TORNADO DEVELOPMENT INVESTMENT = CLINT WALKER = PACIFIC CAPITAL GROUP = WINNICK; ROBERT KLINE = SEE KLINE HAWKES SBIC INVOLVEMENT IN PAETEC – CAMPUSLINKS, BLACKSTONE – GLOBAL CROSSING, PAETEC IS BLACKSTONE CONTROLLED AND HAS CONTRACTS WITH GLOBAL CROSSING; BRUCE RABEN = Argosy Partners = CIBC = GLOBAL CROSSING (CAYMAN ISLANDS AS “LDC”), over \$1.3 billion in profits on Global Crossing; GARY WINNICK = defendant, had to settle in this SECURITIES FRAUD LAWSUIT = to Chairman of Global Crossing and \$12.4 billion in debt down the tubes; GC PARTNERS = one of the “shortened” names used in setting up Global Crossing Ltd LDC, Cayman Islands and appears on some documents showing Hillel Weinberger, Continental Casualty, Frontier Communications; PACIFIC ASSET ADVISORS = GARY WINNICK; PACIFIC ASSET CORPORATION = GARY WINNICK; PACIFIC ASSET HOLDINGS L.P. = GARY WINNICK; PACIFIC ASSET MANAGEMENT INC. = GARY WINNICK;

⁵ GlobalAxxess ECFS document, May 26, 2003, page 14 of 69

⁶ CommAxxess ECFS document, June 6, 2003, page 28-31 of 42

⁷ <http://csmail.law.pace.edu/lawlib/legal/us-legal/judiciary/second-circuit/test3/95-9072.html>

PACIFIC ASSETS PARTNERSHIP = GARY WINNICK; PACIFIC CONTINENTAL PARTNERS = GARY WINNICK

This Respondent has read reports that Poly Technologies or the PRC military was directly providing assistance to the Taliban and Al Queda in Afghanistan. This Commission and CFIUS should not have to be reminded of September 11, 2001 or that American soldiers are still dying in Afghanistan.

Li Ka-shing is part of CITIC⁸ according to some reports regarding the true make up of the board of directors of CITIC.

Canadian Intelligence Sources⁹ have been watching and learning more about the CITIC and Li Ka-shing objectives and some parties that appear to be aligned with criminal elements.

29May00

(13)¹⁰ **Chinese triads sought foothold in Vancouver port operations**
Fabian Dawson, Staff Reporter The Province

*The Vancouver Port Authority ignored warnings about the Chinese business interests it was wooing in the 1990s -- allowing a number of questionable business connections to take root in the port, The Province has learned. In the mid-'90s, as courting efforts aimed at Chinese shipping giant Cosco went into overdrive, intelligence officials -- including local ports police -- sounded alarm bells about the conglomerate's questionable connections. **The shipping line is intimately linked to the China International Trust and Investment Corp.**, a key fundraiser for the Chinese government and a technology-acquiring source for China's military.*

U.S. Senate investigators and Canadian intelligence officials have described Cosco as the merchant marine of the Chinese military.

*Its vessels have been caught carrying thousands of weapons into California and Chinese missile-technology and biological-warfare components into North Korea, Pakistan, Iraq and Iran, according to U.S. intelligence reports. Last summer -- two years after the ports police were disbanded -- the port signed a deal with Cosco to make Vancouver its gateway to North America. **Cosco had chosen the only major port on the West Coast of North America without a dedicated police force.***

Port officials maintain they have no evidence Cosco is directly involved in any illegal activity and cannot recall receiving police warnings. Cosco officials have declined interviews.

Police and immigration documents obtained by The Province show that, in the early '90s, Chinese mafia members or triads were attempting to infiltrate port operations.

*In one case, a man identified as **Chan Chung Hiu** applied for a visitor visa at the Canadian consulate in Hong Kong to come to Vancouver on Jan. 14, 1992. Chan said he was an advisor to a company that had concluded a deal with the B.C. government to take over operations at one of the docks.*

⁸ [http://www.telusplanet.net/public/mozuz/crime/lemieszewski20001102.html#bottom\(13\)](http://www.telusplanet.net/public/mozuz/crime/lemieszewski20001102.html#bottom(13))

⁹ <http://www.sirc-csars.gc.ca/7001.html>

¹⁰ [http://www.telusplanet.net/public/mozuz/crime/top\(13\)](http://www.telusplanet.net/public/mozuz/crime/top(13))

*Background checks conducted found that **Chan was a member of the notorious Sun Yee On triad** and had served a four-year jail term for armed robbery in Hong Kong.*

*Foremost among the Chinese tycoons, according to Sidewinder, is Li Ka-Shing, of whom **U.S. Congressman Dana Rohrabacher** has testified, "The U.S. Bureau of Export Affairs, the U.S. Embassy in Beijing and the Rand Corporation...have identified Li Ka-Shing and [his company] Hutchison Whampoa as financing or serving as a conduit for Communist China's military for them to acquire sensitive technologies and other equipment." Last year Forbes estimated Mr. Li's family as the eighth richest in the world, with assets totaling US\$10.6 billion.*

*According to Sidewinder, **Mr. Li is a director of the Beijing-controlled China International Trust Investment Company (CITIC), which had 1997 assets of US\$23 billion.** CITIC owns or controls Cathay Pacific Airlines, Hong Kong Telecom, Star TV, Poly Technologies and Norinco, suspected of arms shipments to Mohawk reserves.*

Mr. Li is the largest (10%) single shareholder of CIBC, and a shareholder and director of the Hong Kong and Shanghai Bank, which in the 1980s acquired the Hong Kong and Shanghai Bank of Canada, Continental Bank and Lloyds Bank Canada.** CIBC, in turn, bought the securities firms Wood Gundy and Merrill Lynch. **Li Ka-Shing's son Richard bought 50.1% of Gordon Capital in 1985. (Jean Chretien was a senior adviser there from 1986 to 1990.)

CITIC¹¹

The "Axis of Evil" mentioned by President Bush in his SOTU speech Jan 2002 is the explicit naming of Iran, Iraq and North Korea but a line drawn between that axis overlies an unmentioned larger terrorist. Many "problem" countries are receiving direct aid from China to pursue their terrorist or military ambitions. See Attachment 1 in addition to the following:

Iraq received from China: Specialty chemicals used for chemical weapons, and nuclear and missile fuel, fiber-optics and computers for Iraq's air defense system, diplomatic support in the U.N. Security Council to end sanctions, conventional weapons, a market for its oil (purchased in contravention of U.N. sanctions). Neither this Commission nor CFIUS should have to be reminded that American soldiers are still on that "front line" and still dying. They are not dying to defend the "lifestyle of the rich and famous" in the U.S. or so the "elite few" can go plunder other markets after they have plundered American investors and executed the take away of Asia Global Crossing, Pacific Crossing and Global Crossing.

North Korea gets from China: A military alliance, intelligence sharing, missile technology, conventional weapons, illegal drugs, and trade, food and energy aid, trade and assistance in repressing its people by returning those who escape to China.

¹¹ <http://www.citic.com.cn/english/structure/index.html>

Syria gets from China: Missile assistance, general defense cooperation, interest free loans.

Afghanistan, what the Taliban got from China: Telecommunications infrastructure projects, economic and technical cooperation, conventional weapons.

Cuba gets from China: Cuba has received from China for serving as a base for Chinese intelligence collection, space tracking station, and for other military and intelligence agreements. The cover story for its intelligence gathering activities is Cuba's "world-renowned electronics industry".

Libya gets from China: Missile design, testing, training and manufacturing assistance, chemical weapons expertise, raw materials and manufacturing equipment, conventional weapons in contravention of U.N. imposed arms embargo, and railway agreement.

Sudan has received military vehicles, naval equipment guns, Chinese tanks and other conventional weapons. Sudan has built three conventional weapons factories with Chinese assistance and Chinese troops are reportedly in Sudan purportedly to guard key Sudanese oil pipelines. Furthermore, China owns a significant portion of Sudan's oil industry.

Pakistan¹² gets from China all manner of military and diplomatic assistance, as well as design and production assistance for Pakistan's nuclear weapons program, \$200 million to develop a naval base for use by the Chinese Navy, missiles, missile parts, missile design and production assistance, new Chinese jet fighters, conventional weapons, and benefits from China being a counter-weight to India in the disputed Kashmir region.

¹² <http://www.hinduonnet.com/2002/05/16/stories/2002051608361200.htm>, **China lauds Musharraf's "policy of restraint"**; By B. Muralidhar Reddy; ISLAMABAD MAY 15. The Chinese Foreign Minister, Tan Jiaxuan, today appreciated the Pakistan President, Pervez Musharraf's "policy of restraint and constructive engagement in the face of India's refusal to deescalate and resume dialogue" with Pakistan.

A statement by the Pakistan Foreign Office said the Chinese Minister assured Gen. Musharraf of his country's continued support. "He appreciated the President's policy of restraint and constructive engagement in the face of India's refusal to deescalate and resume the dialogue with Pakistan. There was complete identity of views on the urgent need for political stability and economic reconstruction in Afghanistan".

The Chinese Minister's visit and the nature of discussions with the Musharraf regime are being keenly watched in diplomatic circles, particularly in view of reports of a "rift" between the U.S. and Pakistan on the approach towards tackling the problem of infiltration of the Al-Qaeda and Taliban activists from Afghanistan.

Prior to China Netcom / Asia Netcom surfacing as a bidder on Asia Global Crossing, Asia Global Crossing was attempting to retire their bond debt. In an article regarding that matter on the next page, both Hutchison and CITIC are mentioned as is Pacific Crossing Ltd and a \$750,000,000 non-recourse loan.

CICC¹³ was disclosed in the Respondent's June 6, 2003 Supplemental Response to this Commission and who the owners of CICC are. In that article, a person¹⁴ was quoted as not "disclosing the other owners of CICC". Another article clearly disclosed that Goldman, News Corp and others had invested \$325 million in China Netcom and it then made the bid to acquire Asia Global Crossing. That article went on to disclose that Smith Barney is firmly in the "hunt" for telecom business in mainland China.

This Respondent also disclosed to this Commission the inherent links and conflicts of the persons behind the \$63 million purchase of Pacific Crossing Limited, that being Pivotal Private Equity¹⁵ and their prior ties to IPC Communications, IXNet, and to Citigroup, the parent of Smith Barney and Cable Systems Holding yet another Citigroup subsidiary.

In all due respect to our investment bankers, this Commission and CFIUS have a duty to not undermine the national security of the United States merely to appease Wall Street and its privileged clients and private equity players who see gold in mainland China.

Asia Global Crossing in bid to retire bonds

*Asia Global Crossing in bid to retire bonds TELECOMS Ben Kwok
04/24/2002
South China Morning Post¹⁶
Page 3*

(c) Copyright 2002 South China Morning Post Publishers. All Rights Reserved. Asia Global Crossing is in discussions with bondholders about retiring US\$408 million worth of debt to make the company more attractive to a potential buyer. Deputy chairman Jack

¹³ <http://www.financeasia.com/Articles/5AD63519-E45D-11D5-81D80090277E174B.cfm>, "Goldman, along with News Corp, Bank of China and China Construction Bank purchased a combined 12% stake in China Netcom for \$325 million earlier this year, although their shareholdings are likely to be heavily diluted in the new entity."

So too, Salomon Smith Barney now has the services of Margaret Ren, one of the most well connected bankers in the Mainland telecoms sector and a well-respected pan Asian telecoms team behind her. Following its recent hiring of CICC head Carl Walters, JPMorgan will also be hoping to leverage his advisory experience with the old China Telecom."

¹⁴ CommAxxess Supplemental Response, June 6, 2003, page 12 of 44, "**Cynthia Wang, a CNC spokeswoman, declined to confirm the newspaper report or disclose the names of the other stakeholders.**"

¹⁵ CommAxxess Supplemental Response, June 6, 2003, page 1 of 44.

¹⁶ <http://www.bradynet.com/bbs/globalbonds/100020-0.html>

Scanlon said nine potential buyers were conducting due diligence on the Asian undersea cable network operator, although they had requested an extension of a bank deadline for due diligence to be completed by April 30.

The announcement of a successful buyer for Asia Global Crossing could be delayed by the filing of a Chapter 11 bankruptcy claim by United States-based undersea cable operator Williams Communications. A recent profit warning by the second-largest long distance carrier, WorldCom, could also make it more difficult for the company to attract capital. However, Mr. Scanlon was optimistic the company would be able to raise enough funds from potential investors to stay afloat.

"I think the chances are really good that we would get an attractive offer. Anybody that is waiting for us to go into chapter 7 [liquidation] is going to wait a long time," Mr. Scanlon said.

He said the company had not received any offers but he did not expect bidders to make submissions until nearer the deadline early next month. Asia Global Crossing previously claimed it had signed 19 non-disclosure agreements with interested parties.

Mr. Scanlon said the company had been adopting various capital savings measures after its parent, Global Crossing, turned its back on a US\$400 million capital commitment last year, making it no longer a fully funded business.

He said the firm was working towards becoming a debt-free company and had already made several attempts to restructure its US\$1.1 billion debt.

Asia Global Crossing has already suspended interest payments on its US\$408 million high-yield bond, and is now making use of a 30-day delay to discuss with bondholders the possibility of them taking a lesser return in exchange for immediate retirement of the debt.

"If we can retire these bonds attractively to both companies and bondholders, we would be totally delighted about it," Mr. Scanlon said, adding the creditor banks faced a decision about whether they wanted to deal with the existing management or future shareholders.

Hutchison Whampoa expressed concerns last week about making a bid for Asia Global Crossing without the company first finalising an agreement with bondholders.

Mr. Scanlon said many equity investors would make it a condition of their bids that bonds be retired, saving potentially US\$35 million in annual interest expenses for the company.

Asia Global Crossing had US\$351 million in cash at the end of last month, down 36 per cent from HK\$553 million at year-end. During the past three months, it restructured the vendor arrangement with Japan's KDDI and NEC, which resulted in annual savings of US\$230 million.

A spokesman for Asia Global Crossing said it could announce two similar, but smaller scale financial arrangements in the next couple of weeks in a further step to curb capital outlay.

That would leave the Asian operator out of immediate funding needs this year, according to Mr. Scanlon. He said the company was also talking about **restructuring the non-recourse US\$750 million loan at subsidiary Pacific Crossing.**

Pacific president Bill Barney said there was at least one US telecommunications company bidding for Asia Global Crossing, but many others were investors from the region, including **Hong Kong-based Citic Pacific and Hutchison Whampoa.**

On June 6, 2003 this Respondent advised the Commission that CICC is in part owned by the Government of Singapore.¹⁷

This Commission should demand a full and complete accounting of each and every shareholder of CICC, each and every shareholder of China Netcom and its “dba” Asia NetCom, and if even 1/10th of 1 percent is owned by any affiliate, direct or indirect, of the PRC or Hutchison / Li Ka-shing, say “NO” to the proposed change of control of Global Crossing to ST Telemedia.

Asia Global Crossing, after the spin off that undermined the value of Global Crossing, and after the spin-off of Pacific Crossing Limited that undermined the value of Global Crossing, and after the spin-off of IPC Asia and IXNet Asia that undermined the value of Global Crossing, and after Goldman Sachs carved out IPC Information Systems from Global Crossing on December 18, 2001, are all matters that have yet to be looked into by the U.S. Bankruptcy Court.

Of course the Creditors Committee supports ST Telemedia¹⁸. They are some of the creditors that have major dollars in China riding on CFIUS and this Commission saying yes to this travesty.

THE CANADIAN SENATE WANTS TO LEGALIZE MARIJUANA

In September 2002, the Canadian Senate¹⁹ issued its report and its recommendations that Canada legalize marijuana. With an open border of over 3,000 miles with Canada, considerable Chinese presence in Canada and direct financial support to the Liberal Party in Canada coming from none other than Li Ka-shing and the companies he controls in Canada or has major interests in, CFIUS should have every one of its warning sirens going off if anyone is paying attention.

On May 26, 2003, this Respondent brought to the attention of the Commission that some published reports seriously question the alliance between certain parties in Singapore and the Myanmar government and its drug lords.²⁰

Wednesday, September 4, 2002

By DARREN YOURK

Globe and Mail Update

¹⁷ CommAxxess Supplemental Response, June 6, 2003, page 15 of 44.

¹⁸ CommAxxess Supplement Response, June 12, 2003, the Greenberg Traurig Letter.

¹⁹ <http://www.medicalmarihuana.ca/legalize.html>

²⁰ GlobalAxxess ECFS response, May 26, 2003, page 37 of 69

Senate Committee Urges Legal Marijuana

The federal government should legalize the use of marijuana by adults, the Senate committee on Illegal Drugs recommended Wednesday in its final report.

The committee's more than 600 page report, tabled Wednesday, says that the current system of prohibition in Canada does not work and should be replaced by a regulated system that would focus on illegal trafficking, prevention programs and respecting individual and collective freedoms.

"In our opinion, Canadian society is ready for a responsible policy of cannabis regulation that complies with these basic principles," the report says.

The report, the result of a two-year study of public policy related to marijuana, also recommends that the federal government amend the controlled drugs and substances act so that it can declare an amnesty for any Canadians convicted of possession of the drug under current or past legislation.

"Scientific evidence overwhelmingly indicates that cannabis is substantially less harmful than alcohol and should be treated not as a criminal issue but as a social and public health issue," Progressive Conservative Senator Pierre Nolin, the committee chairman, said Wednesday at an Ottawa press conference.

The committee says that public opinion on marijuana is more liberal than it was a decade ago and that Canadians strongly support the use of the drug for medical purposes.

"This report is a unanimous one," Liberal Senator Colin Kenny said. "No one on the committee wants to see an increase in the use of cannabis. In fact, we believe that the recommendations you see in this report will ultimately result in a reduction of use of the drug.

"We think that the main accomplishment we'll see here is a reduction in the criminality associated with the drug, and we think that is a very valuable benefit."

The report also strongly urges the federal government to develop a comprehensive and co-ordinated national drug strategy. The committee is calling for a national adviser on psychoactive substances and dependencies to be created within the privy council.

"We really need to get our act together on a multilateral basis on our drug policy in general," Mr. Nolin said. "In many ways, prohibition is a copout."

It is not clear if the committee's recommendations will ever be adopted. There is broad support in Parliament for decriminalization of marijuana, but the Liberal government has not signalled whether it would introduce a bill calling for legalization.

"There is no need for great delays if the government agrees with us," Mr. Nolin said. "We hope that the government will immediately address many of our suggestions, particularly those related to medicinal marijuana."

With reports from Canadian Press

Legalize Marijuana, Senate Committee Says

Posted by CN Staff²¹ on September 04, 2002 at 16:10:02 PT

By Darren Yourk, Globe and Mail Update

Source: Globe and Mail

The federal government should legalize the use of marijuana by adults, the Senate committee on Illegal Drugs recommended Wednesday in its final report.

The committee's report, tabled Wednesday, says that the current system of prohibition in Canada does not work and should be replaced by a regulated system that would focus on illegal trafficking, prevention programs and respecting individual and collective freedoms.

"In our opinion, Canadian society is ready for a responsible policy of cannabis regulation that complies with these basic principles," the report says.

The report recommends that the federal government amend the controlled drugs and substances act so that it can declare an amnesty for any Canadians convicted of possession of the drug under current or past legislation.

"Scientific evidence overwhelmingly indicates that cannabis is substantially less harmful than alcohol and should be treated not as a criminal issue but as a social and public health issue," Progressive Conservative Senator Pierre Nolin, the committee chairman, said Wednesday at an Ottawa press conference.

The Canadian Police Association (CPA) responded angrily to the committee's recommendations, calling them a "back to school present for drug pushers."

CPA Executive Officer David Griffin said his association will actively oppose efforts to decriminalize or legalize illicit drugs except in situations where the drugs have been medically prescribed.

"There are too many politicians playing scientist in this case," Mr. Griffin said at a press conference in Ottawa. "...Today's report ignores countless studies about the harmful effects of marijuana, particularly with respects to Canada's children and young people."

The committee's report says that public opinion on marijuana is more liberal than it was a decade ago and that Canadians strongly support the use of the drug for medical purposes.

"This report is a unanimous one," Liberal Senator Colin Kenny said. "No one on the committee wants to see an increase in the use of cannabis. In fact, we believe that the recommendations you see in this report will ultimately result in a reduction of use of the drug.

"We think that the main accomplishment we'll see here is a reduction in the criminality associated with the drug, and we think that is a very valuable benefit."

Mr. Griffin said a perceived tolerance for marijuana by community leaders is sending confusing and conflicting messages to Canada's youth.

"Canada's struggle against drugs is not being lost on our streets," he said. "It is being lost in the boardrooms of our nation."

²¹ <http://www.cannabisnews.com/news/thread13989.shtml>

"Drugs are not dangerous because they are illegal — drugs are illegal because they're dangerous."

The report also strongly urges the federal government to develop a comprehensive and co-ordinated national drug strategy. The committee is calling for a national adviser on psychoactive substances and dependencies to be created within the Privy Council.

"We really need to get our act together on a multilateral basis on our drug policy in general," Mr. Nolin said. "In many ways, prohibition is a cop-out."

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Health Minister Anne McLellan, who spoke with CBC Newsworld on Wednesday afternoon, said that she had not seen the Senate report yet.

"I told him [Mr. Nolin] very clearly that I will take seriously those recommendations that deal directly with my department. It's up to my colleagues, the Auditor-General and the Minister of Justice, to make any policy recommendations to cabinet and to the government around legalization."

She said she still would like to see the benefits and the adverse effects of the drug outlined.

With a report from Allison Dunfield

Source: Globe and Mail (Canada)

Author: Darren Yourk, Globe and Mail Update

Published: Wednesday, September 4, 2002

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Contact: letters@globeandmail.ca

Website: <http://www.globeandmail.ca/>

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ASIA GLOBAL CROSSING IS NOW IN CHAPTER 7

On June 12, 2003, this Respondent submitted information to this Commission that the creditors of Asia Global Crossing were pushing for conversion to Chapter 7

liquidation now that Asia Global Crossing has been sold to China Netcom, dba: Asia NetCom.

The Asia Global Crossing case has now been converted to Chapter 7 liquidation but not without the creditors waiving lawsuits against Asia Global Crossing and management for fraud.

Asia Global Crossing Ch 11 Case To Be Converted To Ch 7

DOW JONES NEWSWIRES

By Nicholas P. Braude

OF DOW JONES NEWSWIRES

WASHINGTON -- The bankruptcy judge overseeing Asia Global Crossing Ltd.'s (AX) Chapter 11 proceedings signed an order Tuesday that will convert the company's case to Chapter 7, an attorney representing the company said.

Richard F. Casher told Dow Jones Newswires that the case will be converted at the close of business Wednesday. Judge Stuart M. Bernstein of the U.S. Bankruptcy Court in Manhattan signed the order after Asia Global Crossing and its unsecured creditors committee reached a deal Monday.

As reported, the committee filed a motion Thursday asking the court to convert the company's Chapter 11 case to a Chapter 7 proceeding. However, Asia Global Crossing disputed allegations in the committee's motion.

***Under Tuesday's order, the committee will withdraw with prejudice portions of its motion that refer to alleged fraud, dishonesty, mismanagement or breach of fiduciary duty by Asia Global Crossing, its management or its advisers.** Also, the committee agreed not to pursue any litigation related to those matters, the order said.*

Asia Global Crossing closed the sale of nearly all of its assets to Asia Netcom Corp. March 10, leaving the debtor company with \$89.9 million. The buyer, a firm formed by China Netcom Corp. (Hong Kong), now operates the Asia Global Crossing businesses under the name Asia Netcom.

The entity in bankruptcy is still known as Asia Global Crossing after the asset sale.

Tuesday's order said that Asia Global Crossing disclosed terms of its management's consulting agreements to the committee's counsel "at the earliest available opportunity after they were finalized."

Asia Global Crossing filed an objection to the motion Monday, saying that earlier disclosures made about the consulting agreements "disprove the notion that senior management or counsel had any intent to defraud or deceive." The objection also said the company's estate didn't suffer any "injury as a result of the tardy public disclosure."

As part of the order, the committee accepted that Asia Global Crossing's failure to publicly disclose the consulting pacts before June 2 "was an honest oversight and an unintended mistake" that caused no harm to the company's estate.

In its motion, the committee had said that Asia Global Crossing management entered **"lucrative" consulting agreements with the buyer of the firm's assets, but didn't publicly disclose the terms of those agreements until three months later.**

Casher, of the firm Kasowitz Benson Torres & Friedman LLP, said the committee's "accusations were manufactured and false."

The company also said in the objection that the committee's hired professionals were given full access to information about the sale of Asia Global Crossing's assets.

Under Chapter 7 bankruptcy, the court will name a Chapter 7 trustee who is put in charge of liquidating an estate's remaining assets.

As reported, Asia Global Crossing filed a Chapter 11 liquidation plan May 1 that would have divided among creditors the \$87 million remaining from its sale of assets. General unsecured creditors, holding \$408 million in notes and \$130 million of other unsecured claims, would have shared about \$79 million in cash under the plan.

While the company planned to liquidate its remaining assets, its management would have remained in control of the assets under Chapter 11.

Asia Global Crossing, based in Bermuda, operated an undersea cable prior to filing for Chapter 11 bankruptcy protection Nov. 17, 2002. The company, which is 58.5% owned by Global Crossing Ltd. (GBLXQ), listed assets of \$2.28 billion and debts of \$2.61 billion in the filing.

-Nicholas P. Braude, Dow Jones Newswires; 202-628-7686;
nicholas.braude@dowjones.com

Updated June 10, 2003 4:40 p.m.

And the fraud goes on. Nothing like giving each other a pat on the back and exculpation for a fraud “well covered up”.

What the Applicants do not want anyone to know is that the bankruptcy had been in planning since mid-2001, Hutchison signed June 25, 2001, STT signed August 23, 2001²². Any other admission is one of aiding the class action and ERISA fraud lawsuits and the RICO action that the shareholders aligned with this Respondent intend to bring.

This “carve up” of Asia Global Crossing, Pacific Crossing and Global Crossing was well planned and well in advance of when Global Crossing filed bankruptcy on January 28, 2002. That it is now known to this Commission that Wall Street is behind this for the sake of making inroads and money in mainland China, and those same creditors are the ones that put the Greenberg Traurig letter before this Commission and CFIUS, it is time to draw the line on the national security issues.

Where this Respondent comes from, they call sacrificing national security for money treason and Wall Street should be suspect for that very matter; i.e. putting their greed and financial interests above the national security of the United States.

This Respondent has already shown this Commission how “nesting-doll arrangements” are being done, naked shorting through offshore hedge funds and even “collaborative shorting” to put companies into bankruptcy for cheap takeover. This Commission or CFIUS should not miss that Global Crossing, Asia Global Crossing and Pacific Crossing are carrots to the Chinese.

It is Wall Street, their major customers and affiliates and the major private equity players that are behind such “nesting doll arrangements” to conceal what they do and making money regardless of national security.

On Attachment 1 are matters regarding China, Iran and other “security risks” that do not seem related until the matter is looked at in a larger picture and appreciate that American soldiers have their lives at risk right now defending the national security of the United States. How exactly did China²³ get the technology²⁴ to put a “nuclear warhead missile smack in the middle of a city?” The documents available at footnotes 23 and 24 below should give any reader clear indications of how the Clinton Administration policies led to such technology transfers. If anyone at this Commission and CFIUS cannot recall the connections between Global Crossing, Winnick and the Clinton Administration, and look closely at current realities regarding China, Iran and other countries, someone has not been paying attention.

It still might help the Commission to think of it in another way. It is not a bankruptcy; it is a “transfer of wealth” strategy and a trading strategy. It is all about money and national security is not a concern of these greedy people.

²² GlobalAxxess Response, May 26, 2003, page 3 of 69.

²³ <http://www.fas.org/news/china/1999/timeline.pdf>

²⁴ <http://www.fas.org/spp/starwars/crs/98-485.pdf>

We would love to find a single person or a single firm brought into this Global Crossing matter that is either:

- i.) not explicitly conflicted; or
- ii.) not highly motivated financially to compromise the national security of this nation so they can go to China and make “really big bucks” at the expense of every man, woman and child in the United States; or
- iii.) sell us all out for money.

We reiterate, on July 10, 2001²⁵ the Asia and Australia portions of IXNet and IPC were transferred from Global Crossing to Asia Global Crossing²⁶ in exchange for 26.8 million shares of Asia Global Crossing. Both Asia Global Crossing and Global Crossing had every reason to know that those shares were worthless²⁷ the day this transaction was closed.

That asset [Asia Global Crossing] is now in the hands of a Chinese company.

Based on the date of that transaction, this would be another asset of the estate that has not been pursued for recovery in the bankruptcy. Basically giving assets away to Asia Global Crossing [CHINA] in exchange for stock that some or all of them probably knew would be worthless and blown out in bankruptcy.

²⁵ <http://www.internationallawoffice.com/processdeals.cfm?firmref=1728>

²⁶ **\$147m Acquisition:** Asia Global Crossing Ltd, Global Crossing Ltd

²⁷ <http://www.secfraud.com/filedcases/asgxfcomplaint.html>, 28. *Prior to the issuances of the concurrence, but concurrent with the formation of the Asia Global joint venture on or about November 24, 1999, defendants transferred Global Crossing's 64.5% interest in Pacific Crossing to Asia Global. The first segment of Pacific Crossing-1 commenced service in December 1999. As of the Company's October 12, 2000 IPO, the second segment of Pacific Crossing-1 was still under construction and expected to become operational by year end 2000.*

29. *Note 3 to the consolidated financial statements of Pacific Crossing, set forth in Asia Global's Form 10-K for the fiscal year ended December 31, 2000 and filed on April 12, 2001, stated that the total net value of Pacific Crossing's property and equipment was \$1.01 billion. This figure represented \$227.5 million worth of transmission equipment and \$783.1 worth of construction in progress.*

43. *On July 10, 2001, the Company purchased from Global Crossing the Asian operations of IXnet, Inc. ("IXnet Asia") and IPC Information Systems, Inc. ("IPC Asia") as well as the territorial rights to conduct telecommunications service businesses in Australia and New Zealand, in exchange for approximately 26.8 million shares of Class B common stock of the Company. [note – Less than 6 months prior to filing Chapter 11. Worthless and probably known to be worthless shares. See Hutchison Confidentiality Agreement June 25, 2001.]*

44. *Although the IXnet and Asia/IPC Asia acquisition from Global Crossing was a related party transaction, the Individual Defendants did not first obtain an independent formal valuation of those companies from a financial advisor before the IPO.*

The matters shown in the class action lawsuit excerpts as footnote 27 are also matters they are “urgently” wanting exculpation for from the Bankruptcy Court.

This Respondent recently disclosed to this Commission that China NetCom; dba: Asia NetCom, is partially owned by CICC and the Singapore Government, the ultimate parent of STT is a co-owner of CICC. Those are available facts.

Sufficient notice has been given this Commission that Steven J. Green is a paid representative of the Government of Singapore and that the Government of Singapore is a part owner of the consortium that just acquired Asia Global Crossing. That is a conflict in any matters concerning Global Crossing and any change of control to STT with its ultimate owner being the Government of Singapore. That was a fact that Applicant STT conveniently left out and did not disclose to this Commission of their own accord.

The credibility of our institutions are dangling by a thread and it is not the American citizens and American investors that are to blame for that. The institutions that purport to protect us, regulate to prevent abuses, have become either blind to reality or find it expedient to look the other way for the wealthy.

These people have gone to considerable lengths to defraud their investors and mislead this Commission, circumvent national security and even prudent regulatory oversight by this Commission. We trust that someone is paying attention and denies this change of control request as just being another step in a series of steps of fraudulent inducement and wrongfully enriching parties who do not deserve it.

Edmund Burke said, **"All that is needed for the triumph of evil is for good men to do nothing."**

"The penalty good men and women pay for indifference to public affairs is to be ruled by evil men." – Plato

It is the duty of this Commission, as representatives of the federal government in whose hands the American people entrust that Article 4, Section 4 of the U.S. Constitution be adhered to at all times to say “NO” to the Applicants and specifically STT being granted consent to transfer control. This Respondent respectfully submits that such is your duty as regulators, as representatives of the United States government, but more importantly as United States citizens.

In the alternative, it is the duty of CFIUS as a “required regulatory consent” and as representatives of the federal government in whose hands the American people entrust that Article 4, Section 4 of the U.S. Constitution be adhered to at all times to say “NO” to the Applicants and specifically STT being granted consent to transfer control. This Respondent respectfully submits that such is the duty of every member of CFIUS as regulators, as representatives of the United States government, but more importantly as United States citizens.

Respectfully submitted,

Karl W. B. Schwarz
Chairman, Chief Executive
501-663-4959

Dated: June 13, 2003

CERTIFICATE OF SERVICE

I, Karl W. B. Schwarz, hereby certify that on this 13th day of June, 2003, I caused a true and correct copy of the foregoing Supplemental Response to Applicants' Motion for Declaratory Ruling to be served on the following parties in the manner indicated:

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ATTACHMENT 1

August 29, 2002

• **Germany Stops Israeli Arms En Route to Iran**²⁸

- A shipment including **military equipment** belonging to **an Israeli company** and **destined for Iran** was impounded in Hamburg, according to a German customs authority report confirmed by the Defense Ministry.

A ministry statement Wednesday night stressed that Israel "prohibits the sale of military equipment, spare parts, and weapons of any kind to Iran," and will turn the matter over to the police for investigation.

The statement noted that the Israeli firm had received permission to export the items after it declared their final destination was Thailand. The ministry said the items include **rubber treads for armored personnel carriers [or missile launchers?]**, and that it had been informed of the shipment by German authorities.

The military equipment was **purchased by PAD, a company owned by Avihai Weinstein, 34, an arms dealer from Netanya**, and was placed into two containers which were loaded on the Zim Antwerpen, which is scheduled to dock in Hamburg in a few days. German customs officials reportedly received information that the German company which purchased the goods plans to ship it to Iran.
jerusalem post

August 30, 2002

• **Iran & China: Missile Tests**

- (8/23/02) China conducted a flight test of a long-range ballistic missile on Wednesday in what officials are calling a political signal to departing Deputy Secretary of State Richard Armitage.

The flight test of a Dong Feng-4, or DF-4, missile was monitored by U.S. intelligence as it was fired from the missile test facility in southern China to a remote impact area in the northwestern part of the country.

China is believed to have about 20 DF-4s with a range of up to 4,340 miles. The missile was designed to attack the U.S. military base at Guam as well as targets in Russia and Europe, according to military analysts.

The test came a day after Mr. Armitage left China. During his visit, China announced that it is imposing new export controls aimed at curbing foreign missile transfers. **The Bush administration has sanctioned Chinese companies four times in the past year for missile-related transfers to Pakistan and Iran.**

²⁸ <http://www.harpazo.net/archives/2002/August2002.html>

China in the past has used its missile tests to send political signals. In November 2000, it test fired a DF-31 missile during the visit to China by Gen. Henry H. Shelton, chairman of the Joint Chiefs of Staff.

The test firing has raised concerns within the Bush administration that China is preparing for additional missile tests or other military activities during the visit to the United States in October by Chinese President Jiang Zemin.

Meanwhile, Iran's military also conducted a recent flight test of the new Shahab-3 medium-range missile, U.S. intelligence officials say.

The failed test took place last month in northern Iran and was at least the fourth flight test of the nuclear-capable missile that is said to be ready for deployment in the next several months.

A defense official said recent Shahab-3 tests have had mixed success, with about 50 percent of the missiles flying successfully and the rest failing. "This one was in the latter category," the official said.

The 800-mile-range Shahab-3, which is said to be modeled after North Korea's Nodong missile, has enough range to hit U.S. troops deployed in the Persian Gulf, Turkey and Central Asia. gertz file ²⁹

Respondent Note: OR ISRAEL.

Imagine what heroes China would be to the fundamentalist Islamic peoples / terrorist that so vehemently hate the West, and especially the United States, if they had a key role in the destruction of Israel. I wonder if Wall Street can temper their greed for even a "New York second" to contemplate reality?

*Commandos from Israel's Navy³⁰ seals unit, Shayetet 13, swooped down on the Karine A in international waters of the Red Sea on the night of Jan. 3, catching most of the 13 crew members asleep. The Israelis say the crew told them the weapons were loaded onto the Karine A from boats off the Iranian coast in an operation headed by **Lebanese Hajj Bassem, an assistant to the notorious terrorist Imad Mughniyah**. A leader of the Lebanese militia Hizballah, Mughniyah has close ties to Iran and is blamed by the Americans for the 1983 bombing of the U.S. Marine barracks in Beirut. Israeli intelligence tells Time the captured captain of the ship, Omar Akawi, a maritime adviser to the Palestinian*

²⁹ <http://www.gertzfile.com/gertzfile/InsidetheRing.html>

³⁰ <http://www.time.com/time/world/printout/0,8816,193521,00.html>

Transportation Ministry, identified a photo of Bassem as that of the man who delivered the cargo. Akawi also confessed to Israeli interrogators that the weapons were intended for the P.A.

With reporting by Massimo Calabresi/Washington and Jamil Hamad and Aharon Klein/Jerusalem

GEOSTRATEGY-DIRECT INTELLIGENCE BRIEF³¹

Al-Qaida tied to Iran intelligence, military

Defector: Models of WTC, Pentagon at Tehran spy base

Posted: February 28, 2003

5:00 p.m. Eastern

Editor's note: WorldNetDaily brings readers exclusive, up-to-the-minute global intelligence news and analysis from [Geostrategy-Direct](#),³² a new online newsletter edited by veteran journalist Robert Morton and featuring the "Backgrounder" column compiled by Bill Gertz. Geostrategy-Direct is a subscription-based service produced by the publishers of [WorldTribune.com](#), a free news service frequently linked by the editors of WorldNetDaily.

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Hamid Reza Zakeri, a former inspector and director of Iran's Revolutionary Guards and Ministry of Intelligence, or MOIS, member said **models of the World Trade Center, the White House, Pentagon and other United States government buildings "were in our headquarters."**

Zawahiri is close to Revolutionary Guards deputy commander Brig. Gen. Mohammad Baqer Zolqadr. He also has ties to other Islamic Revolutionary Guards, or IRGC, Qods Forces commanders. These include Ahmad Vahedi, Hossein Mosleh (the guards' former commander in Lebanon) and two other commanders identified only as Kan'ani and Naqdi.

³¹ http://www.worldnetdaily.com/news/article.asp?ARTICLE_ID=31293

³² <http://www.geostrategy-direct.com/geostrategy-direct/wnd.html>

Zakeri said the IRGC also **had joint terrorist operations with Imad Mughniyah, who was behind the bombings of U.S. civilian and military personnel and the murder of an American military officer.** Iranian intelligence financed many terrorist operations, he said.

Respondent Note: Imad Mughniyah is one of the most wanted terrorist in the world. He has survived several Mosad and CIA attempts to kill him and fled to Iran. From what I understand in my reading, they have killed his brother and some of his family in the attempts to kill him.

ATTACHMENT 2

This Respondent has already shown this Commission the links between Global Crossing, Global Cable Systems and the purported buyer of Pacific Crossing³³, Pivotal Private Equity³⁴ and Mr. Woog's conflict regarding Cable System Holdings, a Citigroup venture capital investment and prior deals involving IXNet and IPC.

What is elaborated on in footnote 33 below is a right that has been denied every bidder on Global Crossing assets. This was "granted" because they were selling it to an insider, Pivotal Private Equity. The SDNY bankruptcy court³⁵ has not been given the whole picture so it can make its decisions in anything other than a vacuum.

Now you know that IXNet Asia and IPC Asia were transferred to Asia Global Crossing on July 21, 2001. This Commission should strive to grasp what that transfer and what the Pivotal Private Equity move means in acquiring Pacific Crossing and how they are trying to go around regulatory approval and gain favor with China while undermining our national security.

³³ <http://www.smh.com.au/articles/2002/07/22/1027332344739.html>, Japan-US undersea cable goes broke, July 23 2002; "Pacific Crossing, an 85 per cent-owned subsidiary that holds the undersea cable linking Asia Global Crossing's regional telecommunications network to the US West Coast, voluntarily filed for Chapter 11 bankruptcy on Friday in Delaware. The subsidiary owes \$US703 million (\$1.27 billion) in limited-recourse senior secured debt to a consortium of 35 to 40 banks. Lead arrangers of the 1998 debt offering were **Goldman Sachs, Deutsche Bank and Canadian Imperial Bank of Commerce's CIBC World Markets.**" (Note: All Global Crossing creditors and all wanting into the big game in China.)

³⁴ <http://www.abiworld.org/headlines/03Feb21.html>, **Pacific Crossing Gets Authorization To Examine Affiliates;** "A bankruptcy court on Thursday authorized Pacific Crossing Ltd. to examine documents and depose executives of Global Crossing Ltd. and Asia Global Crossing Ltd., Dow Jones reported. Pacific Crossing has said it needs information the two companies have regarding its customer contracts to sell its assets. Asia Global Crossing has an 85 percent stake in Pacific Crossing. Global Crossing is an affiliate of Asia Global Crossing. Chief **Judge Peter J. Walsh** of the U.S. Bankruptcy Court authorized the examination under Rule 2004 of the Bankruptcy Code, reported the newswire."

³⁵ <http://www.abiworld.org/headlines/03April7.html>, **Court OKs Settlement Between Asia Global, Global Crossing;** "A bankruptcy court has approved Asia Global Crossing Ltd.'s settlement with Global Crossing Ltd. that resolves all claims between the two firms, Dow Jones reported. Asia Global Crossing said in its motion from March 7 that the settlement is in its best interest because of the potential cost of litigation against Global Crossing. The deal was also necessary for Asia Global Crossing to close the recent sale of its assets, according to court papers recently obtained by Dow Jones Newswires. The entity engaged in the bankruptcy proceedings is still known as Asia Global Crossing after a sale of the company's assets, reported the newswire. **Judge Robert E. Gerber** of the U.S. Bankruptcy Court in Manhattan signed an order approving the settlement on Monday".

Just before Citigroup became fully involved with Global Crossing in offshore shell games, the following is how Global Crossing Ltd, LDC was set up as both a Bermuda corporation and a Cayman Island corporation.

ATTACHMENT 3

<http://news.com.com/2100-1001-955251.html>

This Respondent is directly involved in a business matter in Singapore right now where Russian and Chinese interests are moving in to acquire stakes in Singapore technology companies. It gives us cause to be alarmed and should U.S. interests as well.

Lawyer to challenge FBI in Russian sting

By Reuters
August 25, 2002, 1:27 PM PT

In a criminal case in which the borderless Internet has collided head-on with global law, a Seattle lawyer is set to charge that U.S. officials illegally hacked into computers of two Russians to get evidence to prosecute the pair on computer crimes.

Seattle defense attorney John Lundin said he will use the same argument Russia's state security service FSB has used--that the FBI acted criminally in its attempt to nab his client Vasiliy Gorshkov--in an appeal he expects to file after Gorshkov is sentenced on Sept. 13 in federal court in Seattle.

"It seems the (Russian) case is intended more to make a point, which is that an expansion of law enforcement techniques would have inevitable ramifications on international relations," said Barry Hurewitz, a lawyer at the law firm of Hale and Dorr, a Washington, D.C.-based expert in Internet law.

The FSB lodged its criminal complaint against the FBI over evidence gathered in days after the November 2000 arrests of Gorshkov and of Alexey Ivanov, whom Gorshkov was convicted of helping steal consumer credit card numbers. Ivanov is still waiting to be tried on numerous charges in several states.

The case was the first FBI undercover plan to successfully entice people accused of high-tech crimes to come to the United States. It was the first to use, in the FBI's words, "extra-territorial seizure of digital evidence," which led to another precedent: it is thought to be the first time a U.S. agency has been formally accused of hacking into a foreign computer network.

The Russians complain that the FBI didn't have authorization to break into a computer system in Russia and download files. The FBI counters, and a U.S. judge agreed, that Russian law does not apply to the agents' actions.

The FBI lured the men, both of Chelyabinsk, Russia, to Seattle under the pretext of interviewing them for jobs at a company called "Invita," which was actually an FBI front.

FBI agents asked them to demonstrate their ability to scan a computer network for security flaws and gave them permission to do so on a network designed for that purpose, Lundin said.

Ivanov was arrested on criminal charges and Gorshkov was arrested as a material witness, Lundin said. The FBI and the U.S. Department of Justice declined to comment on the ongoing case.

Ivanov has been indicted in Connecticut, New Jersey and California on charges of stealing credit card numbers and other sensitive information from at least 40 companies including banks, Internet service providers, and online payment company PayPal and its customers.

Officials also have accused Ivanov of trying to extort money and manipulating eBay's online auctions.

Gorshkov was later accused of conspiring with Ivanov in illegal computer intrusions and permitting Ivanov to use his computers in Russia for some of the activities, Lundin said.

Gorshkov maintained he was not involved and did not know of Ivanov's activities, but he was convicted on 20 counts of computer crimes, fraud and conspiracy in October 2001.

To make its case, the FBI accessed the men's computers in Russia by installing keystroke logger programs on the computers the men used in Seattle to record keystrokes and passwords.

The evidence included a database with 56,000 credit cards on the men's computers in Russia, the FBI has alleged.

Lundin said he will argue in his appeal that the FBI's downloading of the data from Russia constituted an illegal search because agents had not obtained a search warrant before then, an argument the lower court judge rejected. Agents got a search warrant after they had downloaded the data.

"One of the issues decided by the court, I think wrongly, was that since the intrusion was in Russia there was no need for a search warrant," Lundin said. But, "the data was transferred to a computer in the U.S., so the search happens in the U.S., I would argue."

RIA news agency of Russia quoted FSB officials in the Chelyabinsk bureau as saying the FBI's procedures coupled with the U.S. court's decision could set a dangerous precedent.

"If the American side deems legal evidence obtained in this way, that would mean in the future U.S. government agencies could use similar means to collect information in Russia and other countries," RIA reported in a Russian-language statement last week. "Then nobody could guarantee that the American side would not penetrate private and government computers."

This month, the three FBI agents received Director's Awards for Excellence for their work in the sting operation. Gorshkov sits in a federal detention center in Seattle facing up to 30 years in prison. Ivanov is being held in Connecticut.

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http://www.esmartcorp.com/Hacker%20Articles/ar_fbi_turns_tables_on_russian_hack.htm

FBI turns tables on Russian hackers

Agents break into overseas computers to gather evidence

By Mike Bruner
MSNBC

April 23 — Reflecting a growing frustration with the inability or unwillingness of some foreign governments to fight cybercrime, U.S. authorities have for the first time vaulted across borders and hacked the computers of two suspected Russian computer criminals to obtain evidence against them.

FBI AGENTS LURED the two suspects to the United States with job offers from a fictitious security firm, then arrested them in Seattle and broke into their computers in Chelyabinsk, Russia, said Stephen Schroeder, an assistant U.S. attorney.

Alexey Ivanov, 20, and Vasily Gorshkov, 25, were indicted by a federal grand jury in Seattle. Ivanov also has been indicted in New Jersey and Connecticut, where he currently is in custody.

The decision to break into the computers — which were allegedly used by the suspects to hack into the computers of U.S. companies and engage in numerous extortion attempts — came only after Moscow ignored requests for assistance from U.S. authorities, Schroeder said.

“There were several attempts,” he said. “The Russian government simply didn’t respond.”

Ivanov and Gorshkov were arrested on Nov. 10. Details of the case first surfaced Monday in the Seattle Times, which reported the arrests based on the court documents.

NT VULNERABILITY EXPLOITED

Ivanov, Gorshkov and other unnamed associates used the Internet to gain illegal access to the computers of more than 40 banks and e-commerce sites in 10 states, often by exploiting a known security vulnerability in Windows NT, prosecutors say. A “patch” for the vulnerability has been posted on the Microsoft Web site for almost two years, but the companies hit by the cyberbandits hadn’t updated their software. (MSNBC is a Microsoft-NBC joint venture.)

Prosecutors believe the suspects may be linked to the theft of data on 15,700 credit cards from a Western Union Web site in September 2000. Ivanov also had information in a file on his computer related to 38,000 credit cards stolen from an unnamed Web site, prosecutors charge.

The suspects also allegedly set up a fictitious site that mimicked the Web site of PayPal in an attempt to gain access to users’ accounts, Schroeder said. He added that no accounts at the Palo Alto, Calif.,-based company, which acts as the middle man in electronic financial transactions, were compromised.

MSNBC.com broke the news of such a scam in July 2000, but it’s unclear if it was the same scam.

At least one company, Lightrealm Communications of Kirkland, Wash., acceded to a demand that it hire Ivanov as a security consultant after he broke into the Internet service provider’s computers. Prosecutors say Ivanov then used a Lightrealm account to break into other companies’ computers.

SUSPECT IDENTIFIED HIMSELF

The break that eventually led to the arrests came when Ivanov identified himself in an e-mail while attempting to extort money from a victimized company, Schroeder said. FBI agents then found his resumé online and, posing as representatives of a fictitious network security company called Invita, contacted him to offer him a job.

“He felt pretty safe because he was in Russia,” Schroeder said of Ivanov’s alleged blunder.

After Ivanov arrived in Seattle, accompanied by Gorshkov, agents posing as Invita officials asked the men to demonstrate their prowess on a computer outfitted with “sniffer” software to record every keystroke. After arresting the duo, they used account numbers and passwords obtained by the program to gain access to data stored in the computers in Russia, Schroeder said.

The agents downloaded the data, but did not view it until they obtained a search warrant from a U.S. federal court, he said.

The extra-territorial evidence seizure will be a key point of contention in the case. Gorshkov’s attorney, Kenneth Kanev, told the Times that the use of the “sniffer” software violated his client’s right to privacy and said the federal agents should have obtained a search warrant before downloading the data.

Schroeder countered that the U.S. Constitution’s Fourth Amendment protection against “unreasonable search and seizures” is not applicable outside the United States and that the FBI had no ability to serve a search warrant in Russia.

SECOND MAJOR BUST

The arrest of Ivanov and Gorshkov was the second major computer crime bust aimed at former Soviet Union nations in the past year.

In August 2000, federal agents arrested two Kazakh men in London after they allegedly broke into the computer systems of financial information provider Bloomberg L.P. and attempted to extort \$200,000 from company founder Michael Bloomberg.

U.S. authorities are seeking to extradite Oleg Zezov and Igor Yarimaka for trial on the charges. If convicted, Zezov and Yarimaka could receive prison sentences of up to 20 years and fines of \$250,000 each.

Eastern Europe and nations of the former Soviet Union have become a hotbed in recent years for computer crime aimed at businesses in the United States and other Western nations.

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<http://zdnet.com.com/2100-11-529917.html?legacy=zdn>

Judge OKs FBI hack of Russian computers

MSNBC

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Upholding the rights of law enforcement to cross national borders in pursuit of cyberspace criminals, a federal judge has ruled that FBI agents did not act improperly when they tricked a pair of suspected hackers out of passwords and account numbers and then downloaded evidence from their computers in Russia.

U.S. District Judge John C. Coughenour of Seattle rejected several motions filed on behalf of Vasily Gorshkov, 25, seeking to suppress the evidence obtained from the computers.

Gorshkov's lawyer, Kenneth Kanev of Seattle, argued that the FBI agents had violated Gorshkov's Fourth Amendment right against unreasonable search and seizure by secretly obtaining the passwords and account numbers using a "sniffer" program that recorded his keystrokes when he accessed the computers in Chelyabinsk, Russia.

But Coughenour, in a ruling dated May 23 that was made public this week, ruled that Gorshkov and his alleged co-conspirator, Alexey Ivanov, 20, had no expectation of privacy when they sat down at computers in the offices of Invita--actually an FBI front set up to lure the suspects to the United States with offers of work in the computer security field.

"When (the) defendant sat down at the networked computer ... he knew that the systems administrator could and likely would monitor his activities," Coughenour wrote. "Indeed, the undercover agents told (Gorshkov) that they wanted to watch in order to see what he was capable of doing."

He also found that the Fourth Amendment applied neither to the computers "because they are the property of a non-resident and located outside the United States" nor the data--at least until it was transmitted to the United States.

The judge noted that investigators then obtained a search warrant before viewing the vast store of data--nearly 250 gigabytes, according to court records. He rejected the argument that the warrant should have been obtained before the data was downloaded, noting that "the agents had good reason to fear that if they did not copy the data, (the) defendant's co-conspirators would destroy the evidence or make it unavailable."

Finally, Coughenour rejected defense arguments that the FBI's actions "were unreasonable and illegal because they failed to comply with Russian law," saying that Russian law does not apply to the agents' actions.

The judge did grant one defense motion, agreeing to delay Gorshkov's trial until Sept. 17.

Tantalizing clues

Prosecutors have dropped tantalizing clues in court papers and in testimony suggesting that Gorshkov and Ivanov were kingpins of Russian computer crime prior to their arrests.

Court papers indicate that the pair, who were arrested in Seattle on Nov. 10, are believed to have broken into and obtained financial information from the computer networks of two banks--the Nara Bank of Los Angeles and Central National Bank-Waco (Texas). They also charge that the duo broke into the computers of at least 38 other U.S. companies, often following the intrusion with an extortion demand.

Prosecutors have indicated they believe the two are linked to a pair of high-profile cases: the theft of data on 300,000 credit cards from the CD Universe Web site and the heist of data on 15,700 credit cards from a Western Union Web site. The suspects' alleged connection to those cases has not been explained.

Both men have been indicted by a federal grand jury in Seattle. Ivanov also has been indicted in New Jersey and Connecticut, where he currently is in custody.

NT vulnerability exploited

Ivanov, Gorshkov and other unnamed associates used the Internet to gain illegal access to the U.S. companies' computers, often by exploiting a known security vulnerability in Windows NT, prosecutors say. A "patch" for the vulnerability has been posted on the Microsoft Web site for almost two years, but the companies hit by the cyberbandits hadn't updated their software. (MSNBC is a Microsoft-NBC joint venture.)

At least one company, Lightrealm Communications of Kirkland, Wash., acceded to a demand that it hire Ivanov as a security consultant after he broke into the Internet service provider's computers. Prosecutors say Ivanov then used a Lightrealm account to break into other companies' computers.

The break that eventually led to the arrests came when Ivanov identified himself in an e-mail while attempting to extort money from a victimized company, Stephen Schroeder, an assistant U.S. attorney in Seattle, told MSNBC.com. FBI agents then found his resumé online and, posing as representatives of a fictitious network security company called Invita, contacted him to offer him a job.

"He felt pretty safe because he was in Russia," Schroeder said of Ivanov's alleged blunder.

After Ivanov arrived in Seattle, accompanied by Gorshkov, agents posing as Invita officials asked the men to demonstrate their prowess on a computer outfitted with "sniffer" software to record every keystroke. After arresting the duo, they used account numbers and passwords obtained by the program to gain access to data stored in the computers in Russia, Schroeder said.

Second major bust

The arrest of Ivanov and Gorshkov was the second major computer crime bust aimed at former Soviet Union nations in the past year.

In August 2000, federal agents arrested two Kazakh men in London after they allegedly broke into the computer systems of financial information provider Bloomberg L.P. and attempted to extort \$200,000 from company founder Michael Bloomberg.

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