

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

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' SUPPLEMENTAL RESPONSE IN OPPOSITION
TO THE APPLICANTS FOURTH AMENDED APPLICATION FOR CONSENT TO
TRANSFER CONTROL AND PETITION FOR DECLATORY RULING.**

COMMAXXESS provides the following as a supplemental response to the June 30, 2003 filing submitted by the Applicants as the "Fourth Amendment for Consent to Transfer Control and Petition for Declaratory Ruling" to matters filed before this Commission.

It was reported on August 6, 2003 that AT&T is bringing a RICO action against MCI for routing traffic to Canada (Bell Canada) to improve its transport costs to the detriment of other carriers. Part of that announcement disclosed that sensitive Defense Department traffic was routed to Canada and back to the U.S. and points beyond.

This Commission should recall that the MCI WorldCom entry into Canada was by virtue of the UUNet acquisition and picking up the existing Tier 1 IXP hubs that UUNet had already established in Canada. If this Commission has never inquired, it should do so for many of the employees of UUNet Canada are and have been for quite some time either Chinese nationals or Chinese born in Canada. The Commission should also be

reminded that recent DOD announcements make it clear that current PRC intentions are not clear and have every appearance of being hostile towards certain objectives. This Respondent was formerly one of 15 VARs for UUNet and the only global VAR of UUNet and has direct firsthand experience in the foregoing matters.

The Applicants have attempted a “suspension of disbelief” that their appointment of former DOD persons would protect national security interests, and this Respondent has repeatedly pointed out that board members do not operate NOC, SOC or network nodes. None of the MCI WorldCom board members were positioned in Canada to assure that no one was eavesdropping on DOD traffic and anyone who thinks otherwise is delusional at best and none of the purported new GX board members will be stationed to protect U.S. national security interests.

This Respondent disclosed to the Commission on October 21, 2002¹ the U.S. Senate Armed Services Committee testimony of Congressman Dana Rohrabacher², two excerpts from which follow:

TESTIMONY OF CONGRESSMAN DANA
ROHRABACHER
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

¹ GlobalAxxess Response, October 21, 2002, Attachments A.1 and A.2

² <http://www.house.gov/rohrabacher/sentstmny.html>

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."

Furthermore, that Canada has been infiltrated with PRC and even Chinese Triad Gang influences³ has already been cited to this Commission by this Respondent. Li Ka-shing is one of the largest financial supporters of the liberal Chretien government in Canada.

Embedded within the 320,000 customer contracts of Global Crossing, the same contracts that they do not want anyone looking into with a full and exhaustive due diligence effort, are agreements with EBS, one of the world's two major foreign currency exchange and trading systems. Reuters own the other comparable network.

This system is a 56k, DS-0 network that has to meet an SLA of less than 20 milliseconds because lag time on such trades can cost millions and tens of millions in losses. The average sized trades are around \$7 million and average daily volume is approximately \$80 billion. At last report there were 30 circuits between Chicago and Los Angeles and 20 between Chicago and New York.

Known members of the EBS network are AIG, Wells Fargo, First Union / Wachovia, SunTrust, Nippon, Mellon Bank and other major banks.

EBS is a legacy network acquired as part of the Frontier Communications network and was kept when Frontier was sold to Citizens with probable Blackstone involvement as a shareholder. It is relatively easy to trace Blackstone involvement in Citizens Utilities and Citizens Communications and prior deals involving Century Communications, Centennial Cellular (now Centennial Communications) and other Northeast corridor telecom deals such as CampusLinks / Paetec Communications.

Global Crossing also provides services to Morgan Stanley, JPMorgan Chase, Lehman Brothers, Salomon Smith Barney, and other major players in the world financial markets.

This Commission, CFIUS and other intelligence agencies should make a full inquiry into what was kept by Global Crossing in the way of fiber paths from Buffalo and Rochester into Canada to better understand that the threats to national security are multiple and on multiple fronts.

SWIFT has already terminated the exclusive relationship with Global Crossing on April 1, 2002 due to the insistence of putting the Global Crossing network under foreign control considered adverse to European and United States interests.

³ <http://www.sirc-csars.gc.ca/7001.html>

Just such a network, undisclosed by the Applicants, and in the hands of PRC influence, control or access, could wreak absolute havoc on the world trading markets, disrupt Europe, Canadian and U.S. financial institutions whereby an effective and immediate response to Chinese threats elsewhere

There are other such hidden deals in those 320,000 or so contracts, such as a link between east and west coast used by Maritime Marine interests, networks for the NY Transit Authority and control the signal controls of the trains and subways that can be penetrated and disrupted and even cause catastrophes.

There are other such hidden threats in those 320,000 contracts that GX, STT and Blackstone do not wish for anyone to review and either address, correct, renegotiate or terminate. This Commission and CFIUS should demand a full and complete review of all such agreements and more importantly, require disclosure of such deals and possible back doors that someone does not want the rest of us to know about.

This Respondent now has direct information from Singapore that Russian and Chinese interests are seeking and claiming they have direct access to the United States via TecNet and trying to sell capacity in Singapore to the U.S for such traffic. Our investigators are digging deep at this time to identify who TecNet is for it appears to be a network that does not wish to be found or identified.

Choke points can include “communications”, which is exactly what the Global Crossing network does and could do to the United States in times of crisis or war. This is especially true under current technology and the fact that Global Crossing was designed and built as a seamless network and the spin-offs did not affect that whatsoever. Now that they plan a reverse roll up, this Commission and CFIUS should grasp the implications as to how such a network can be used as an “offensive weapon” or in a disruptive, intelligence gathering or eavesdropping manner. In fact, one of the first targets in any type of war is the enemies communications; i.e. ours.

As the GX network is designed, the attack does not have to come from mainland China. It could easily be launched from Canada by Chinese interests and completely disrupt U.S. financial markets.

In fact, the Global Crossing network could easily be used to set up VPN nets for intelligence and espionage purposes to serve the PRC and to the detriment of the United States and its citizens without even being detected in the United States. Just such a network was sold by Global Crossing to Goldman Sachs in the IPC Information Systems deal in December 2001 by transferring a private trading network to Goldman Sachs and all should know now that Goldman Sachs and the PRC are in bed together on Asia Netcom (CICC).

In all due respect, this Commission and CFIUS should just “shut it down” and deny the Applicants change of control. They have been far less than honest, have been evasive, have failed or refused to provide required information for such an Application to even be considered.

The COMMAXXESS offer to acquire Global Crossing is now on the table with the secured creditors. It cannot be characterized as a management friendly deal. STT has offered \$250 million cash and non-cash consideration totaling about \$600 million. IDT has offered \$255 million cash and various non-cash consideration techniques. Icahn / XO have offered \$250 million cash and various non-cash considerations valued at around \$700 million, maybe.

The COMMAXXESS offer is \$415 million cash now, \$400 million cash over the next 5 years and 38% of the post-bankruptcy Newco stock. The STT deal offers 38.5% of the newco stock, therefore the COMMAXXESS offer is ½ of 1% less on stock but almost 3.5 times as much cash and in all cash terms, not non-cash consideration that can be easily subjected to dilution or devaluation.

Additionally, COMMAXXESS is in negotiations with a firm that currently provides security services to U.S. intelligence agencies to assure that current leaks and threats will be eliminated and a new Global Crossing under new management and U.S. ownership would protect national security. This is a firm that will not be going public any time in the near future due to the nature of its work and clientele.

Respectfully submitted,

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

Dated: August 7, 2003

CERTIFICATE OF SERVICE

I, Karl W. B. Schwarz, hereby certify that on this 7th day of August 2003, I caused a true and correct copy of the foregoing Supplemental Response In Support of National Security Issues to be served on the following parties in the manner indicated:

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