

**REDACTED – FOR PUBLIC INSPECTION**

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of )  
)  
Applications of AT&T Inc. and ) WT Docket No. 11-65  
Deutsche Telekom AG )  
)  
For Consent To Assign or Transfer Control of )  
Licenses and Authorizations )

**DECLARATION OF JAMES MARCUS WINN**

I, James Marcus Winn hereby declare as follows:

1. I am President and Chief Executive Officer of Communications Security & Compliance Technologies, Inc. (“CSCT”). I am responsible for all aspects of CSCT’s business.
2. I have been with CSCT since it was founded on April 1, 2006. I have detailed knowledge of CSCT’s current business practices and future business strategies. I also have detailed knowledge of CSCT’s parent company, Japan Communications Inc. (“JCI”), including JCI’s current business practices and future business strategies.
3. I have reviewed the Comments of JCI and CSCT in the above-captioned proceeding and can state that the factual assertions therein regarding JCI and CSCT are true and accurate to the best of my knowledge.

**JCI**

4. JCI was established in Japan in 1996. Initially, JCI operated largely as a reseller of voice services, similar to the way MVNOs in the United States currently operate. In 2001 JCI launched the world’s first data communications MVNO via a partnership with Japan’s largest Personal Handy-Phone System (“PHS”) service provider, now known as WILLCOM Inc. JCI’s

**REDACTED – FOR PUBLIC INSPECTION**

data MVNO model differs from the traditional MVNO model in that JCI does not function simply as a reseller of another carrier's products. Instead, JCI offers unique and independent services and controls the marketing, billing, and customer experience.

5. JCI currently partners with wireless incumbents in Japan to provide unparalleled access to advanced data services. JCI provides its Japanese retail customers with the widest mobile coverage in Japan via access to multiple network types: 3G and PHS networks, as well as Japan's most comprehensive network of public wireless LAN spots. To provide these services, JCI uses its own facilities in combination with interconnection to and use of incumbent wireless last-mile facilities. Under these arrangements, JCI controls all traffic, Internet Protocol ("IP") addressing, routing, authentication, and billing. Thus, JCI is no longer an MVNO and is instead a facilities-based carrier and Mobile Virtual Network Enabler ("MVNE") for other new entrants.

6. JCI also offers a flexible and convenient mobile data service in Japan called b-mobile3G. This service allows customers to purchase a USB device for their laptop computers that provides wireless data connectivity anywhere in Japan. Customers may purchase service by duration of desired use and can choose between different rates depending on the desired speed of connectivity. At slower speeds, customers pay a lower fee per minute of usage, and at faster speeds, they pay higher fees. JCI also offers volume-metered billing, for which customers pay a fee based on the amount of data they want to use. JCI requires no contracts or monthly billing for any of these products.

7. In 2009 JCI partnered with SONY to offer customers in Japan SONY notebook computers that are preprogrammed for immediate wireless internet access using DoCoMo's data network.

**REDACTED – FOR PUBLIC INSPECTION**

8. Also in 2009 Hewlett Packard used software and network services developed and supported by JCI to become a registered telecommunication service provider and introduce laptops, netbooks, and touchscreen tablets in Japan that come with pre-paid Internet airtime built-in and feature a one-click, pay-as-you-go system for wireless access. These products require no contracts or fixed monthly fees.

9. For business customers in Japan, JCI offers a custom-designed service called InfinityCare, which addresses all of a corporation's mobile voice and data services through a single end-to-end framework that combines JCI's expertise in wireless handhelds, wireless mobile network connectivity, device and user authentication, network security, and customer service. JCI services roam and switch seamlessly between a variety of different networks, giving customers uninterrupted coverage with no need to change configurations.

10. JCI also provides machine-to-machine ("M2M") applications. One such application is JCI's Private Wireless Leased Line ("PWLL") service, which is an end-to-end private network solution that protects financial data in transit. PWLL can reduce automatic teller machine ("ATM") operators' average connectivity cost from over \$800 per month to around \$30 per month, while maintaining security standards for financial transactions. In a number of cases, subsidiaries of the incumbent carriers from whom JCI leases last-mile facilities have asked JCI to offer its products to those carriers on a wholesale basis because these entities cannot develop services of the same quality themselves.

11. JCI also provides back-office, development, and support services to its MVNO partners to help them define their own wireless data pricing and integrate mobile wireless features into their own unique products.

CSCT

12. In 2006 JCI entered the United States market through its subsidiary CSCT, but has found the market for access to incumbent wireless facilities in the United States to be very challenging. Very few U.S. carriers are willing to offer access to their facilities in any meaningful fashion.

13. Like JCI, CSCT provides service by combining its own facilities with leased last-mile wireless connections from incumbent carriers. CSCT provides a range of services, including M2M applications for ATMs, kiosks, and Point-of-sale systems. For example, CSCT offers a service similar to JCI's PWLL service, providing a PCI certified private network<sup>1</sup> – requiring no data encryption – for financial transactions. CSCT also provides private and secure wireless networks for enterprises that verify users and secure data. CSCT uses incumbent wireless facilities in combination with its own network to provide all of these solutions and typically offers services and pricing models not found elsewhere in the marketplace.

14. In JCI and CSCT's experience, there are currently very few options available for access to incumbent wireless facilities in the United States. CSCT has encountered significant reluctance from national carriers to provide the Layer-2 interconnection necessary to provide innovative data services. U.S. carriers generally offer either no wholesale access to their high-speed data networks or else only a one-size-fits-all package that limits a lessee to reselling the incumbents' services on terms that mimic those of the incumbents. CSCT has successfully negotiated interconnection agreements with only one national carrier and one regional carrier in the United States.

15. CSCT has worked extremely hard to secure an agreement with [BEGIN HIGHLY CONFIDENTIAL]

---

<sup>1</sup> See <https://www.pcisecuritystandards.org/index.php>.

[END HIGHLY

**CONFIDENTIAL]**

16. CSCT has also found that the roaming practices of carriers in the United States are highly discriminatory. CSCT needs roaming agreements for three reasons. First, roaming allows CSCT to use arrangements with a regional carrier to serve an area broader than the regional carrier's territory. Second, a number of the products CSCT offers, such as M2M applications, require access to redundant networks. Third, CSCT needs roaming access to serve JCI's Japanese and other international customers when they are in the United States.

17. Carriers in the United States generally set data roaming rates at extremely high levels – typically at approximately \$.50 per megabyte for domestic roaming and \$20.00 per megabyte for international roaming. This rate is much higher than a carrier's cost of providing service, and in many cases higher even than its retail rates.

18. CSCT has also found that carriers in the United States generally require carrier-specific certification requirements before a device can be connected to their networks. These requirements can be quite onerous and can cause significant delay in providing service.

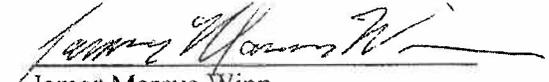
19. Finally, some national carriers insist on a "no-parking" provision in their roaming contracts, meaning a device found roaming on the home carrier's network for a long period can be kicked off the network. This makes it very difficult to offer certain applications – particularly M2M applications that require reliability – via data roaming.

**REDACTED – FOR PUBLIC INSPECTION**

20. CSCT has thus faced considerable challenges pursuing its business model in the United States, but has nevertheless succeeded in doing so. For the reasons stated in JCI and CSCT's comments, though, if the Commission approves the proposed transaction, the limited market for wholesale access to incumbent wireless facilities may disappear altogether.

**REDACTED – FOR PUBLIC INSPECTION**

I declare under penalty of perjury that the foregoing is true and correct. Executed this  
31<sup>st</sup> day of May 2011 in Atlanta, GA.

  
James Marcus Winn