Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

In the Matter of YONGHUI (PETER) LIU *Transferor*, AND MEGATEL NETCOM CORPORATION *Transferee and Authority Holder*, Application for Consent to Transfer Control of International Section 214 Authority Holder	File No. ITC-T/C-2022-____________

APPLICATION FOR CONSENT TO TRANSFER CONTROL OF INTERNATIONAL SECTION 214 AUTHORITY HOLDER—STREAMLINED PROCESSING REQUESTED

Pursuant to 47 U.S.C. § 214 and 47 C.F.R. § 63.24(e), Yonghui (Peter) Liu ("Transferor" or "Mr. Liu") and Megatel Netcom Corporation ("Megatel", together with Mr. Liu, "Applicants"), apply for Commission consent to transfer control of Megatel from Mr. Liu to the shareholders of Megatel (all of whom are all U.S. citizens). Mr. Liu will relinquish control, with no individual shareholder gaining *de jure* or *de facto* control. Megatel holds international Section 214 authority to provide global resale services to all international points.

Mr. Xiangyang (Sean) Luo, a founder of Megatel, previously held a controlling 80-percent interest in Megatel, from the time the company secured international Section 214 authority in 2009, until 2014, when he sold his 80-percent interest to Mr. Liu.[1] Now, Mr. Liu

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[1] *See International Authorizations Granted,* Public Notice, 24 FCC Rcd. 5779, 5780 (Int'l Bur. 2009); IBFS File No. ITC-214-20090401-00143; *International Authorizations Granted,* Public Notice, 24 FCC Rcd. 5779, 5780 (Int'l Bur. 2009); IBFS File No. ITC-214-20090401-00143.

will sell back to Mr. Luo a 42-percent and will retain a 38-percent interest (the "Proposed Transaction"). The remaining 20-percent interest in Megatel will continue to be held by Ms. Huixi (Fay) Chen. Accordingly, upon consummation of the Proposed Transaction, no entity or person will hold *de jure* control or *de facto* control over Megatel. As 47 C.F.R. § 63.24(c) defines a relinquishment of *de jure* control as a substantive transfer of control, the Applicants seek Commission consent to consummate the Proposed Transaction.

Consummation of the Proposed Transaction will serve the public interest, convenience, and necessity, as Megatel will continue to benefit from Mr. Liu's management expertise, while also leveraging Mr. Luo's extensive entrepreneurial and management skills. Ms. Chen will continue to serve as the company's Chief Financial Officer.

The Proposed Transaction raises no public-interest concerns that would warrant an extended review or transaction-specific conditions for consent. Indeed, this application qualifies for presumptive streamlined processing under 47 C.F.R. § 63.12(a), as neither of the Applicants is or is affiliated with a foreign carrier in any foreign destination market. Nor would the Proposed create any new combinations that would adversely affect competition on any U.S.-international route.

I. BACKGROUND

A. Relevant Parties

Mr. Luo and Mr. Liu are telecommunications executives, both with years of experience with Megatel itself: Mr. Luo founded Megatel in 2009, and Mr. Liu has served as its Chief Executive Officer since before 2014 when he purchased Mr. Luo's interest. Mr. Luo and Mr. Liu (as well as Ms. Chen) are all naturalized U.S. citizens.

B. Megatel Netcom Corporation ("Megatel")

Megatel is a California corporation established in 2009 by Mr. Luo. Megatel provides international telecommunications service over resold lines to small and medium enterprise and carrier customers and provides retail calling card services, in addition to providing unregulated services, such as virtual office, conferencing, and network management services. Megatel holds international Section 214 authority for global resale services.[2] Megatel does not provide any domestic interstate telecommunications services.

B. The Proposed Transaction

In the Proposed Transaction, Mr. Liu will sell to Mr. Luo 42-percent of the common shares of Megatel, retaining 38-percent. As noted above, Ms. Chen will continue to hold a 20-percent interest. Accordingly, although Mr. Liu will remain as a shareholder and senior executive with Megatel, he will no longer hold *de jure* control, nor will he exercise *de facto* control, over Megatel. Upon consummation of the Proposed Transaction, no one investor will hold *de jure* or *de facto* control over Megatel. **Exhibits A** and **B** show the pre-consummation ownership and control of the Megatel.

The Proposed Transaction is subject Commission consent and customary closing conditions. The parties expect to close the Proposed Transaction promptly upon receipt of FCC approval.

[2] FCC File No. ITC-214-20090401-00143.

II. THE PROPOSED TRANSACTION WOULD SERVE THE PUBLIC INTEREST AND WOULD NOT HARM COMPETITION

A. Standard of Review

Under 47 C.F.R. § 214(a), the Commission must determine whether a proposed assignment or transfer of control of a provider of interstate or international telecommunications services is consistent with the public interest, convenience, and necessity.[3] In making such a determination, the Commission first assesses "whether the proposed transaction complies with the specific provisions of the [Communications] Act,[4] other applicable statutes, and the Commission's rules."[5] Second, if a proposed transaction would not violate the Act, any other applicable statute, or any of the Commission's rules, the Commission then considers whether a proposed transaction "could result in public interest harms by substantially frustrating or impairing the objectives or implementation of the [Communications] Act or related statutes."[6]

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[3] *See, e.g., Applications of Level 3 Communications, Inc. and CenturyLink, Inc. for Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 32 FCC Rcd. 9581, 9585 ¶ 8 (2017) ("*Level 3-CenturyLink Order*"); *Applications of AT&T Inc. and DIRECTV For Consent to Assign or Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 30 FCC Rcd. 9131, 9139-40 ¶ 18 (2015) ("*AT&T-DIRECTV Order*"); *Applications of XO Holdings and Verizon Communications Inc. For Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 31 FCC Rcd. 12,501, 12,504-05 ¶ 7 (Wireline Comp., Int'l, and Wireless Tel. Burs. 2016) ("*Verizon-XO Order*").

[4] Communications Act of 1934, as amended ("Communications Act").

[5] *See Level 3-CenturyLink Order*, 32 FCC Rcd. at 9585 ¶ 8; *AT&T-DIRECTV Order*, 30 FCC Rcd. at 9139-40 ¶ 18 (citations omitted); *Verizon-XO Order*, 31 FCC Rcd. at 12,504-05 ¶ 7 (citations omitted); *Applications of SoftBank Corp., Starburst II, Inc., Sprint Nextel Corp., and Clearwire Corp.*, Memorandum Opinion and Order, Declaratory Ruling, and Order on Reconsideration, 28 FCC Rcd. 9642, 9650 ¶ 23 (citations omitted) ("*Softbank-Sprint-Clearwire Order*"); *Applications Filed by Qwest Communications International Inc. and CenturyTel, Inc. d/b/a CenturyLink For Consent to Transfer Control*, Memorandum Opinion and Order, 26 FCC Rcd. 4194, 4198-99 ¶ 7 (citation omitted) ("*Qwest-CenturyLink Order*").

[6] *See Level 3-CenturyLink Order*, 32 FCC Rcd. at 9585 ¶ 9; *AT&T-DIRECTV Order*, 30 FCC Rcd. at 9140 ¶ 18 (citation omitted); *Verizon-XO Order*, 31 FCC Rcd. at 12,504-05 ¶ 7

Third, where a transaction raises no public interest harms or where any such harms can be ameliorated by narrowly-tailored conditions, the Commission considers the transaction's public interest benefits, with the applicants bearing the burden of proving those benefits by a preponderance of the evidence.[7] Finally, if the Commission finds that narrowly-tailored, transaction-specific conditions would ameliorate any public interest harms for a transaction that is otherwise in the public interest, it may approve the transaction as so conditioned.[8]

B. The Proposed Transaction Will Serve the Public Interest

Here, the Proposed Transaction would not violate any provision of the Communications Act or any Commission rule, nor would it substantially frustrate or impair the Commission's implementation or enforcement of the Act or interfere with the objectives of the Act or other statutes. To the contrary, as explained below, the Proposed Transaction offers public interest benefits without any material countervailing harms, and thus transaction-specific conditions are unnecessary.

As a result of the Proposed Transaction, Mr. Luo will re-join the Megatel senior executive team, adding his considerable entrepreneurial and management skills to Mr. Liu's extensive management experience and Ms. Chen financial expertise. Ultimately, this combined expertise will strengthen Megatel's ability to compete vigorously in the international resale market.

(citation omitted); *SoftBank-Sprint-Clearwire Order*, 28 FCC Rcd. at 9651 ¶ 23 (citation omitted); *Qwest-CenturyLink Order*, 26 FCC Rcd. at 4199 ¶ 7.

7 *See Level 3-CenturyLink Order*, 32 FCC Rcd. at 9586 ¶ 10. In earlier transactions, the Commission weighed any potential public interest harms of the proposed transaction against any potential public interest benefits. *See AT&T-DIRECTV Order*, 30 FCC Rcd. at 9140 ¶ 18 (citation omitted); *Verizon-XO Order*, 31 FCC Rcd. at 12,504-05 ¶ 7 (citation omitted); *SoftBank-Sprint-Clearwire Order*, 28 FCC Rcd. at 9650-51 ¶ 23 (citation omitted).

8 *See Level 3-CenturyLink Order*, 32 FCC Rcd. at 9586 ¶ 11.

The Proposed Transaction would create no new combinations that would adversely affect competition on any U.S.-international route. Neither Megatel nor any of its shareholders control, or are affiliated with, any international telecommunications services providers licensed by the Commission.

III. INFORMATION REQUIRED BY 47 C.F.R. § 63.24(e)

Pursuant to 47 C.F.R. § 63.24(e), the Applicants provide the following information in support of their request for Commission consent for the Proposed Transaction.

A. Applicant Identification Information[9]

In Table 1 below, the Applicants provide their names, addresses, telephone numbers, places of organization, and FCC Registration Numbers.

TABLE 1: Applicant Identification Information

Name, Address, and Telephone #	Place of Citizenship or Organization	FRN	Transaction Role
Mr. Yonghui (Peter) Liu 11100 Valley Blvd., Suite 202 El Monte, California 91731 +1 626 240 0599	United States	0022855092	Transferor
Megatel Netcomm Corporation 11100 Valley Blvd., Suite 202 El Monte, California 91731 +1 626 240 0599	California	0018641639	Transferee and Authority Holder

9 *See* 47 C.F.R. § 63.18(a), (b).

B. Contact Information[10]

The Commission should address correspondence regarding this application to:

Kent Bressie
Colleen Sechrest
Harris, Wiltshire & Grannis LLP
1919 M Street, N.W., Suite 800
Washington, D.C. 20036-3537
+1 202 730 1337
kbressie@hwglaw.com
csechrest@hwglaw.com

C. Prior International Section 214 Authority[11]

Megatel holds international Section 214 authority to provide global resale services to all international points.[12]

D. Certification Regarding Ownership, Place of Organization, Principal Business, and Interlocking Directorates[13]

By its signature below, Applicants certify that Megatel will have the following 10-percent-or-greater interest holders following the consummation of the Proposed Transaction:

Mr. Yonghui (Peter) Liu
Address: 11100 Valley Blvd., Suite 202, El Monte, California 91731
Place of Citizenship: United States
Principal Business: telecommunications
Relationship: Mr. Liu will hold a 38-percent voting and economic interest in Megatel.

Mr. Xiangyang (Sean) Luo
Address: 11100 Valley Blvd., Suite 202, El Monte, California 91731
Place of Citizenship: United States
Principal Business: telecommunications
Relationship: Mr. Luo will hold a 42-percent voting and economic interest in Megatel.

Ms. Huixi (Fay) Chen
Address: 11100 Valley Blvd., Suite 202, El Monte, California 91731

10 *See id.* § 63.18(c).

11 *See id.* § 63.18(d).

12 FCC File No. ITC-214-20090401-00143.

13 *See* 47 C.F.R. § 63.18(h).

Place of Citizenship: United States
Principal Business: telecommunications
Relationship: Ms. Chen will continue to hold a 20-percent voting and economic interest in Megatel.

Other than persons noted above, no entity or person will hold a 10-percent-or-greater direct or indirect voting or economic interest in Megatel as a consequence of consummation of the Proposed Transaction.

By his signature below, Mr. Luo confirms that he holds no interlocking directorates with foreign carriers.

E. Certification Regarding Foreign Carrier Status and Foreign Affiliations[14]

By their signatures below, each Applicant certifies that upon consummation of the Proposed Transaction it will not be affiliated with a foreign carrier

F. Certification Regarding Destination Countries[15]

By their signatures below, each Applicant certifies that upon consummation of the Proposed Transaction: (1) it will not be a foreign carrier in any foreign country; (2) it will control a foreign carrier in any foreign country; and (3) as there is no entity that owns more than 25 percent of Megatel or that controls Megatel, there is no such entity that controls a foreign carrier in any foreign country.

G. Certifications Regarding WTO Status[16]

No response is required, as Applicants did not identify any non-WTO markets in response to 47 C.F.R. § 63.18(j).

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[14] *See id.* § 63.18(i).

[15] *See id.* § 63.18(j).

[16] *See id.* § 63.18(k).

H. Non-Dominant Status[17]

Applicants did not identify any foreign carrier affiliates in response to 47 C.F.R. § 63.18(j) and Megatel is thus presumptively non-dominant pursuant to 47 C.F.R. § 63.10(a)(1).

I. Special Concessions[18]

By their signatures below, Applicants certify that they have not agreed to accept special concessions directly or indirectly from any foreign carrier with respect to any U.S. international route where the foreign carrier possesses market power on the foreign end of the route and will not enter into such agreements in the future.

J. Certification Regarding the Anti-Drug Abuse Act of 1988[19]

By their signatures below, Applicants certify that no party to this application is subject to a denial of federal benefits under Section 5301 of the Anti-Drug Abuse Act of 1988, as amended.[20]

K. Streamlining[21]

The Applicants request streamlined processing pursuant to 47 C.F.R. § 63.12(a), as Applicants are not affiliated with any foreign carrier, much less with one with market power in a foreign destination market.

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[17] *See id.* § 63.18(m).

[18] *See id.* § 63.18(n).

[19] *See id.* § 63.18(o).

[20] 21 U.S.C. § 862(a); Anti-Drug Abuse Act of 1988, Pub. L. No. 100-690, § 5301, 102 Stat. 4181, 4310-12 (1988), which related to denial of Federal benefits to drug traffickers and possessors—previously codified at 21 U.S.C. § 853(a)—was renumbered section 421 of the Controlled Substances Act of 1990, Pub. L. No. 101-647, § 1002(d)(1), 104 Stat. 4789, 4827 (1990), and has been recodified as 21 U.S.C. § 862(a). 47 C.F.R. § 63.18(o) does not reflect this recodification.

[21] *See* 47 C.F.R. § 63.18(p).

CONCLUSION

For the reasons stated above, the Applicants request that the Commission grant consent expeditiously for the transfer of a 42-percent interest in Megatel from Mr. Liu to Mr. Luo.

Respectfully submitted,

Yonghui (Peter) Liu

/s/ Peter Liu

11100 Valley Blvd., Suite 202
El Monte, California 91731

Megatel Netcom Corporation

/s/ Peter Liu

Chief Executive Officer
11100 Valley Blvd., Suite 202
El Monte, California 91731

Kent Bressie
Colleen Sechrest
Harris, Wiltshire & Grannis LLP
1919 M Street, N.W., Suite 800
Washington, D.C. 20036-3537
+1 202 730 1337
kbressie@hwglaw.com
ceschrest@hwglaw.com

Counsel for the Applicants

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