



PAKISTAN TELECOMMUNICATION AUTHORITY
HEADQUARTERS, F-5/1 ISLAMABAD
Ph: 051-9214243 Fax: 051-2878113
www.pta.gov.pk

Enforcement Order under Sub-Section 3 of Section 23 of the Pakistan Telecommunication (Re-organization) Act, 1996 against M/s Star Communications (Pvt.) Ltd

Date of Issuance of Show Cause Notice: 10th May, 2011
Venue of Hearing: PTA HQs, Islamabad
Date of Hearing: 30th June, 2011

The Authority present:

Dr. Mohammed Yaseen: Chairman
Dr. Khawar Siddique Khokhar: Member (Technical)

The Issue:

“Change of management of the company without prior notification to the Authority”

DECISION OF THE AUTHORITY

1. Brief facts of the case:

1.1 Star Communications (Pvt.) Ltd. (the “licensee”) was awarded a non-exclusive license No.Dir(L)/(C)/276/2000 dated 27th June, 2000 (the “license”) by Pakistan Telecommunication Authority (the “Authority”) to establish, maintain and operate card pay phone services in Pakistan, subject to the terms and conditions contained in the license.

1.2 The licensee, under section 21 (4)(j) of the Pakistan Telecommunication (Re-organization) Act, 1996 (the “Act”) read with sub-rule 5 of the Pakistan Telecommunication Rules, 2000 (the “Rules”) and sub-regulation 5 of regulation 21 of the Pakistan Telecommunication (Functions & Powers) Regulations, 2006 was required to give prior written notice to the Authority of proposed change along with relevant detail if a substantial ownership interest in or control of a licensee is proposed to be changed.

1.3 However, vide licensee’s letter dated 29th March 2011 it has been taken noticed by the Pakistan Telecommunication Authority (the “Authority”) that the licensee on 3rd November, 2008 has changed its 100% ownership interest in and management control without prior notification to the Authority, which constitutes a violation of the aforementioned statutory provisions. Moreover, it has also taken notice that the licensee

on 1st June, 2009 has also changed in the management without prior notification to the Authority.

1.4 Due to the said violation/contravention, a Show Cause Notice (SCN) vide dated 10th May, 2011 under section 23 of the Act was issued to the licensee. The license vide letter No.SCL/001/2011 dated 17th May, 2011 replied the SCN wherein the licensee asserted that it has been complying with the terms and conditions contained in the respective license in true letter and spirit. However, the company could not seek prior approval of the Authority due to oversight in connection with the changing in its management. Foregoing in view, it is requested that lenient view of the situation may please be taken into consideration and the company hereby commits that like such mistake will not be repeated in future. The Authority is requested to kindly issue NOC in our favor.

1.5 In order to proceed further the matter was fixed for hearing on 30th June, 2011. Mr. Muhammad Fahim Khan, CEO, on behalf of M/s Star Communication (Pvt.) Ltd. (the "licensee") attended the hearing on the said date and submitted that due to oversight in connection with changing its management the company could not sought prior approval of the Authority and apologized for the same. The licensee further asserted that it has never defaulted in payment of PTA dues. However, the licensee ensured that it will not give any chance to the Authority to violate any rule in future.

2. Order

2.1 After hearing arguments and perusal of record the Authority is of the view that though there is no adverse effect of such change in the management of company as made by the licensee during the years 2008 and 2009 with respect to provision of licensed telecommunication services, yet the licensee was required to give prior notice to the Authority of the proposed change in the management of the company. However, since there is no outstanding dues against the licensee and there is no adverse effect of such change in the management of the company in terms of provision of the licensed telecommunication services, hence, the Authority upon apology tendered by the licensee during hearing, on compassionate ground, warns the licensee not to repeat such contravention in future; otherwise a strict legal action shall be taken against the licensee under the provisions of the Pakistan Telecommunication (Re-organization) Act, 1996. Accordingly, SCN issued to the licensee vide dated 10th May, 2011 is hereby disposed off.

Dr. Khawar Siddique Khokhar
Member (Technical)

Dr. Mohammed Yaseen
(Chairman)

This enforcement order is signed on _____ and comprises of 02 pages only.