



Telecommunications Authority of Trinidad and Tobago

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Ref. No.

PRESS STATEMENT

March 14th 2008

STATEMENT BY MR CRIS SEECHERAN, EXECUTIVE DIRECTOR, TELECOMMUNICATIONS AUTHORITY OF TRINIDAD AND TOBAGO (Ag) ON ENFORCEMENT ACTION AGAINST LAQTEL LIMITED FOR BREACH OF CONCESSIONS AND LICENCES

Termination of Concessions and Licences

The Telecommunications Authority of Trinidad and Tobago has been advised that today, Friday 14th March 2008, the Honourable Kennedy Swaratsingh, Minister of Public Administration, exercised his powers pursuant to sections 30 and 39 of the Telecommunications Act 2001, to terminate the following concessions and licences granted to Laqtel:

- i. the concession granted on 31st December 2005 for the operation of a public domestic mobile telecommunications network;

*Directors: Mr. Khalid Hassanali (Chairman); Mr. Cagney Casimire (Deputy Chairman);
Ms. Beverly Beckles; Ms. Gillian Bishop; Dr. Ronald Ramkissoon; Mr. Wayne Nakhid; Mr. Samuel Henry;
Mr. Hayden Newton; Mr. Terrence Pierre.*

- ii. the concession granted on 31st December 2005 for the provision of public domestic mobile telecommunications services; and,
- iii. the spectrum licence granted by the Authority on 30th December 2005 for the use of certain blocks of spectrum in the 800MHz and 1900MHz bands.

That termination is effective immediately.

Execution of the Warrant of Distress

The Telecommunications Authority of Trinidad and Tobago wishes to advise the public that today, Friday 14th March 2008, its attorney as well as officers and agents of the Authority, assisted the police in the execution of a Warrant of Distress against assets of Laqtel Limited, for its failure to pay the fine ordered by Her Worship Ms. Maureen Baboolal-Gafoor on 1st November 2008.

Background

The Public will recall that on 31st December 2005 concessions and associated licences were granted to Laqtel for the operation of a public domestic mobile telecommunications network, the provision of public domestic mobile telecommunications services, the operation of a public international telecommunications network and the provision of public international telecommunications services.

The concessions required, among other things, that Laqtel launch a public domestic mobile telecommunications service with coverage of 50% of the geographic area of Trinidad and Tobago on or before 30th June 2006, increasing to 70% by 31st December 2006, and further to 98% coverage by 30th December 2009.

The concession also required that Laqtel post a Performance Bond in the amount of \$4,000,000 to secure the performance of its roll-out obligations under the concession. That bond was to be posted by 14th January 2006.

Laqtel, despite several reminders, failed to post the performance bond.

The Public may also recall that on 12th September 2007 the Authority laid charges against Laqtel for its failure to post the Performance Bond referred to above. On 1st November 2007 Her Worship Ms. Maureen Baboolal-Gafoor handed down the following sentence against Laqtel for its failure to post the performance bond:

“The Court fines Laqtel \$150,000.00 to be paid on or before Friday 16th November 2007. In default a warrant of distress to issue. In addition, the Court fines Laqtel \$10,000.00 per day from the date of conviction (1 November 2007) until the performance bond is paid or termination of the contract between the parties, which ever is earlier.”

Laqtel failed to post the Performance Bond and pay the fine levied by Her Woship Baboolal-Gafoor by the 16th November 2007, and consequent upon that failure a Warrant of Distress was issued by the Magistrate to the Police on 23rd January 2008.

As at the date of issue of the Warrant of Distress, the total fine payable by Laqtel amounted to \$970,000, being the fixed fine of \$150,000 plus eighty two days of the continuing fine of \$10,000 per day.

Earlier today the Police, assisted by employees and agents of the Authority and its Attorney, Sean Cazabon, attended at Laqtel's offices at 38-40 Sackville St., Port of Spain, and seized certain items of electronic equipment which are believed to have a value approximately equal to the outstanding fine.

The public is also advised that consequent upon Laqtel's failure to launch its public mobile telecommunications network and services as required under its concession, the Board of the Authority decided at its meeting on 19th December 2007 to recommend to the Honourable Minister pursuant to section 31 of the Telecommunications Act 2001 that the concessions granted to Laqtel on 31st December 2005 and the licence granted on 30th December 2005 in respect of Laqtel's mobile network and services, be terminated for material breach by Laqtel of the concessions and licence (the "recommendation to terminate").

The recommendation to terminate Laqtel's concession was made on 8th January 2008.

In accordance with the provisions of section 30(4) of the Act, the Honourable Minister wrote to Laqtel on 28th January 2008, advising that the Authority had made the recommendation to terminate, and inviting Laqtel to make written representations to the Authority.

On 7th February 2008 Laqtel made representations to the Authority indicating that it had made arrangements with a new investor to secure financing to enable Laqtel to perform its outstanding obligations in the shortest possible time, and making commitments to pay the outstanding amounts and rectify its breaches, including launching its mobile network and services. Consistent with the provisions of section 30(4) of the Act, the Authority forwarded Laqtel's representations to the Minister together with its advice to the Minister on the substance of those representations.

On 18th February 2008, the Minister wrote to Laqtel setting out certain clear conditions under which the Minister would agree to forbear from taking action on the Authority's recommendation to terminate, and giving Laqtel two weeks within which to accept those conditions in their entirety, failing which the Minister would proceed to terminate the concession in accordance with the recommendations of the Authority. Laqtel accepted those conditions in a letter to the Minister dated 3rd March 2008.

The Minister's letter to Laqtel required that Laqtel comply with the following conditions, in their entirety:

1. Laqtel, by 10th March 2008 effect the following payments:
 - a. Payment in full to the Authority of all outstanding fines, concession and licence fees;
 - b. Lodgement of the performance bond required under the terms of Laqtel's concession;

2. Upon lodgement of the performance bond, Laqtel will immediately be in default of such milestones for network launch as are listed in its concession and will forfeit 50% of the bonded sums for its failure to achieve the launch of its network and services and 70% coverage by the dates required.
3. The Authority indicated that it has no objection in principle to Laqtel transferring a majority of its shares; however, the Authority would need to assess any proposed investor in the usual way to ensure that the person is an appropriate one to hold a substantial stake in a telecommunications operator in Trinidad and Tobago. Laqtel is required to provide the information required by the Authority to consider the proposed investor, and the Authority has agreed to complete its determination within two weeks of receiving all required information.
4. Laqtel will complete the transaction with its proposed investor within two (2) months of the approval by the Authority.
5. Laqtel must launch its network with 70% coverage of the geographical area of Trinidad and Tobago within six (6) months of the approval of the transfer of shares by the Authority.
6. In the event that Laqtel fails to comply with all of the foregoing, the Minister will proceed to terminate the concessions and licences granted to Laqtel in accordance with the recommendation to terminate.

7. In the event that Laqtel complies with all of the foregoing the Minister will disregard the recommendation to terminate.

On 3rd March 2008, Laqtel wrote to the Honourable Minister indicating its acceptance of the terms and conditions set out in the Minister's letter. On 7th March 2008, Laqtel wrote to the Authority advising that the required payments would be made to the Authority by no later than 10th March 2008.

As at the close of business on Thursday 13th March 2008, the Authority had not received any payment in respect of Laqtel's commitments agreed to in its letter of 3rd March 2008. The Authority advised the Minister that no payments had been received from Laqtel, and the Authority has today received from the Minister a copy of his notice to Laqtel terminating its concessions and licences, pursuant to the Authority's recommendations dated 8th January 2008.

END