

**BEFORE THE UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

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ADMINISTRATIVE PROCEEDING
File No. 3-16033

In the Matter of

**AIRTOUCH COMMUNICATIONS,
INC., HIDEYUKI KANAKUBO, AND
JEROME KAISER, CPA,**

Respondents.

**ANSWER OF RESPONDENT
HIDEYUKI KANAKUBO IN
RESPONSE TO ORDER
INSTITUTING ADMINISTRATIVE
CEASE-AND-DESIST
PROCEEDINGS**

Pursuant to Rule 220 of the Commission's Rules of Practice, Respondent Hideyuki Kanakubo ("Mr. Kanakubo") respectfully submits this Answer to the Commission's August 22, 2014 Order Instituting Administrative and Cease-and-Desist Proceedings (the "OIP"). As set forth in more detail below, Mr. Kanakubo denies the allegations that he violated certain of the federal securities laws and rules adopted by the Commission thereunder, and denies that any remedial action is appropriate and that any order to cease and desist should be issued.

To the extent not specifically admitted herein, Mr. Kanakubo denies each and every allegation contained in the OIP.

GENERAL RESPONSES

The numbered paragraphs of this answer correspond to the paragraphs as numbered in Section II of the OIP. To the extent the paragraphs in the OIP are grouped under headings, Mr. Kanakubo responds generally that such headings and groupings are conclusions of law or fact and denies each and every such allegation made or implied by such headings or groupings.

This answer is submitted only on behalf of Mr. Kanakubo. The OIP contains numerous allegations concerning other respondents. The OIP also contains allegations relating to the status, conduct, or other affairs of other persons or entities not answering herein. To the extent the allegations are directed to other respondents, persons or entities, Mr. Kanakubo avers that no response from him is required.

Finally, in response to many of the allegations in the OIP, Mr. Kanakubo answers herein that he is without knowledge or information sufficient to form a belief as to the truth of such allegations. In each and every instance where Mr. Kanakubo so answers, Mr. Kanakubo on that basis denies each and every such allegation, and incorporates by reference this response into each paragraph below as if fully set forth therein.

SPECIFIC RESPONSES

1. Mr. Kanakubo denies the allegations in paragraph 1 to the extent they are directed to him, and avers that to the extent they are directed to other respondents, no response from Mr. Kanakubo is required.

2. Mr. Kanakubo denies the allegations in paragraph 2 to the extent they are directed to him, and avers that to the extent they are directed to other respondents, no response from Mr. Kanakubo is required.

3. Mr. Kanakubo avers that the Form 8-K referenced in paragraph 3 speaks for itself, refers to the Form 8-K for its contents, and denies any characterization inconsistent with its terms.

4. Mr. Kanakubo admits that the allegations of paragraph 4 were true during the time of his employment with AirTouch.

5. Mr. Kanakubo denies the allegation that he is AirTouch's former chief technology officer and that he resigned from that position in April 2013, and further denies that he was solely responsible for the management of AirTouch's business. Mr. Kanakubo further denies the allegation that he is AirTouch's founder; rather, he was a founder of AirTouch's predecessor company, which later licensed the AirTouch name. Mr. Kanakubo admits the remaining allegations in paragraph 5.

6. Mr. Kanakubo avers that the allegations in paragraph 6 are not directed to Mr. Kanakubo, and therefore no response from Mr. Kanakubo is required.

7. Mr. Kanakubo denies that the U250 SmartLinx was designed solely for sale to Telmex. Mr. Kanakubo admits that AirTouch developed the U250 SmartLinx, but avers, on information and belief, that the product entered development prior to 2012.

8. Mr. Kanakubo lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 8, and on that basis denies them.

9. Mr. Kanakubo denies the allegations in the first sentence of paragraph 9. Mr. Kanakubo lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the second sentence of paragraph 9, and on that basis denies them.

10. Mr. Kanakubo admits, on information and belief, the allegation in the first sentence of paragraph 10. With respect to the remaining allegations in paragraph 10, Mr. Kanakubo avers that the Fulfillment and Logistics Agreement speaks for itself, refers to the Fulfillment and Logistics Agreement for its content, and denies any characterization inconsistent with its terms.

11. Mr. Kanakubo avers that the Purchase Order referenced in this paragraph speaks for itself, refers to the Purchase Order for its contents, and denies any characterization inconsistent with its terms. To the extent that a further response is required, Mr. Kanakubo avers that he lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 12, and on that basis denies them.

12. Mr. Kanakubo avers that the allegations in Paragraph 12 are not directed to Mr. Kanakubo, and therefore no response from Mr. Kanakubo is required. To the extent that a further response is required, Mr. Kanakubo avers that he lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 12, and on that basis denies them.

13. Mr. Kanakubo denies the allegation that AirTouch shipped inventory to the Florida Entity pursuant to the Agreement. Mr. Kanakubo admits, on information and belief, the remaining allegations in paragraph 13.

14. Mr. Kanakubo lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 14, and on that basis denies them.

15. Mr. Kanakubo denies the allegations in paragraph 15.

16. Mr. Kanakubo lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 16, and on that basis denies them.

17. Mr. Kanakubo avers that the Form 10-Q referenced in paragraph 17 speaks for itself, refers to the Form 10-Q for its contents, and denies any characterization inconsistent with its terms. To the extent the allegations require a further response, Mr. Kanakubo denies, on information and belief, the allegations in the second sentence of paragraph 17.

18. Mr. Kanakubo lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 18, and on that basis denies them.

19. Mr. Kanakubo denies the allegations in paragraph 19.

20. Mr. Kanakubo avers that the revenue recognition policy referenced in paragraph 20 speaks for itself, refers to the revenue recognition policy for its contents, and denies any characterization inconsistent with its terms. To the extent the allegations require a further response, Mr. Kanakubo lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph, and therefore denies them.

21. Mr. Kanakubo denies the allegations in paragraph 21.

22. Mr. Kanakubo avers that the certifications referenced in paragraph 22 speak for themselves, refers to the certifications for their contents, and denies any characterization inconsistent with their terms. To the extent the allegations require a further response, Mr. Kanakubo lacks knowledge or information sufficient to form a belief as to the truth of the allegations in this paragraph, and therefore denies them.

23. Mr. Kanakubo denies the allegations in paragraph 23 to the extent they are directed to him, and avers that to the extent they are directed to other respondents, no response from Mr. Kanakubo is required.

24. Mr. Kanakubo denies the allegations in paragraph 24.

25. Mr. Kanakubo avers that the Form 10-Q referenced in paragraph 25 speaks for itself, refers to the Form 10-Q for its contents, and denies any characterization inconsistent with its terms. To the extent a further response is required, Mr. Kanakubo denies the allegations in the first two sentences of paragraph 30, and avers that he lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the third sentence of paragraph 25, and on that basis denies them.

26. Mr. Kanakubo denies the allegations in paragraph 26 to the extent they are directed to him, and avers that to the extent they are directed to other respondents, no response from Mr. Kanakubo is required.

27. Mr. Kanakubo denies the allegations in paragraph 27 to the extent they are directed to him, and avers that to the extent they are directed to other respondents, no response from Mr. Kanakubo is required.

28. To the extent that the allegations in paragraph 28 are directed to Mr. Kanakubo, Mr. Kanakubo admits that he was an officer of AirTouch and a member of its management, and that he was responsible for signing AirTouch's SEC filings. Mr. Kanakubo denies the remaining allegations in paragraph 28. To the extent that the allegations in paragraph 28 are directed to other respondents, no response from Mr. Kanakubo is required.

29. Mr. Kanakubo admits, on information and belief, that in or around 2012, AirTouch had discussions with an investor regarding a short term bridge loan in exchange for

a promissory note and a warrant to purchase shares of AirTouch common stock. Mr. Kanakubo lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the second sentence of paragraph 29, and on that basis denies them.

30. Mr. Kanakubo avers that the email referenced in paragraph 30 speaks for itself, refers to the email for its contents, and denies any characterization inconsistent with its terms. To the extent a further response is required, Mr. Kanakubo denies the allegations in paragraph 30.

31. Mr. Kanakubo avers that the allegations in Paragraph 31 are not directed to Mr. Kanakubo, and therefore no response from Mr. Kanakubo is required.

32. Mr. Kanakubo lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 32, and on that basis denies them.

33. Mr. Kanakubo admits that in 2012, Mr. Kaiser received a bonus payment of approximately \$15,000 in connection with his work on raising capital, and that Mr. Kanakubo received a payment for unused vacation time. Mr. Kanakubo lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 33, and on that basis denies them.

34. Mr. Kanakubo denies the allegations in paragraph 34 to the extent they are directed to him, and avers that to the extent they are directed to other respondents, no response from Mr. Kanakubo is required.

35. Mr. Kanakubo denies the allegations in paragraph 35 to the extent they are directed to him, and avers that to the extent they are directed to other respondents, no response from Mr. Kanakubo is required.

36. Mr. Kanakubo denies the allegations in Paragraph 36.

37. Mr. Kanakubo denies the allegations in paragraph 37 to the extent they are directed to him, and avers that to the extent they are directed to other respondents, no response from Mr. Kanakubo is required.

38. Mr. Kanakubo denies the allegations in paragraph 38 to the extent they are directed to him, and avers that to the extent they are directed to other respondents, no response from Mr. Kanakubo is required.

39. Mr. Kanakubo denies the allegations in paragraph 39 to the extent they are directed to him, and avers that to the extent they are directed to other respondents, no response from Mr. Kanakubo is required.

40. To the extent that the allegations in paragraph 40 are directed to Mr. Kanakubo, Mr. Kanakubo admits that he was an officer of AirTouch and a member of its management, that he was responsible for signing AirTouch's SEC filings, and that he provided due diligence materials to representatives of Tony Tang. Mr. Kanakubo denies the remaining allegations in paragraph 40. To the extent that the allegations in paragraph 40 are directed to other respondents, no response from Mr. Kanakubo is required.

41. Mr. Kanakubo admits, on information and belief, the allegations in Paragraph 41.

42. Mr. Kanakubo lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 42, and on that basis denies them.

43. Mr. Kanakubo admits, on information and belief, the allegations in paragraph 43.

44. Mr. Kanakubo avers that the Form 8-K referenced in paragraph 44 speaks for itself, refers to the Form 8-K for its contents, and denies any characterization inconsistent with its

terms. Mr. Kanakubo admits, on information and belief, the allegations in the remaining sentence of paragraph 44.

45. Mr. Kanakubo denies the allegations in paragraph 45 to the extent they are directed to him, and avers that to the extent they are directed to other respondents, no response from Mr. Kanakubo is required.

46. Mr. Kanakubo denies the allegations in paragraph 46 to the extent they are directed to him, and avers that to the extent they are directed to other respondents, no response from Mr. Kanakubo is required.

AFFIRMATIVE DEFENSES

As further and separate defenses to the allegations in the OIP, Mr. Kanakubo alleges the following affirmative defenses. In setting forth these affirmative defenses, Mr. Kanakubo does not assume any burden of proof not otherwise imposed upon him by law.

FIRST AFFIRMATIVE DEFENSE

(Reliance on Others)

This action is barred because every statement, act, or omission by Mr. Kanakubo alleged in the OIP, if it occurred at all, was made or occurred in reasonable good faith reliance on the statements, representations, advice, professional judgment and opinions of others upon which Mr. Kanakubo was entitled to rely.

SECOND AFFIRMATIVE DEFENSE

(Good Faith)

This action is barred because the acts, statements, and omissions by Mr. Kanakubo alleged in the OIP were made in good faith, honesty, and without any intent to deceive. Mr. Kanakubo acted at all times innocently and without knowledge of purported falsity.

THIRD AFFIRMATIVE DEFENSE

(Constitutional Violations)

This proceeding violates Mr. Kanakubo's constitutional rights, including, but not limited to, Mr. Kanakubo's right to due process and equal protection of the law.

FOURTH AFFIRMATIVE DEFENSE

(Incorporation of Other Respondents' Defenses)

The action is barred by each of the affirmative defenses asserted by each of the other respondents to the extent such defense is available to Mr. Kanakubo, and each such defense is incorporated herein by reference.

FIFTH AFFIRMATIVE DEFENSE

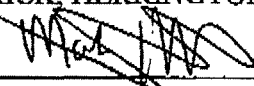
(Reservation of Rights)

Mr. Kanakubo presently has insufficient knowledge or information upon which to form a belief as to whether he may have additional yet unstated defenses. Mr. Kanakubo reserves the right to assert any additional affirmative defenses as may be discovered during the conduct of this proceeding.

Dated: September 19, 2014

Respectfully submitted,

~~ORRICK, HERRINGTON & SUTCLIFFE LLP~~

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