



PUBLIC NOTICE

Federal Communications Commission
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DA 19-480
May 28, 2019

DOMESTIC SECTION 214 APPLICATION FILED FOR THE TRANSFER OF CONTROL OF DCT TELECOM GROUP, INC.

STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 19-136

Comments Due: June 11, 2019
Reply Comments Due: June 18, 2019

By this Public Notice, the Wireline Competition Bureau seeks comment from interested parties on an application filed by Anthony F. Romano, Jr., Joseph Anthony Rehak, DCT Telecom Group, Inc. (DCT), and MBS Holdings, Inc. (MBS Holdings) (collectively, Applicants), pursuant to section 214 of the Communications Act of 1934, as amended, and sections 63.03-04 of the Commission's rules, requesting consent to transfer control of DCT from Mr. Romano and Mr. Rehak to MBS Holdings.¹

DCT, an Ohio corporation, provides or is authorized to provide resold local exchange or resold interexchange services in 43 states.² MBS Holdings is wholly owned by Castle Intermediate Holdings Inc. (Castle Intermediate Holdings), an affiliate of Court Square Capital Partners (Court Square), a New York private equity entity.³ Castle Intermediate Holdings is a wholly owned direct subsidiary of Castle Holding Company, LLC (Castle Parent), which is in turn owned by CSC Castle Holdings, L.P. (CSC Castle Aggregator), an investment entity formed by Court Square to hold aggregate equity investments in Court Square managed funds (Funds). CSC Castle Aggregator, the largest investor in Castle Parent, holds approximately 87.57 percent of the equity and voting rights in Castle Parent. Applicants state that the Funds own all of the limited partnership interests in CSC

¹ See 47 U.S.C. § 214; 47 CFR §§ 63.03-04. Applicants also filed applications for the transfer of authorizations associated with international services. Any action on the domestic section 214 application is without prejudice to Commission action on other related, pending applications.

² Applicants provide a list of these states in their application. Applicants state that DCT also provides other services to enterprise customers.

³ MBS Holdings wholly owns MBS Intermediate Holdings, LLC (MBS Intermediate Holdings), which indirectly owns Alteva of Warwick, LLC, an incumbent and competitive local exchange carrier operating in New York and New Jersey. MBS Intermediate Holdings also wholly owns Momentum Telecom, Inc. and Metro Optical Solutions LLC, which provide services in multiple states.

Castle Aggregator and, following the consummation of the proposed transaction, will indirectly own approximately 87.57 percent of the equity and voting rights of DCT.⁴ Applicants further state that the Funds and CSC Castle Aggregator are controlled and managed by a sole general partner, Court Square Capital GP III, LLC (GP).⁵ The largest investor in CSC Castle Aggregator is Court Square Capital Partners III, L.P. (CSC Fund III),⁶ which holds 96.82 percent of the membership interests in CSC Castle Aggregator, and in turn, indirectly holds approximately 84.79 percent of the equity interest in Castle Parent, Castle Intermediate Holdings, MBS Holdings, MBS Intermediate Holdings, and, therefore, DCT. All entities are U.S.-based.

Pursuant to the terms of the proposed transaction, MBS Intermediate Holdings will acquire all of the outstanding interests of DCT, and therefore DCT will become an indirect, wholly owned subsidiary of MBS Holdings.⁷ Applicants assert the proposed transaction is entitled to presumptive streamlined treatment under section 63.03(b)(2)(ii) of the Commission's rules and that a grant of the application will serve the public interest, convenience, and necessity.⁸

Domestic Section 214 Application Filed for the Transfer of Control of
DCT Telecom Group, Inc., WC Docket No. 19-136 (filed May 10, 2019).

GENERAL INFORMATION

The transfer of control identified herein has been found, upon initial review, to be acceptable for filing as a streamlined application. The Commission reserves the right to return any transfer application if, upon further examination, it is determined to be defective and not in conformance with the Commission's rules and policies. Pursuant to section 63.03(a) of the Commission's rules, 47 CFR § 63.03(a), interested parties may file comments **on or before June 11, 2019**, and reply comments **on or before June 18, 2019**. Pursuant to section 63.52 of the Commission's rules, 47 CFR § 63.52, commenters must serve a copy of comments on the

⁴ Limited partners, including pension funds, individuals, and institutional investors own the Funds, and no limited partner in any fund will hold a 10 percent or greater direct or indirect interest in MBS Holdings or DCT.

⁵ Applicants state that GP is managed and controlled by a board of managers composed of the following U.S. citizens: William Comfort, David Thomas, Michael Delaney, Joseph Silvestri, Ian Highet, John Weber, Christopher Bloise, and Thomas McWilliams.

⁶ Applicants state that CSC Fund III and the GP have indirect control over Sapphire Intermediate Holdings, LLC, and its regulated subsidiaries: Smart City Telecommunications LLC, which provides incumbent LEC services in Florida; and Smart City Solutions, LLC, Smart City Networks Limited Partnership, Smart City of Washington D.C., LLC, and Convention Communications Provisioners, Inc., which provide other services in multiple states. CSC Funds III and the GP also indirectly control Conterra Ultra Broadband Holdings, Inc., and its regulated subsidiaries, Broadplex LLC, Conterra Ultra Broadband, LLC, Detel Wireless, LLC, Sun America Communications, LLC, and Tim Ron Enterprises, LLC d/b/a Network Communications Telecom, which provide competitive telecommunications and other services in multiple states. Applicants further state that Court Square controls Encompass Digital Media Group, including its regulated subsidiary BFI Licenses, LLC, which holds wireless, satellite earth station, and international authorizations.

⁷ Applicants describe in their application a pro forma restructuring that will occur prior to closing the proposed transaction in addition to converting DCT to a limited liability company under Ohio law.

⁸ 47 CFR § 63.03(b)(2)(ii).

Applicants no later than the above comment filing date. Unless otherwise notified by the Commission, the Applicants may transfer control on the 31st day after the date of this notice.

Pursuant to section 63.03 of the Commission's rules, 47 CFR § 63.03, parties to this proceeding should file any documents using the Commission's Electronic Comment Filing System (ECFS): <http://apps.fcc.gov/ecfs/>.

In addition, e-mail one copy of each pleading to each of the following:

- 1) Tracey Wilson, Competition Policy Division, Wireline Competition Bureau, tracey.wilson@fcc.gov;
- 2) Gregory Kwan, Competition Policy Division, Wireline Competition Bureau, gregory.kwan@fcc.gov;
- 3) David Krech, International Bureau; david.krech@fcc.gov;
- 4) Sumita Mukhoty, International Bureau; sumita.mukhoty@fcc.gov; and
- 5) Jim Bird, Office of General Counsel, jim.bird@fcc.gov.

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The proceeding in this Notice shall be treated as a "permit-but-disclose" proceeding in accordance with the Commission's *ex parte* rules. Persons making *ex parte* presentations must file a copy of any written presentation or a memorandum summarizing any oral presentation within two business days after the presentation (unless a different deadline applicable to the Sunshine period applies). Persons making oral *ex parte* presentations are reminded that memoranda summarizing the presentation must (1) list all persons attending or otherwise participating in the meeting at which the *ex parte* presentation was made, and (2) summarize all data presented and arguments made during the presentation. If the presentation consisted in whole or in part of the presentation of data or arguments already reflected in the presenter's written comments, memoranda or other filings in the proceeding, the presenter may provide citations to such data or arguments in his or her prior comments, memoranda, or other filings (specifying the relevant page and/or paragraph numbers where such data or arguments can be found) in lieu of summarizing them in the memorandum. Documents shown or given to Commission staff during *ex parte* meetings are deemed to be written *ex parte* presentations and must be filed consistent with rule 1.1206(b), 47 CFR § 1.1206(b). Participants in this proceeding should familiarize themselves with the Commission's *ex parte* rules.

For further information, please contact Tracey Wilson at (202) 418-1394 or Gregory Kwan at (202) 418-1191.

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