

Before the
Federal Communications Commission
Washington, DC 20554

In the Matter of)	
)	
Hemisphere Media Group, Inc.)	MB Docket 19 - _____
)	
Petition for Declaratory Ruling under Section)	
310(b)(4) of the Communications Act of)	
1934, as Amended)	

PETITION FOR DECLARATORY RULING

Hemisphere Media Group, Inc. (“HMTV”) hereby petitions for a declaratory ruling permitting foreign investors to own up to 100 percent of both its equity and voting interests. The Commission has previously ruled that foreign investors may own up to 49.99 percent of HMTV’s equity and voting interests.¹

With the petition, HMTV does not seek approval of a change in control. Nor does HMTV seek specific approval of any new foreign investor. This petition’s sole purpose is to establish that foreign investors may own up to 100% of HMTV’s equity and voting interests, subject to the requirement that HMTV obtain prior specific approval of any individual foreign investor or group acquiring a greater than five percent voting or equity interest (ten percent for certain institutional investors), other than any investor or group previously specifically approved by the Existing Ruling.

¹ *Hemisphere Media Group, Inc.*, 32 FCC Rcd 718 (MB 2017) (“Initial Declaratory Ruling”), as modified by *Hemisphere Media Group, Inc.*, DA 18-963 (MB released September 18, 2018) (together, the “Existing Ruling”).

A declaratory ruling permitting HMTV to be up to 100 percent foreign owned may encourage reciprocity by other countries. The Commission recognized such a potential for reciprocity in the Initial Declaratory Ruling, *Initial Declaratory Ruling* at ¶ 18, and the potential has borne out for HMTV. For example, regulatory authorities in Colombia on February 7, 2018, approved an increase in HMTV's ownership of the licensee of broadcast television stations to 40 percent following the Commission's release of the Initial Declaratory Ruling permitting foreign investors to own up to 49.99 percent of HMTV. If the Commission grants HMTV's instant petition, HMTV expects that other countries may permit it to acquire 100 percent of the equity and voting interests in licensees of broadcast stations in those countries.

I. BACKGROUND INFORMATION ABOUT HMTV

HMTV is a publicly held Spanish-language media company, headquartered in Miami, Florida.

A. HMTV's Business

HMTV owns and operates broadcast television stations and cable networks serving audiences in the United States and Latin America.

In Puerto Rico, an indirect wholly-owned subsidiary of HMTV, Televiscentro of Puerto Rico, LLC, is the licensee of broadcast television stations WAPA-TV, San Juan, Puerto Rico, WNJX-TV, Mayaguez, Puerto Rico, and WTIN-TV, Ponce, Puerto Rico. WAPA-TV is Puerto Rico's leading broadcast station with the highest primetime and full day rating. WAPA-TV produces the most local programming of any station in Puerto Rico, with more than 60 hours per week of local news and entertainment programming. WNJX-TV and WTIN-TV operate as satellites of WAPA-TV. WAPA-TV also owns and operates a multicast channel, WAPA2 Deportes, which is the leading local sports network in Puerto Rico.

In the United States, subsidiaries of HMTV operate five cable/satellite program networks: *Cinelatino*, which is the leading Spanish-language cable movie network; *WAPA America*, which primarily serves Puerto Ricans and other Caribbean Hispanics; *Pasiones*, which features telenovelas and serialized dramas; *Centroamérica TV*, which features news, entertainment and soccer programming, targeting Central Americans living in the U.S.; and *Televisión Dominicana*, which features news, entertainment and baseball programming targeting Dominicans living in the U.S.

In Latin America and Canada, HMTV owns and operates separate feeds of two of its cable networks: *Cinelatino* and *Pasiones*. Both of these networks have more subscribers in Latin America than in the U.S.

In Colombia, HMTV owns 40 percent of a joint venture that operates Canal 1, which holds licenses for broadcast television stations and operates one of only three broadcast television networks serving all of Colombia. The joint venture began operations of Canal 1 on May 1, 2017.

HMTV is also a minority partner in joint ventures that operate Pantaya, a digital subscription service that provides over-the-top access to Spanish-language movies, and REMEZCLA, a digital media company targeting English-speaking and bilingual U.S. Hispanic millennials.

B. Attributable Ownership and Control of HMTV

HMTV currently has 39,480,001 shares outstanding. HMTV's shares are divided into two classes: Class A common stock, which has one vote per share, and Class B common stock, which has 10 votes per share. HMTV has outstanding 19,759,620 shares of Class A common stock, and 19,720,381 shares of Class B common stock.

HMTV's attributable ownership remains materially unchanged since the Existing Ruling with only small incremental changes in ownership among existing shareholders. Exhibit A to this petition contains a chart depicting the attributable owners of HMTV. HMTV is controlled by Gato Investments LP, a Delaware limited partnership ("Gato"). Gato is controlled by its sole general partner, Gemini Latin Holdings, LLC, a Delaware limited liability company ("Gemini"). Peter M. Kern, a U.S. citizen, is the sole member of Gemini. In addition, Mr. Kern personally owns Class A and Class B stock. As a result, Mr. Kern holds 75.65 percent of the voting power and 2.08 percent of the equity of HMTV.

C. Foreign Ownership of HMTV

HMTV's foreign ownership also remains largely unchanged since the Existing Ruling. Based on "information that is known or reasonably should be known by the company in the ordinary course of business," as defined at 47 C.F.R. § 1.5000(e)(2), foreign ownership of HMTV's equity and voting interests in the aggregate is significantly less than the 49.99 percent authorized in the Existing Ruling. Only one foreign person, entity or group—Cinéma Aeropuerto, S.A. de C.V., a Mexican corporation ("Cinéma Aeropuerto")—holds more than five percent of HMTV's equity or voting interests. The Commission specifically approved Cinéma Aeropuerto's holding of up to 49.99 percent of HMTV equity and voting interests in the Existing Ruling.

II. INFORMATION REQUIRED BY SECTION 1.5001

This section contains the information required by Section 1.5001 of the Commission's Rules.

(a) **Petitioning applicant contact information:**

Parent:

Hemisphere Media Group, Inc.
4000 Ponce de Leon Blvd., Suite 650
Coral Gables, FL 33146

Telephone: 305-421-6364

FRN: 0022806053

Place of Organization: Delaware

Type of Business Organization: Corporation

Name and Title of Officer Certifying: Alex J. Tolston, Executive Vice President,
General Counsel and Corporate Secretary

Licensee:

Televiscentro of Puerto Rico, LLC
P.O. Box 362050
San Juan, PR 00930

Telephone: 787-792-4444

FRN: 0004343323

Place of Organization: Delaware

Type of Business Organization: Limited Liability Company

Name and Title of Officer Certifying: Alex J. Tolston, Secretary

(b) **Legal Counsel:**

Meredith S. Senter, Jr.

Sally A. Buckman

David S. Keir

Lerman Senter PLLC

2001 L Street, NW

Suite 400

Washington, D.C. 20036

Telephone: 202-429-8970

Email: msenter@lrmansenter.com
sbuckman@lrmansenter.com
dkeir@lrmansenter.com

(c)(1) **Type of Radio Service Authorization:**

Broadcast television:

Televiscentro of Puerto Rico, LLC holds the following broadcast television licenses:

- WAPA-TV, San Juan, PR
Facility ID: 52073
- WNJX-TV, Mayaguez, PR
Facility ID: 73336
- WTIN-TV, Ponce, PR
Facility ID: 26681

(d) **Type of Declaratory Ruling Requested:**

Petitioner is seeking a declaratory ruling pursuant to Section 310(b)(4) and Section 1.5000(a)(1).

(e) **Disclosable Direct Interest Holders:**

See chart in Exhibit A. Since the date of the Existing Ruling, there have been no changes to the disclosable direct interest holders in HMTV, and only small incremental changes in the interests they hold.

(f) **Disclosable Indirect Interest Holders:**

See chart in Exhibit A. Since the date of the Existing Ruling, there have been no changes to the disclosable indirect interest holders in HMTV, and only small incremental changes in the interests they hold.

(g) **Citizenship and Other Information for Disclosable Interest Holders:**

Since the Existing Ruling, there have been no changes in the citizenship and other information for the disclosable interest holders in HMTV. The following entities and individuals have attributable ownership or voting interests in HMTV.

Name: Gato Investments LP (“Gato”)

Address: 405 Lexington Avenue
48th Floor
New York, N.Y. 10174

Place of Organization: Delaware

Type of Business Organization: Limited Partnership

Principal Business: Investment Fund

Nature of Attributable Interest: Single Majority Voting Shareholder
of HMTV

Interest Held in HMTV: 39.88% equity
72.57% votes

Name: Gemini Latin Holdings, LLC (“Gemini”)

Address: 405 Lexington Avenue
48th Floor
New York, N.Y. 10174

Place of Organization: Delaware

Type of Organization: Limited Liability Company

Principal Business: Investment Management

Nature of Attributable Interest: General Partner of Gato

Interest Held in HMTV: 0.00% equity
72.57% votes

Name: Peter M. Kern

Address: 405 Lexington Avenue
48th Floor
New York, N.Y. 10174

Citizenship: United States

Nature of Attributable Interest: (i) Sole Member of Gemini, which is the
sole general partner of Gato and (ii) direct shareholder of HMTV

Interest Held in HMTV: 2.08% equity
75.65% votes

Name: Searchlight II HMT, L.P. (“Searchlight II LP”)

Address: 745 Fifth Avenue
27th Floor
New York, N.Y. 10151

Place of Organization: Delaware

Type of Business Organization: Limited Partnership

Principal Business: Holding entity

Nature of Attributable Interest: Sole Limited Partner of Gato

Interest Held in HMTV: 39.88% equity
0% votes

Name: Searchlight II HMT GP, LLC (“Searchlight GP”)

Address: 745 Fifth Avenue
27th Floor
New York, N.Y. 10151

Place of Organization: Delaware

Type of Business Organization: Limited Liability Company

Principal Business: Holding entity

Nature of Attributable Interest: General Partner of Searchlight II LP

Interest Held in HMTV: 0% equity
0% votes

Name: Searchlight Capital II USD AIV, L.P. (“Searchlight AIV LP”)

Address: 745 Fifth Avenue
27th Floor
New York, N.Y. 10151

Place of Organization: Delaware

Type of Business Organization: Limited Partnership

Principal Business: Investment Fund

Nature of Attributable Interest: (i) Member of Searchlight GP and
(ii) Limited Partner of Searchlight II LP

Interest Held in HMTV: 27.96% equity
0% votes

Name: Searchlight Capital II (FC) AIV II, L.P. ("Searchlight FC LP")
Address: 745 Fifth Avenue
27th Floor
New York, N.Y. 10151

Place of Organization: Delaware
Type of Business Organization: Limited Partnership
Principal Business: Investment Fund
Nature of Attributable Interest: (i) Member of Searchlight GP and
(ii) Limited Partner of Searchlight II LP
Interest Held in HMTV: 11.92% equity
0% votes

Name: Searchlight Capital II AIV GP, LLC ("Searchlight AIV LLC")
Address: 745 Fifth Avenue
27th Floor
New York, N.Y. 10151

Place of Organization: Delaware
Type of Business Organization: Limited Liability Company
Principal Business: Investment Fund GP
Nature of Attributable Interest: General Partner of Searchlight FC LP
and Searchlight AIV LP
Interest Held in HMTV: 0.12% equity
0% votes

Name: Andrew Frey
Address: 745 Fifth Avenue
27th Floor
New York, N.Y. 10151

Citizenship: United States
Nature of Attributable Interest: Manager of Searchlight GP
Interest Held in HMTV: 0% equity
0% votes

Name: Eric Zinterhofer
Address: 745 Fifth Avenue
27th Floor
New York, N.Y. 10151

Citizenship: United States
Nature of Attributable Interest: (i) Manager of Searchlight GP
and (ii) Sole Member/Manager of Searchlight AIV LLC
Interest Held in HMTV: 0.12% equity
0% votes

(h)(1) Estimate of Aggregate Foreign Ownership:

Exhibit B contains a chart showing the estimated current foreign ownership of HMTV. Exhibit C provides the aggregated estimated foreign equity and voting interests.

(h)(2) Attributable Ownership and Control Structure Diagram:

See Exhibit A. Since the Existing Ruling, there have been no changes to the disclosable direct interest holders in HMTV.

(i) Requests for Specific Approval:

This petition does not request specific approval of any new foreign investor. Rather, HMTV requests the Commission to leave in place specific approval for the entities and individuals identified in the Existing Ruling to hold up to a 49.9% voting and equity interest in HMTV.

(j) Citizenship or Place of Organization, Type of Business, Principal Business of Foreign Investors Named in (i) :

This petition does not request any change to the foreign investors specifically approved in the Existing Ruling.

(k) Request for Advance Approval:

This petition does not request any advance approval beyond the advance approval granted in the Existing Ruling.

(l) Required Certification:

Exhibit D contains the required certification.

III. GRANT OF THIS PETITION IS IN THE PUBLIC INTEREST

Grant of this petition is in the public interest for the same reasons set forth in the Initial Declaratory Ruling. In particular, grant of this petition “has the potential to encourage reciprocity in parts of Latin America, the region in which [HMTV] does business.” *Initial Declaratory Ruling* at ¶ 18.

HMTV is the only publicly traded pure-play U.S. media company targeting the high growth Spanish-language television and cable networks business in the U.S. and Latin American. As discussed in Section I of this petition, HMTV owns and operates five U.S. Hispanic cable networks; two Latin American cable networks; and the leading broadcast television station in Puerto Rico, which operates two networks, WAPA-TV and WAPA2 Deportes. HMTV also owns 40 percent of Canal 1, a broadcast television network in Colombia, and minority interests in Pantaya, a digital subscription service that provides over-the-top access to Spanish-language movies, and REMEZCLA, a digital media company targeting English-speaking and bilingual U.S. Hispanic millennials.

HMTV has disclosed that its growth strategy includes further potential expansion into Latin America, beyond the two cable networks that it currently operates there and its interest in Canal 1. Many Latin American countries require reciprocity as a condition to U.S. investment in broadcast television stations in those countries. By granting this petition, the Commission may promote such reciprocity, thus removing potential barriers to U.S. investments in those countries.

In addition, the grant of this petition will further facilitate foreign investment in HMTV. For example, by increasing the permitted foreign ownership of HMTV from 49.99 percent to 100 percent, HMTV will have more flexibility to offer stock in HMTV to the owners of foreign companies that HMTV may potentially acquire. Such ownership, however, will continue to be subject to the requirement of prior specific approval by the Commission of any new individual foreign investor or group acquiring a greater than five percent voting or equity interest (ten percent for certain institutional investors).

For these reasons, HMTV requests the Commission to grant a declaratory ruling permitting foreign investors to own 100 percent of HMTV's equity and voting interests pursuant to Sections 1.5000(a)(1) and 1.5004(a)(1) of the Commission's Rules.

Respectfully submitted,

HEMISPHERE MEDIA GROUP, INC.

By: 

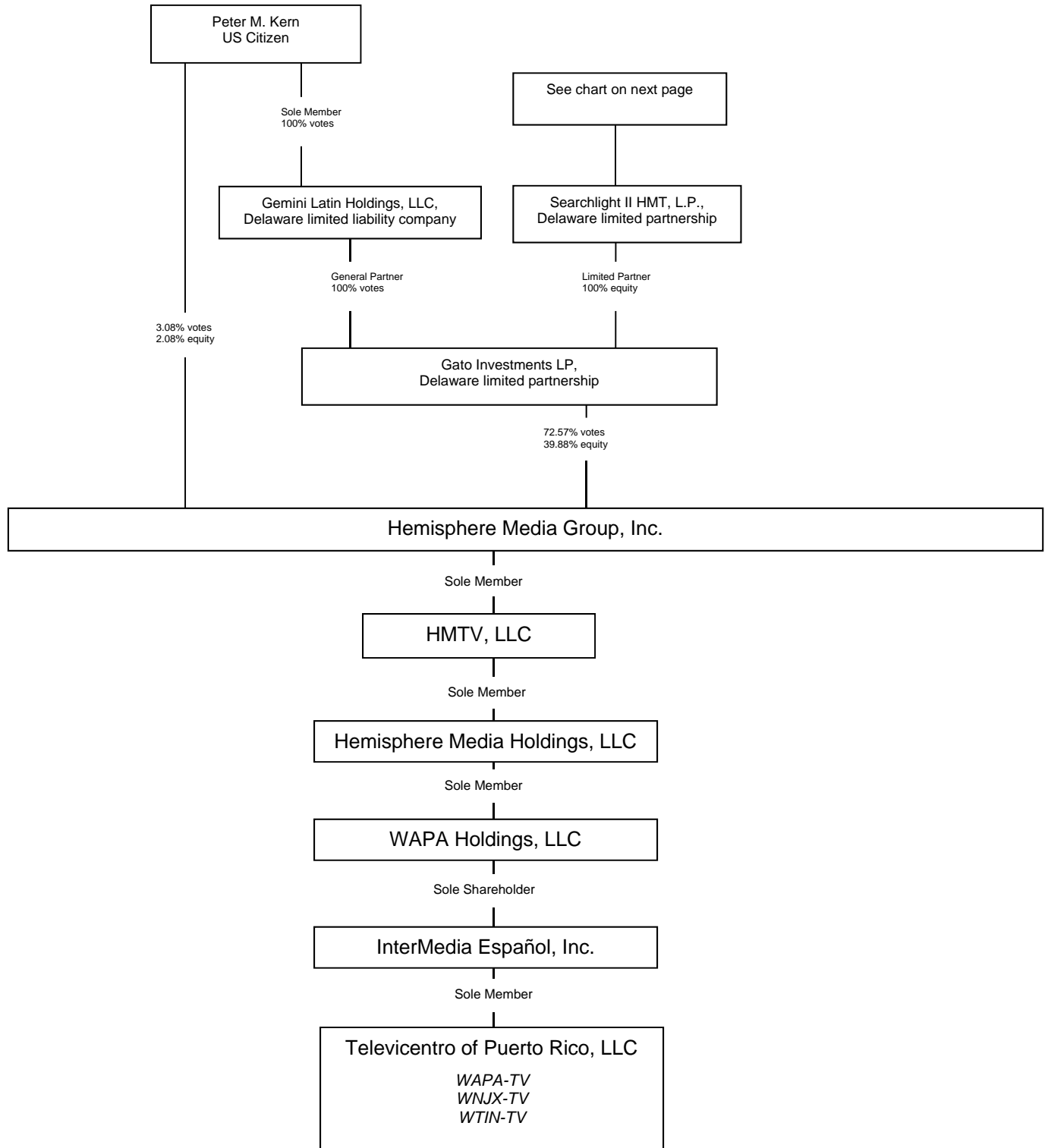
Meredith S. Senter, Jr.
Sally A. Buckman
David S. Keir

Lerman Senter PLLC
2001 L Street, NW
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(202) 429-8970

Dated: June 3, 2019

Its Attorneys

Attributable and 10% or Greater Owners of HMTV



Ownership Structure of Searchlight II HMT, L.P.

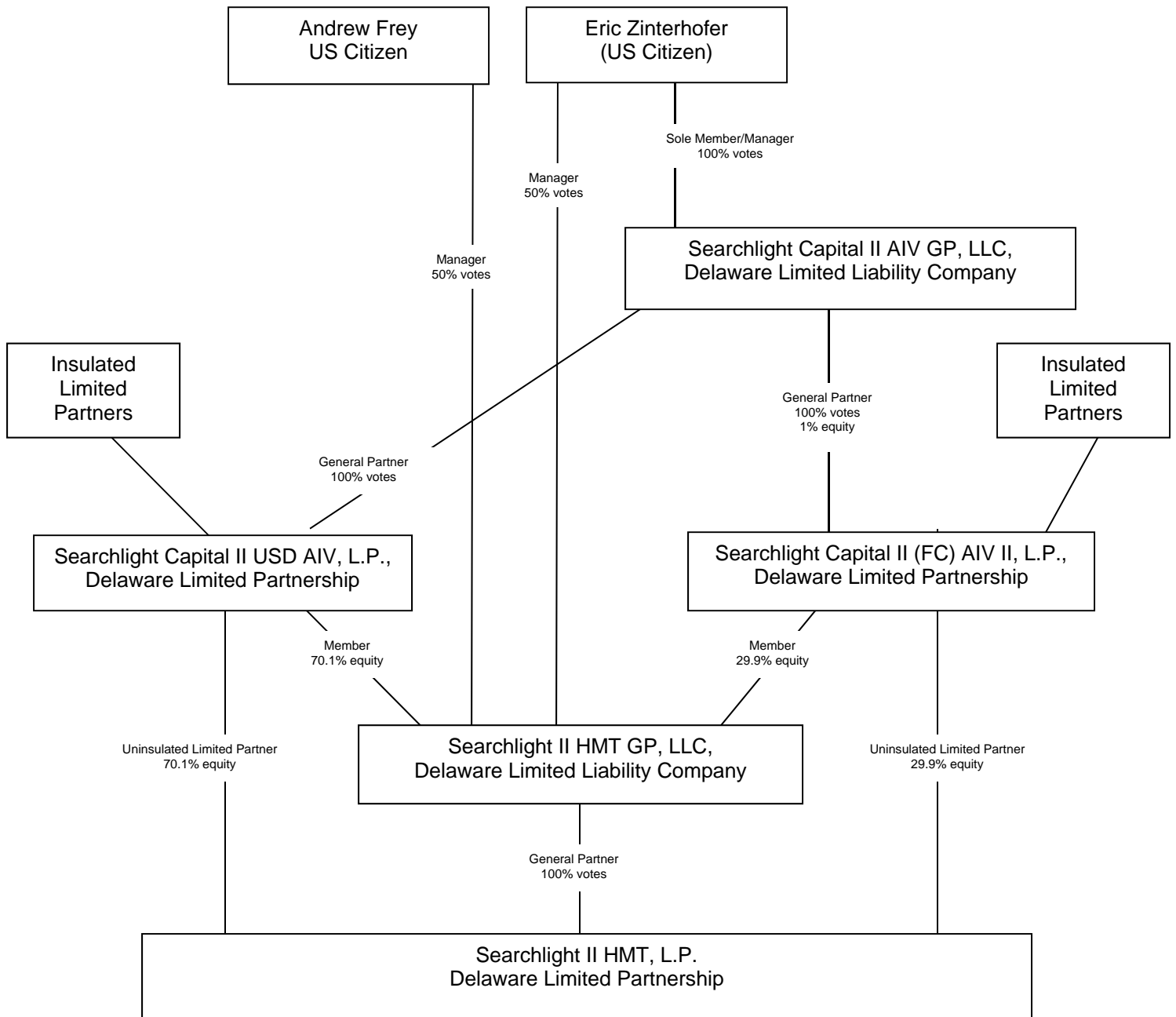


Exhibit B

Current Estimated Foreign Ownership of HMTV

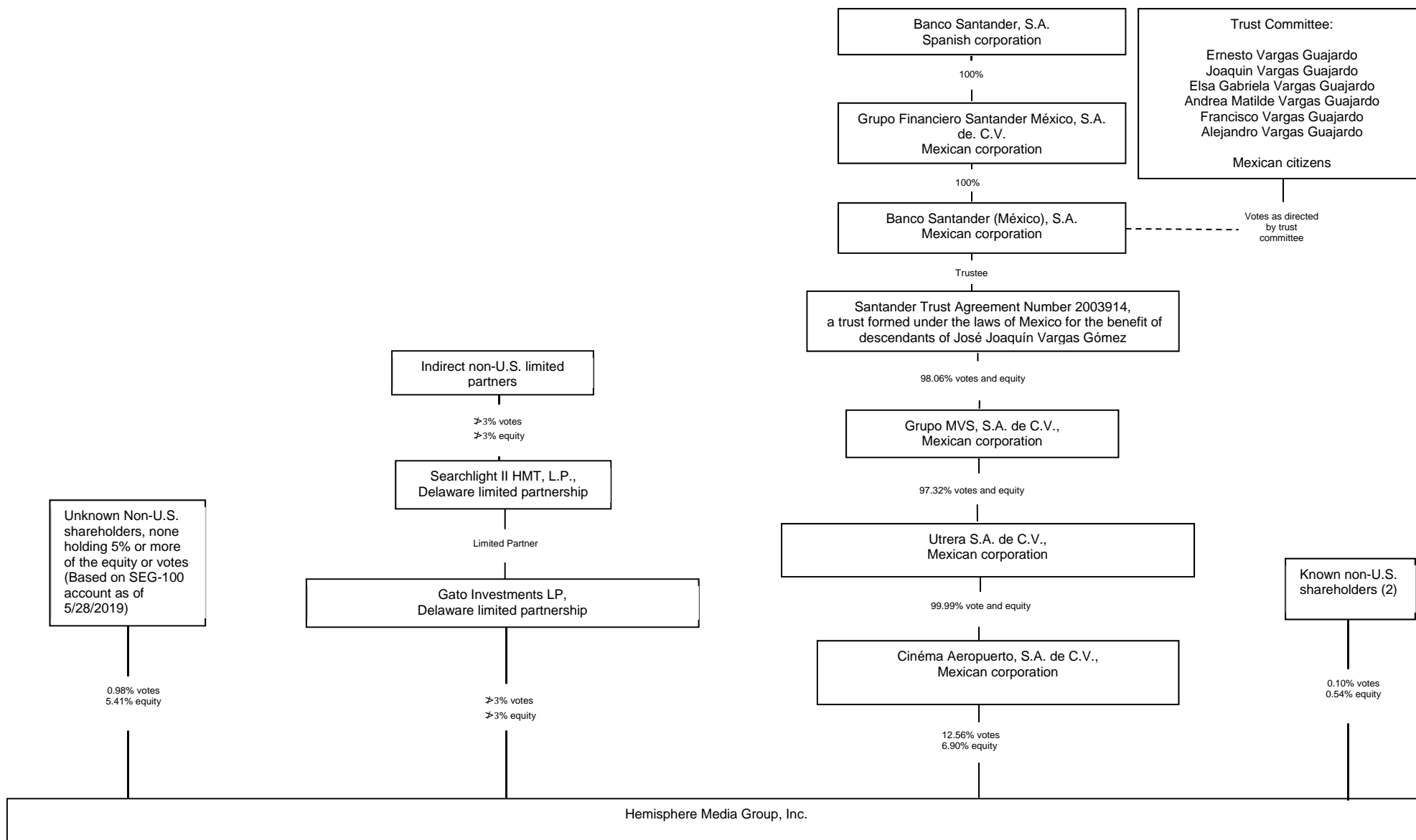


Exhibit C

Aggregate Estimated Current Foreign Investor Interests in HMTV

Investor	Country of Citizenship Organization	Aggregate % Voting	Aggregate % Equity
Cinéma Aeropuerto S.A. de C.V.	Mexico	12.56%	6.90%
Direct or indirect insulated limited partners in Gato Investments LP; no limited partner with 5% or more of equity or votes	Various non-U.S.	≈3%	≈3%
Known Non-U.S. Shareholders	Various non-U.S.	0.10%	0.54%
Unknown Non-U.S. shareholders; no shareholder with 5% or more of equity or votes (Based on SEG-100 account as of May 28, 2019)	Various non-U.S.	0.98%	5.41%
TOTAL		16.65%	15.85%

Certification

On behalf of Hemisphere Media Group, Inc. and Televiscentro of Puerto Rico, LLC, I, Alex J. Tolston, in my capacity as set forth below and not in my personal capacity, declare as follows:

1. I am Executive Vice President, General Counsel and Corporate Secretary of Hemisphere Media Group, Inc. and the Secretary of Televiscentro of Puerto Rico, LLC.
2. The foregoing Petition for Declaratory Ruling was prepared under my direction and supervision, and the contents are true and correct to the best of my knowledge.

I certify under penalty of perjury that the foregoing is true and correct.

Executed on June 3, 2019.



Alex J. Tolston

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Non-Docketed Filing

1 **Filing** 2 **Review** 3 **Confirmation**

FCC Inbox:	INBOX-1.2 : Petition for Declaratory Ruling
Confirmation #:	2019060310696961
Submitted:	Jun 3, 2019 3:09:40 PM
Status:	RECEIVED
Name(s) of Filer(s)	Hemisphere Media Group, Inc.
Law Firm(s)	Lerman Senter PLLC
Attorney/Author Name(s)	Meredith S. Senter, Sally A. Buckman, David S. Keir
Primary Contact Email	msenter@lermansenter.com
Type of Filing	PETITION
Address of	Law Firm
Address	2001 L Street, N.W. Suite 400, Washington, DC, 20036
Email Confirmation	Yes

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