

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

In the Matter of	)	
	)	
TerraCom, Inc.	)	
<i>Transferor</i>	)	
	)	
and	)	
	)	
Global Reconnect, Inc.	)	
<i>Transferee</i>	)	WC Docket No. 16 - _____
	)	
For Consent to Transfer Control of a Company	)	
Holding Blanket Domestic Section 214	)	
Authority Pursuant to the Communications Act	)	
of 1934, as Amended	)	
	)	
	)	
	)	
	)	

**APPLICATION**

TerraCom, Inc. (“TerraCom” or “Transferor”) and Global Reconnect, Inc. (“GRI” or “Transferee,” and, collectively with TerraCom, “Applicants”) hereby respectfully request authority pursuant to Section 214 of the Communications Act of 1934, as amended (“Act”), 47 U.S.C. § 214 and Section 63.04 of the Commission’s rules, 47 C.F.R. § 63.04, to transfer control of TerraCom to GRI (“Transaction”).

TerraCom currently holds blanket domestic authority to provide interstate telecommunications service pursuant to Section 214 of the Act and the Commission’s rules. GRI is a Delaware corporation, formed for the purpose of acquiring an existing carrier active in the Lifeline program. GRI is not a telecommunications carrier and is not owned by a

telecommunications carrier. GRI has no foreign ownership, is not a foreign carrier, and is not affiliated with foreign carriers in any market.

As outlined below, TerraCom and GRI have entered into an agreement in which GRI will acquire a direct majority ownership interest in TerraCom. The Applicants respectfully request streamlined treatment of this Application, pursuant to Section 63.03 of the Commission's rules, 47 C.F.R. § 63.03. This Application is eligible for streamlined processing on multiple bases. The Application is eligible for streamlined processing pursuant to Section 63.03(b)(1)(i) and (ii) of the Commission's Rules, 47 C.F.R. § 63.03(b)(1)(i), (ii), because TerraCom and its affiliates are non-facilities-based carriers, and the Transferee, GRI and its affiliates, are not telecommunications providers.<sup>1</sup> Additionally, this Application is eligible for streamlined processing pursuant to Section 63.03(b)(2) of the Commission's Rules, 47 C.F.R. § 63.03(b)(2), because: (1) post-close, Applicants will have a market share of less than ten percent (10%) in the interstate, interexchange, telecommunications market; (2) Applicants will provide competitive services exclusively in areas served by a dominant local carrier not a party to this Transaction; and (3) neither the Applicants nor any of their affiliates are regulated as dominant with respect to any service.

In support of this Application, the Applicants provide the following information:

## **I. DESCRIPTION OF THE APPLICANTS**

### **A. TerraCom, Inc.**

TerraCom is an Oklahoma corporation that currently holds domestic authority to provide interstate wireline telecommunications services, pursuant to Section 214 of the Act and the

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<sup>1</sup> The term "affiliate" as used throughout this application is used as that term is defined in Section 3(1) of the Act. GRI has an affiliate, Executone of Chattanooga, LLC d/b/a Concentric Network Solutions, LLC ("Concentric"), that took steps in 2013 to establish itself as a wireless provider. Concentric's filing for a Lifeline compliance plan has not been approved and Concentric has never provided telecommunications services. At this time, Concentric remains inactive, but remains an affiliate due to its 100 percent (100%) direct ownership by Stan McCright who also holds direct majority ownership in GRI (currently, 100 percent (100%).

Commission's rules. TerraCom's principal place of business is 933 E. Britton Road, Oklahoma City, OK, 73114. TerraCom primarily provides Lifeline-supported telecommunications service, and is a certificated local exchange carrier and Eligible Telecommunications Carrier ("ETC") in the state of Oklahoma.<sup>2</sup>

At present, five (5) individuals hold all of the voting and equity interest in TerraCom.<sup>3</sup> Richard Yurich, a U.S. citizen and President of TerraCom, holds a 48.00 percent (48.00%) ownership interest in TerraCom. Jason Hirzel, a U.S. citizen and Treasurer of TerraCom, holds a 38.30 percent (38.30%) ownership interest in TerraCom. No other person or entity currently holds any 10.00 percent (10.00%) interest in TerraCom.

**B. Global Reconnect, Inc.**

GRI is a recently formed Delaware corporation established to acquire a telecommunications carrier participating in the Lifeline program. GRI's principal place of business is 928 McCallie Avenue, Chattanooga, TN 37403.

GRI does not hold any telecommunications regulatory authority and has no subsidiaries or affiliates that hold such regulatory authority. Furthermore, GRI is not a foreign carrier and is not affiliated with any foreign carriers.

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<sup>2</sup> TerraCom also provides wireless service and is designated as a wireless ETC in: Arkansas, Arizona, Colorado, Indiana, Iowa, Louisiana, Maryland, Minnesota, Nebraska, Nevada, Oklahoma, Texas, Wisconsin, and West Virginia. TerraCom also holds a local exchange certificate in Texas, but no longer has any wireline customers in that state. As of 2015, TerraCom directly holds 100 percent (100%) of the ownership interest in YourTel America, Inc. Although YourTel holds local exchange and interexchange certificates in several states, it has no customers that receive wireline telecommunications services, and therefore, YourTel does not hold a domestic Section 214 authorization.

<sup>3</sup> A diagram showing the ownership interests in TerraCom and GRI prior to closing of the Transaction is included as Exhibit A.

At present, one (1) U.S. citizen, Stanley (“Stan”) McCright holds all of the voting and equity interest in GRI.<sup>4</sup> Mr. McCright’s principal place of business is 928 McCallie Avenue, Chattanooga, TN 37403 and his principal business is consulting in the public housing industry. As Chief Executive Officer of McCright & Associates, Mr. McCright has accrued over forty years’ experience working with government agencies and other participants in this vital sector. Mr. McCright does not provide telecommunications services through any of his business operations.

While Mr. McCright is the only investor in GRI at present, a second entity, National Rural Telecommunications Cooperative (“NRTC”) (or an entity 100 percent (100%) owned and controlled by NRTC), is considering a minority equity investment in GRI shortly before or upon closing of the Transaction. If NRTC were to take such an equity position, however, Mr. McCright would continue to hold the controlling majority in GRI and therefore, Mr. McCright will in all cases control GRI and control GRI’s interest in TerraCom. As a result, the Applicants believe that the Commission can approve the Transaction regardless of the contingent nature of the possible minority, indirect equity holding of NRTC. Applicants will file a notice with the Wireline Competition Bureau notifying it if and when NRTC decides to take a minority, indirect interest in TerraCom of ten percent (10%) or more.

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<sup>4</sup> A diagram showing the ownership interests in TerraCom and GRI after closing of the Transaction is included as Exhibit A. At present, Stanley McCright holds all of the voting and equity interest in GRI, but a second entity, the National Rural Telecommunications Cooperative (“NRTC”), take a minority interest in GRI shortly before or upon closing of the Transaction.

NRTC is a non-profit cooperative association representing the interests of rural utilities in multiple states, with its principal place of business at 2121 Cooperative Way, Herndon, VA, 20171.<sup>5</sup> NRTC's mission is to provide support to its member companies as they provide state-of-the-art communications services throughout rural America. While not a communications provider itself, NRTC's vast national experience in providing support to telecommunications providers would make it a valuable strategic partner with GRI, particularly with respect to rural markets in order to provide Lifeline services to those hard-to-reach areas.

## **II. DESCRIPTION OF THE TRANSACTION**

Pursuant to the terms of the stock purchase agreement dated July 27, 2016, by and among GRI and TerraCom, GRI proposes to acquire a direct majority ownership interest in TerraCom, which would result in Stan McCright holding an indirect majority interest in TerraCom. As described above, NRTC may acquire a minority interest in GRI shortly before or upon closing of the Transaction, but regardless of whether NRTC's investment in GRI occurs, Mr. McCright will maintain a majority interest in both GRI (directly) and TerraCom (indirectly).<sup>6</sup>

In all events, the Transaction will be transparent to TerraCom's customers. TerraCom will continue to provide interstate wireline telecommunications services to its customers where currently offered, pursuant to its existing blanket domestic Section 214 authorization. Applicants acknowledge and agree that the provisions of any consent decree or other prior enforcement

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<sup>5</sup> Because NRTC is a cooperative of more than 1,500 rural utilities, no single entity maintains an ownership interest in NRTC greater than ten percent (10%). NRTC also serves as the manager and majority interest holder of NRTC LLC. NRTC formed NRTC LLC to hold assets associated with its 220 MHz network. However, neither NRTC nor its subsidiary, NRTC LLC, provide any telecommunications services. NRTC LLC *does not* use its spectrum "to provide a subscriber-based service that is interconnected with the public switched telephone network." The spectrum held by NRTC LLC is used "for private, internal purposes by utilities for fixed telemetry and two-way voice communications primarily to ensure the safe and efficient generation, transmission and distribution of electric utility services." See Comments of the National Rural Telecommunications Cooperative, WT Docket No. 13-59 at 2-4 (filed Apr. 8, 2013) <https://ecfsapi.fcc.gov/file/7022158776.pdf>. NRTC also owns 100 percent (100%) of a non-facilities-based carrier, Zefcom, LLC. As a result, even if NRTC were to take a minority interest in GRI, the Application would continue to qualify for streamlined treatment. Finally, Zefcom, LLC is not affiliated with any foreign carriers.

<sup>6</sup> A diagram showing the corporate structure of GRI and TerraCom post-close is included as Exhibit B.

action between the FCC and TerraCom remains is binding on TerraCom and GRI as transferee and that grant of the Section 214 application will not alter their responsibility to comply with any such consent decree or other prior FCC enforcement action for so long as GRI retains its ownership interests in TerraCom and complies with applicable FCC rules to effect and change an ownership or discontinuance of service.

### **III. PUBLIC INTEREST STATEMENT**

Pursuant to Section 214 of the Act,<sup>7</sup> transfer of control of TerraCom to GRI would further the public interest, convenience, and necessity. The transaction will serve the public interest by providing financial, technical, and managerial resources available through GRI to TerraCom. These resources will strengthen TerraCom's ability to provide high-quality wireless *and* wireline Lifeline services. Importantly, as the Lifeline program moves towards broadband as a supported service, GRI will provide the resources and stability needed for TerraCom to compete in the Lifeline marketplace.

Drawing on his forty years of experience, Mr. McCright, the owner of GRI, will provide invaluable management and strategic business skills to TerraCom. Mr. McCright is familiar with the rigors of compliance associated with federal government benefit programs. As Chief Executive Officer of McCright & Associates, Mr. McCright has worked closely with public housing authorities throughout the United States for over twenty years, creating systems and solutions to efficiently manage eligibility determinations and re-certifications for public housing residents. While working to improve the lives of low-income consumers for the past two decades, Mr. McCright has maintained a standard of excellence in ensuring compliance with government rules and regulations. This expertise, in addition to Mr. McCright's financial resources, will allow TerraCom to compete in the modern Lifeline marketplace.

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<sup>7</sup> 47 U.S.C. § 214.

To the extent that NRTC invests in GRI, NRTC's vast national experience in providing support to communications providers makes it a valuable resource to TerraCom. NRTC specializes in technology solutions for rural telecommunications providers; therefore, with insight from NRTC, TerraCom will assuredly have the opportunity to increase its service offerings delivering today's technology in rural and underserved areas across the nation.

As an added benefit, the proposed transaction will have no adverse impact on TerraCom's existing customers. TerraCom's management team will remain in place post-close, and will continue the day-to-day operations of the company. TerraCom customers will continue to receive their existing services at the same rates, terms, and conditions currently in effect. Furthermore, the synergy between the existing management team's telecommunications expertise and Mr. McCright's experience in compliance and marketing to the low-income sector will result in measurable growth and improved offerings for TerraCom.

Additionally, the proposed transaction does not present any anti-competitive concerns. While TerraCom provides prepaid local, intrastate and interstate telecommunications services to low-income customers in Oklahoma, TerraCom's share of the local, intrastate, and interstate telecommunications market in Oklahoma would be well under one percent (1%). Furthermore, TerraCom faces fierce competition in the Lifeline services market from established wireless and wireline ETCs. Going forward, the level of competition in the Lifeline services market facing TerraCom, should only increase pursuant to the reforms undertaken in the recent *Lifeline Modernization Order*.<sup>8</sup> Moreover, since TerraCom is not regulated as dominant, regulatory

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<sup>8</sup> In the *Lifeline Modernization Order*, the Commission took steps to "to encourage broader provider participation in the Lifeline program with the expectation that increased participation will create competition in the Lifeline market." *In Re 2016 Lifeline and Link Up Reform and Modernization et al.*, WC Docket No. 11-42, et al., Third Report and Order, Further Report and Order, and Order on Reconsideration, 31 FCC Rcd 3962, 4041, ¶ 221 (FCC 2016) (*Lifeline Modernization Order*).

agencies have made a finding that it has no ability to exert anti-competitive pressures upon other providers in the domestic telecommunications market.

#### **IV. INFORMATION REQUIRED BY SECTION 63.24(e)**

The Applicants submit the following information pursuant to section 63.04(a) of the Commission's rules:

- (1) Name, address and telephone number of the Applicants:

Transferor  
TerraCom, Inc.  
933 E. Britton Rd.  
Oklahoma, City, OK 73114  
(888) 716-8880

Transferee  
Global Reconnect, Inc.  
928 McCallie Avenue  
Chattanooga, TN 37403  
(423) 468-1654

- (2) TerraCom is an Oklahoma corporation. GRI is a Delaware corporation.

- (3) Correspondence for all Applicants concerning this Application should be sent to:

Danielle Frappier  
Davis Wright Tremaine LLP  
1919 Pennsylvania Avenue NW, Suite 800  
Washington, DC 20006-3401  
Tel: 202.973.4242  
Fax: 202.973.4499  
Email: [daniellefrappier@dwt.com](mailto:daniellefrappier@dwt.com)

*with copies to:*  
Dale R. Schmick  
Chief Operating Officer  
TerraCom, Inc.  
933 E. Britton Rd.  
Oklahoma City, OK 73114  
Tel: 405.479.8921  
Fax: 816.388.1044  
Email: [dale@terracominc.com](mailto:dale@terracominc.com)

Stanley McCright  
Global Reconnect, Inc.  
928 McCallie Avenue  
Chattanooga, TN 37403  
Tel : 423.280.5133  
Fax: 423.265.6222  
Email: [mccright@mccright.com](mailto:mccright@mccright.com)

- (4) Post-close, the following individuals or entities will hold a ten percent (10%) or greater interest in TerraCom.

Name: Global Reconnect, Inc.  
Address: 928 McCallie Avenue, Chattanooga, TN 37403  
Citizenship: Delaware Corporation  
Principal Business: Investment management  
Interest in TerraCom: Majority (direct)

Name: Stanley McCright  
Address: 928 McCallie Avenue, Chattanooga, TN 37403  
Citizenship: United States  
Principal Business: Public housing industry consultant  
Interest in TerraCom: A controlling interest (indirect through interest in GRI)

**Potential Additional, Indirect Ownership Interest**

Name: National Rural Telecommunications Cooperative  
Address: 2121 Cooperative Way, Suite 500, Herndon, VA, 20171  
Citizenship: District of Columbia  
Principal Business: Cooperative association  
**Potential** Interest in TerraCom: A minority interest (indirect)

No other person or entity will hold ten percent (10%) or more ownership interest in TerraCom post-closing.

- (5) As evidenced by the signature of their authorized representatives on the Verifications attached to this Application, the Applicants certify, pursuant to Sections 1.2001 through 1.2003, of the Commission's rules, 47 C.F.R. §§ 1.2001-1.2003, that they are not subject to a denial of Federal benefits pursuant to Section 53.01 of the anti-Drug Abuse Act of 1988.
- (6) A description of the Transaction is outlined in Section II, above.
- (7) TerraCom primarily provides Lifeline supported telecommunications service, and is a certificated local exchange carrier and designated an ETC to provide wireline service in the states of Oklahoma and Texas, although it only provides wireline services in Oklahoma. TerraCom also provides wireless service and is designated as an ETC in:

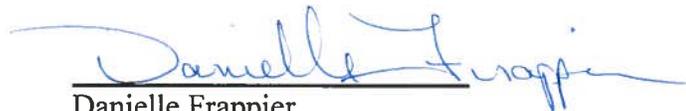
Nevada, Oklahoma, Texas, West Virginia and Wisconsin. TerraCom's affiliate, YourTel, primarily provides Lifeline supported wireless telecommunications service, and does not provide any wireline services.

- (8) The Applicants respectfully request streamlined treatment of this Application pursuant to Section 63.03 of the Commission's rules, 47 C.F.R. § 63.03. This request is described in the introduction, above.
- (9) The Applicants are in discussions with staff of the Commission's Wireline Competition Bureau Telecommunications Access and Policy Division to confirm their understanding that no update to TerraCom's approved Lifeline compliance plan for non-facilities based carriers is necessitated by the Transaction.
- (10) TerraCom is not facing an imminent business failure.
- (11) The Applicants do not seek any waivers of the Commission's rules at this time.
- (12) The Transaction, as described in this Application, would further the public interest, convenience, and necessity. The public interest benefits of this transaction are described in Section III, above.

## V. CONCLUSION

Based on the foregoing, the Applicants respectfully submit that the public interest, convenience, and necessity would be furthered by grant of this Application. Applicants respectfully request that the Commission grant the authority necessary to consummate the Transaction.

Respectfully Submitted,

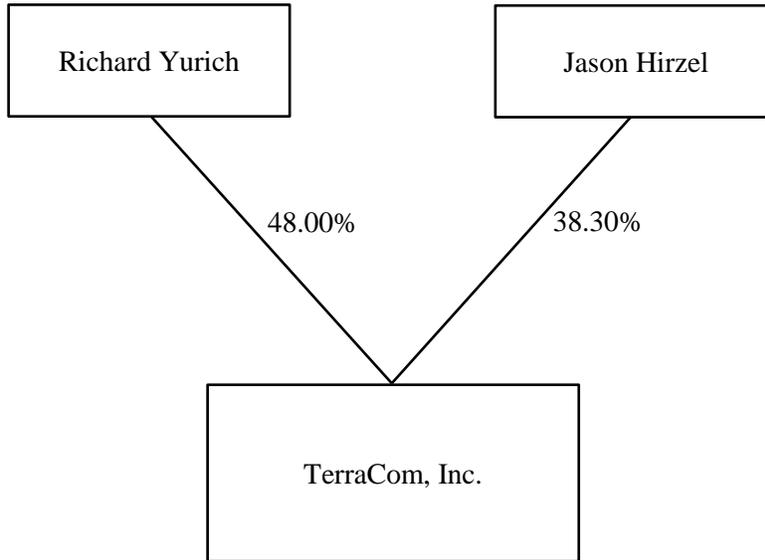


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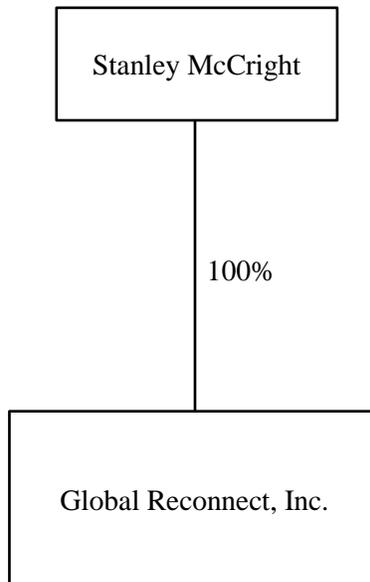
**EXHIBIT A**

Pre-Close Ownership Chart of TerraCom and GRI

**TerraCom, Inc.**



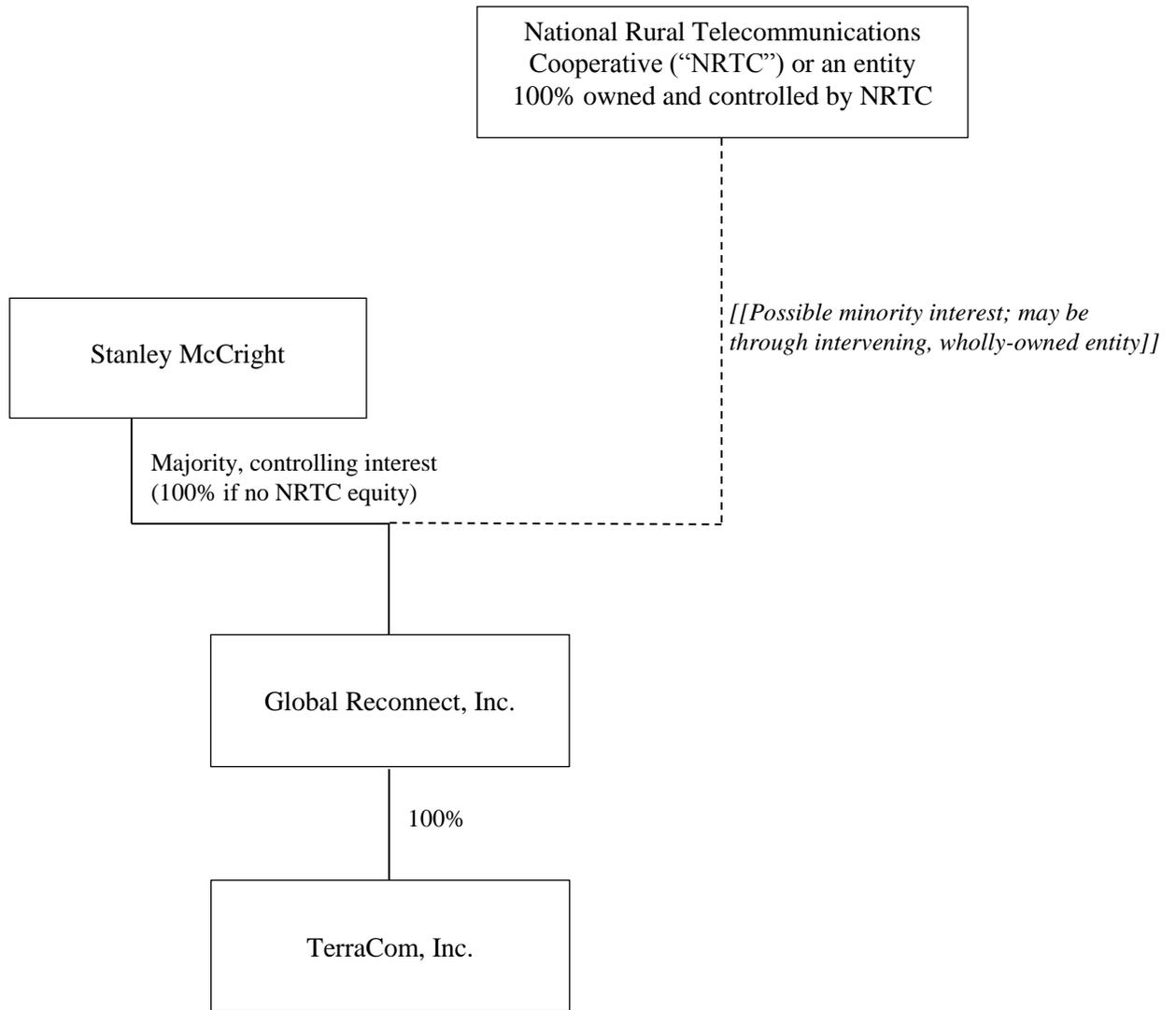
**Global Reconnect, Inc.**



**EXHIBIT B**

Post-Close Ownership Chart of TerraCom and GRI

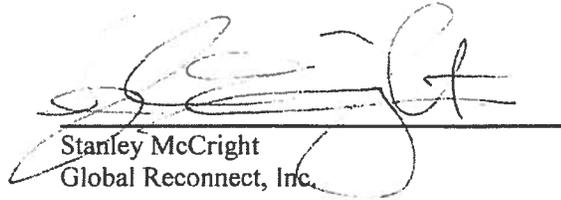
*No person or entity holds a 10% or greater interest in National Rural Telecommunications Cooperative*



**VERIFICATION OF GLOBAL RECONNECT, INC**

I, Stanley McCright, state that I hold all of the equity interest in Global Reconnect, Inc ("Transferee"); that I am authorized to make this Verification on behalf of Transferee; that the foregoing filing was prepared under my direction and supervision; and that the statements made in the foregoing filing with respect to Transferee are true and correct to the best of my knowledge, information and belief.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 21<sup>st</sup> day of August, 2016.



Stanley McCright  
Global Reconnect, Inc.

## VERIFICATION OF TERRACOM, INC

I, Dale R. Schmick, state that I am the Chief Operating Officer of TerraCom, Inc (“Transferor”); that I am authorized to make this Verification on behalf of Transferor; that the foregoing filing was prepared under my direction and supervision; and that the statements made in the foregoing filing with respect to Transferor are true and correct to the best of my knowledge, information and belief.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 20th day of August, 2016.

**Dale  
Schmick**

Digitally signed by Dale Schmick  
DN: cn=Dale Schmick, c=US,  
email=dschmick@yourtel.com  
Date: 2016.08.20 20:50:09 -05'00'

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Dale R. Schmick, Chief Operating Officer  
TerraCom, Inc.