



PUBLIC NOTICE

Federal Communications Commission
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DA 07-56
Released: January 11, 2007

DOMESTIC SECTION 214 APPLICATION FILED FOR THE TRANSFER OF CONTROL OF ARRIVAL COMMUNICATIONS, INC. TO U.S. TELEPACIFIC CORP.

STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 06-232

Comments Due: January 25, 2007
Reply Comments Due: February 1, 2007

On December 08, 2006, Arrival Communications, Inc. ("Arrival") and U.S. TelePacific Corp. ("TelePacific") (together, the "Applicants"), filed an application, pursuant to section 63.04 of the Commission's rules,¹ requesting authority to transfer control of Arrival to TelePacific.²

Applicants assert that this transaction is entitled to presumptive streamlined treatment under section 63.03(b)(2)(i) of the Commission's rules because the proposed transaction will result in: (1) Applicants and their affiliates holding less than a 10% share of the interstate, interexchange market; (2) Applicants and their affiliates providing competitive telephone exchange services or exchange access services (if at all) exclusively in geographic areas served by dominant local exchanges carriers that are not parties to the transaction; and (3) none of the Applicants or their affiliates are dominant with respect to any service.³

Arrival, a privately-held Delaware corporation, is a facilities-based communications provider offering an integrated bundle of voice and data services to business customers. Arrival delivers a full range of telephone, high-speed data, and Web hosting solutions to customers in central California.

¹ 47 C.F.R. § 63.04; *see* 47 U.S.C. § 214.

² Applicants are also filing applications for transfer of control associated with authorization for international services. Any action on this domestic 214 application is without prejudice to Commission action on other related, pending applications.

³ *See* 47 C.F.R. § 63.03(b)(2)(i).

TelePacific, a California corporation, provides facilities-based business communications services, including local, long distance, data, and Internet services to small-to-medium sized businesses in Nevada and California. It also serves customers in Illinois through its affiliate, Mpower Communications Corp. ("Mpower"). TelePacific and Mpower are both wholly owned subsidiaries of U.S. TelePacific Holdings Corp. ("Holdings"), a Delaware corporation that is a holding company. The following entities own or control a 10% or greater interest in Holdings: Investcorp S.A.,⁴ a Luxembourg investment company (42%); and Clarity Partners, L.P.,⁵ a U.S. investment company (22.75%).

Investcorp Holdings Limited, a Cayman Islands company, wholly owns Investcorp S.A. Investcorp Holdings Limited, in turn, is owned by: Investcorp Bank B.S.C., a Bahrain investment bank (100% equity and 20% voting control); and CP Holdings Limited, a Cayman Islands investment company (80% voting control). Investcorp Bank B.S.C. is owned by Ownership Holdings Limited, a Cayman Islands holding company (46%); and CP Holdings Limited, a Cayman Islands investment company (28%). CP Holdings Limited is owned by: Ownership Holdings Limited, a Cayman Islands holding company (67%); and Investors Holdings Limited, a Cayman Islands holding company (33%). SIPCO Limited, a Cayman Islands holding company, owns a 62% equity interest in Ownership Holdings Limited. Applicants assert that no entity owns or controls more than 25% of SIPCO Limited.

Ownership or control of Clarity Partners, L.P. is from the following entities: Clarity GenPar, LLC, a U.S. investment company, General Partner (0.034%); and Pennsylvania Public School Employees' Retirement System, a U.S. investment company (29.029%). Clarity GenPar, LLC is owned or controlled by: Barry Porter, a U.S. citizen; Stephen P. Rader, a U.S. citizen; R. Rudolph Reinfrank, a U.S. citizen; and David Lee, a U.S. citizen. Applicants assert that no entity owns or controls a majority interest in Pennsylvania Public School Employees' Retirement System.

Applicants state that no other entities own or control more than 10% directly or indirectly of TelePacific.

⁴ Investcorp S.A. does not hold a direct interest in Holdings. Instead, Investcorp S.A.'s interest is held indirectly through control of various corporations. Of these corporations, only TelePacific Equity Limited individually owns or controls more than 10% of Holdings. All of the intermediate corporations and the approximate magnitudes of their interests are as follows: Aguanga Limited (4%); Cahuilla Limited (4%); Fallbrook Limited (4%); Palmas Limited (4%); Investment Properties Limited (2%); TelePacific Holdings Limited (1%); TelePacific Equity Limited (16%); and New TelePacific IIP Limited (1%). In addition, Investcorp S.A. wholly owns TelePacific Investments Limited, the general partner of Investcorp TPC Limited Partnership. Investcorp TPC Limited Partnership owns approximately 8% of Holdings. All of these entities are Cayman Islands companies, with the exception of Investcorp TPC Limited Partnership, which is a Cayman Islands exempted limited partnership.

⁵ Clarity Partners, L.P.'s interest is held through the following entities: Clarity Partners, L.P. (14.56%), Clarity TPAC, GP (5.86%), Clarity Advisors, L.P. (2.14%), and Clarity Associates, L.P. (0.20%). These entities are all U.S. entities.

Pursuant to an agreement, dated December 1, 2006, Applicants propose to complete a transaction through which Arrival will become a wholly owned subsidiary of TelePacific. TelePacific will acquire 100% of the stock of Arrival for cash. Under the terms of the agreement, Arrival will be merged with TPAC Merger Corp., a wholly owned subsidiary of TelePacific created for this transaction, with Arrival being the surviving corporation. Arrival's customers will continue to receive services under same rates, terms, and conditions as those services are currently provided to them.

Applicants state that the proposed transaction will serve the public interest by promoting competition among telecommunications providers. The Applicants state that the proposed transaction will combine the strengths of TelePacific and Arrival and will allow the combined companies to compete more effectively against incumbent carriers and larger competitive carriers which have substantial resources and can offer a wide range of facilities-based service offerings. Applicants state the proposed transaction will enhance the ability of the entities to expand their respective operations both in terms of service area coverage and through the ability of each entity to offer customers an expanded line of products and services. In addition, Applicants state that they expect that the proposed transaction will yield substantial operational and financial benefits to the combined companies.

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 of control application if, upon further examination, it is determined to be defective and not in conformance with the Commission's rules and policies. Pursuant to sections 1.415 and 1.419 of the Commission's rules, 47 CFR §§ 1.415, 1.419, interested parties may file **comments on or before January 25, 2007 and reply comments on or before February 1, 2007.**⁶ Unless otherwise notified by the Commission, Applicants are permitted to transfer the assets and related control on the 31st day after the date of this notice.⁷ Comments may be filed using: (1) the Commission's Electronic Comment Filing System (ECFS), (2) the Federal Government's eRulemaking Portal, or (3) by filing paper copies. *See Electronic Filing of Documents in Rulemaking Proceedings*, 63 FR 24121 (1998).

- **Electronic Filers:** Comments may be filed electronically using the Internet by accessing the ECFS: <http://www.fcc.gov/cgb/ecfs/> or the Federal eRulemaking Portal: <http://www.regulations.gov>. Filers should follow the instructions provided on the website for submitting comments.
- For ECFS filers, if multiple docket or rulemaking numbers appear in the caption of this proceeding, filers must transmit one electronic copy of the comments for each docket or

⁶ See 47 C.F.R. § 63.03(a).

⁷ Such authorization is conditioned upon receipt of any other necessary approvals from the Commission in connection with the proposed transaction.

rulemaking number referenced in the caption. In completing the transmittal screen, filers should include their full name, U.S. Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. To get filing instructions, filers should send an e-mail to ecfs@fcc.gov, and include the following words in the body of the message, "get form." A sample form and directions will be sent in response.

- Paper Filers: Parties who choose to file by paper must file an original and four copies of each filing. If more than one docket or rulemaking number appears in the caption of this proceeding, filers must submit two additional copies for each additional docket or rulemaking number.

Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (although we continue to experience delays in receiving U.S. Postal Service mail). All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

The Commission's contractor will receive hand-delivered or messenger-delivered paper filings for the Commission's Secretary at 236 Massachusetts Avenue, N.E., Suite 110, Washington, D.C. 20002. The filing hours at this location are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building. Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743. U.S. Postal Service first-class, Express, and Priority mail should be addressed to 445 12th Street, S.W., Washington D.C. 20554.

People with Disabilities: To request materials in accessible formats for people with disabilities (braille, large print, electronic files, audio format), send an e-mail to fcc504@fcc.gov or call the Consumer & Governmental Affairs Bureau at 202-418-0530 (voice), 202-418-0432 (tty).

You may submit comments, identified by the above noted docket number, by any of the following methods:

- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- Federal Communications Commission's Web Site: <http://www.fcc.gov/cgb/ecfs/>. Follow the instructions for submitting comments.
- People with Disabilities: Contact the FCC to request reasonable accommodations (accessible format documents, sign language interpreters, CART, etc.) by e-mail: FCC504@fcc.gov or phone: 202-418-0530 or TTY: 202-418-0432.

In addition, one copy of each pleading must be sent to each of the following:

- (1) The Commission's duplicating contractor, Best Copy and Printing, Inc., 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554, www.bcpiweb.com; phone: (202) 488-5300 fax: (202) 488-5563;
- (2) Myrva Charles, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C330, Washington, D.C. 20554; email: myrva.charles@fcc.gov;
- (3) Gail Cohen, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C111, Washington, D.C. 20554; e-mail: gail.cohen@fcc.gov;
- (4) Susan O'Connell, Policy Division, International Bureau, 445 12th Street, S.W., Room 7-B544, Washington, D.C. 20554; email: susan.o'connell@fcc.gov; and
- (5) James Bird, Office of General Counsel, 445 12th Street, S.W., Room 8-C824, Washington, D.C. 20554; e-mail: james.bird@fcc.gov.

Filings and comments are also available for public inspection and copying during regular business hours at the FCC Reference Information Center, Portals II, 445 12th Street, S.W., Room CY-A257, Washington, D.C. 20554. They may also be purchased from the Commission's duplicating contractor, Best Copy and Printing, Inc., Portals II, 445 12th Street, S.W., Room CYB402, Washington, D.C. 20554, telephone: (202) 488-5300, fax: (202) 488-5563, or via e-mail www.bcpiweb.com.

For further information, please contact Myrva Charles at (202) 418-1506, or Gail Cohen at (202) 418-0939.

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