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October 22, 2008

**Via Electronic Delivery**

Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW, TW-A325  
Washington, DC 20554

**Re: Notice of *Ex Parte*  
Applications of ALLTEL Corporation and Verizon Wireless  
WT Docket No. 08-95**

Dear Ms. Dortch:

The Rural Telecommunications Group, Inc. (“RTG”), by its attorneys, hereby submits this ex parte letter in response to ex parte letters filed recently by Atlantis Holdings LLC (“Atlantis Holdings”)<sup>1</sup> in the above-captioned proceeding. In the ex partes, Atlantis Holdings, along with its managing members TPG Capital, L.P. (“TPG”) and The Goldman Sachs Group, Inc. (“GS”), discussed with the Commission specific matters pertaining to “market conditions and the change in availability of financing that led to the decision to sell ALLTEL to Verizon Wireless.” Specifically, Atlantis Holdings and its managing members state that financial pressures have plagued the capital markets since the fall of 2007, that Atlantis Holdings “may be constrained for some time in its ability to raise the capital necessary to fund the long-term investments necessary to grow ALLTEL’s service in rural markets,” and that furthermore, after being approached by Verizon Wireless in April 2008, Atlantis Holdings and its managing members felt that “the offer by Verizon Wireless to purchase ALLTEL was the best vehicle available to ensure future capital-intensive investments in wireless services that are important to rural America and to ALLTEL’s customers.”

For the reasons below, RTG submits that Atlantis Holdings has disingenuously wrapped itself in the cloak of rural America. Atlantis Holdings’ last ditch effort to come before the Commission and argue that the proposed acquisition will be good for both rural America and rural consumers rings hollow, and it should not be given any weight. In truth, Atlantis Holdings has only paid lip service to rural America and rural consumers when it has suited its profit-motivated investors to get regulatory sign-off on its proposed transactions.

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<sup>1</sup> See Atlantis Holdings’ Ex parte letters dated October 15, 2008, and October 21, 2008 in WT Docket No. 08-95. (“Ex partes”)

**I. The general global economy, and especially restricted capital markets, should not be used as a scapegoat for Atlantis Holdings' failure to build-out and develop rural markets.**

In June of 2007, as part of its bid to purchase ALLTEL, Atlantis Holdings made numerous statements in support of the public interest benefits that would result from the acquisition of ALLTEL. Specifically, Atlantis Holdings stated:

- “The Transaction will provide Alltel with access to a stable source of capital and will prevent the company from being subject to quarter-to-quarter market fluctuations.”<sup>2</sup>
- “Commission approval of the Applications will promote the public interest by strengthening Alltel’s position as a top-five competitor in the market for the provision of wireless voice and data services to consumers. Atlantis and its parent entities are not only qualified to control FCC licenses but are able to create a stable course of capital and provide Alltel with the resources necessary to ensure that it continues to flourish as an independent wireless-only provider.”<sup>3</sup>
- “Both TPG and GS have proven track records of improving the performance and potential of the companies in which they invest by ensuring access to capital, providing a stable growth environment, and improving their financial position.”<sup>4</sup>
- “TPG and GS expect to have access to ample capital resources and, unlike a public company in the eye of analysts and short term traders, are able to take a long-term view with respect to the capital investments required to make the company’s strategic plans successful. Accordingly, TPG and GS possess all of the necessary qualifications to control FCC licenses.”<sup>5</sup>
- “In addition, the stable financial environment resulting from the Transaction will provide capital to improve service to existing and new Alltel customers, especially in rural areas that currently are unserved or underserved. Alltel also will be a stronger participant in future FCC spectrum auctions and, if warranted, well situated to acquire additional spectrum that will allow the company to offer advanced services to even more existing and potential customers and expand its current 36-state footprint...[t]he resources available through Atlantis to Alltel,

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<sup>2</sup> *In the Matter of Applications of ALLTEL Corporation, Transferor, and Atlantis Holdings LLC, Transferee For Consent to Transfer Control of Licenses, Leases and Authorizations*, WT Docket No. 07-128, *Alltel Transfer of Control* FCC Form 603 at page 1 (dated June 21, 2007).

<sup>3</sup> *Id* at 6.

<sup>4</sup> *Id* at 6.

<sup>5</sup> *Id* at 6.

which will no longer be subject to Wall Street market fluctuations, will better enable Alltel to continue to make improvements.”<sup>6</sup>

Atlantis Holdings filed similar comments in August of 2007 stating they still had access to “a stable source of capital” and they still had a desire to “maintain its status as an independent wireless carrier and to become an even stronger fifth competitor.”<sup>7</sup> As recently as the September 2007, Atlantis Holdings made no mention of possible short term or even long term capital constraints that might impact its acquisition of ALLTEL, and more importantly, jeopardize Atlantis Holdings’ commitment to remaining an independent wireless operator intent on building and maintaining a robust network in rural America.

Atlantis Holdings has stated that Verizon Wireless approached them in April of 2008. If capital markets were truly that dire beforehand, and Atlantis Holdings had been looking for strategic alternatives, it made no outward overtures to anyone, which is highly indicative that it must not have been that desperate.

Given Atlantis Holdings’ history and stated expertise in raising capital, who better than TPG and GS to navigate these troubling economic times and secure the necessary capital to maintain ALLTEL as a viable fifth mobile operator in the country? Clearly this is a red-herring, and Atlantis Holdings’ true motivation to buy ALLTEL was to “flip” the entire company in the first place, and just like a condo in Las Vegas or Miami, Atlantis Holdings never had any intention of acting as long-term stewards of the assets and operations, much less fulfilling its pledge to expand services to rural consumers in rural America.

**II. Neither Atlantis Holdings, nor any of its managing members, made any efforts between fall 2007 and June 2008 to seek investment or partnership alternatives with rural operators.**

Even if the Commission is to assume Atlantis Holdings faced unprecedented financial pressures in managing the ALLTEL assets, Atlantis Holdings made no efforts to discuss, propose or offer any type of partnership, joint-venture or asset sale to any entity other than Verizon Wireless. The pledge to the regulators to serve rural consumers and rural Americans made less than a year before certainly rings hollow and the renewed pledge for approval of the sale to Verizon Wireless so that rural consumers and rural America can be served by Verizon Wireless rings equally hollow – especially since Verizon Wireless has had over 20 years to build out wireless service to rural America in the areas it already covers.<sup>8</sup>

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<sup>6</sup> *Id at 6. 7.*

<sup>7</sup> *Id at 6. 7.*

<sup>8</sup> RTG notes that ALLTEL receives approximately \$400 million annually in USF support to serve rural areas – the most USF support of any Competitive Eligible Telecommunications Carrier in the U.S. This funding is supposed to be targeted to rural areas served by ALLTEL. Atlantis Holdings never pledged that a specific amount of its investment would be targeted to rural America nor has Verizon Wireless pledged a specific amount. Given the cost savings touted by Verizon Wireless it would seem that a specific financial commitment should be targeted to the provision of services in rural America as a condition to the merger proceeding. If the parties are going to wrap themselves in the cloak of serving rural consumers they need to set forth specific actions not hollow promises. The Commission has been fooled by Atlantis Holdings’ claims once before; RTG urges the Commission not to be fooled again.

October 22, 2008

Page 4

Not only did Atlantis Holdings abandon its “effort” to serve rural America, it also abandoned its attempt to have ALLTEL remain a strong and viable fifth mobile operator - - one of its justifications to purchase ALLTEL in the first place. Curiously, the abandonment of these noble causes occurred just six months after the initial purchase of ALLTEL. Even more curious is the fact that Atlantis Holdings intentionally entered into a legitimate discussion for the purchase of ALLTEL with only one company, Verizon Wireless. Atlantis Holdings wants the Commission to believe that “the offer by Verizon Wireless to purchase ALLTEL was the best vehicle available to ensure future capital-intensive investments in wireless services.” However, it is impossible to compare options when there is only one option on the table for consideration. Not a single member of RTG, nor any other carrier as far as RTG has been able to determine, has ever been approached by ALLTEL, Atlantis Holdings, its managing members, or any appointed agent regarding some type of partnership or joint-venture opportunity. If Atlantis Holdings truly wanted to serve rural consumers and rural America, remain independent and reduce its financing and capitalization costs, there are hundreds of rural carriers who would have been interested in working with Atlantis Holdings to keep ALLTEL as a viable, independent mobile operator and much needed rural roaming partner.

In sum, the impact on Atlantis Holdings’ financial situation should not be given any weight when determining whether approval of the acquisition is warranted. Atlantis Holdings consists of savvy investors who are attempting to take advantage of economic conditions that are unrelated to the proposed transactions before the Commission. Chairman Martin himself has stated that “[t]he Commission avoids picking winners and losers, relying instead on competition to determine success.”<sup>9</sup> The Commission should not begin picking winners and losers by approving this acquisition based on Atlantis Holdings’ desire to turn a profit. Instead, the Commission should obtain and weigh all the evidence and make its decision based on what is best for the public interest, not what is best for the investors of Atlantis Holdings. It will be a sad day when our regulators are manipulated into taking action by those acting out of greed, while rural Americans, the backbone of our Nation, pay the price by not having comparable affordable wireless services.

Should you have any questions or require additional information, please do not hesitate to contact me.

Respectfully submitted,

Rural Telecommunications Group, Inc.

By: /s/ Caressa D. Bennet  
Caressa D. Bennet  
General Counsel

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<sup>9</sup> Remarks by Kevin J. Martin Commissioner, Federal Communications Commission, to the Carmel Group’s “Satellite Entertainment 2002: TV and Radio from Space,” Monterey, California (April 25, 2002).