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14 August 2009

**VIA ELECTRONIC FILING**

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

*Re: Stanford Springel as Chapter 11 Trustee for the Bankruptcy Estate of Innovation Communication Corporation and National Rural Utilities Cooperative Finance Corporation and Its Subsidiaries, Applications for Consent to Transfer Control and Assign Commission Licenses and Authorizations Pursuant to Sections 214(a) and 310(d) of the Communications Act of 1934, as Amended, WC Docket No. 09-82*

Dear Ms. Dortch:

Pursuant to Section 1.1206(b) of the Commission's rules, I hereby notify the Commission of an *ex parte* presentation made in the above-referenced proceeding. On August 13, 2009, Brita Strandberg and I of Wiltshire & Grannis LLP on behalf of the National Rural Utilities Cooperative Finance Corporation ("CFC"), Henry Rivera and Scott Delacourt of Wiley Rein LLP on behalf of the Chapter 11 Trustee, Stan Springel ("Chapter 11 Trustee"), and (by telephone) Byron Smyl of Alvarez & Marsal on behalf of the Chapter 11 Trustee, met with Joel Rabinowitz of the Office of General Counsel, Jodie May of the Wireline Competition Bureau, Kathy Harris and Linda Ray of the Wireless Telecommunications Bureau, George Li of the International Bureau, and Wayne McKee of the Media Bureau to discuss the above-captioned applications and information requests made by Commission staff to CFC. This letter summarizes our discussion and otherwise responds to the Commission staff's information requests.

# WILTSHIRE & GRANNIS LLP

Ms. Marlene H. Dortch  
Federal Communications Commission  
14 August 2009  
Page 2

## 1. Post-Transaction Management

CFC seeks to acquire the wireline, wireless, and cable television businesses owned and operated by Innovative Communication Corporation, acting by and through its Chapter 11 Trustee (“New ICC”), and its subsidiaries in the U.S. Virgin Islands (together with the acquisition of other assets not subject to Commission jurisdiction, the “Proposed Transaction”). The Proposed Transaction will result in a transfer of control of the various operating-company subsidiaries of New ICC<sup>1</sup> as CFC becomes their ultimate owner.

The operating-company subsidiaries are not themselves in bankruptcy and CFC is looking to work with existing management, which has the expertise and experience necessary to continue to manage the operating companies, including experience managing FCC licensees.

New ICC, the holding company for the various subsidiaries, is in bankruptcy. The Proposed Transaction contemplates that CFC will act through two special purpose subsidiaries, Caribbean Asset Holdings, LLC (“CFC Holdco”) and DTR Holdings, LLC (“CFC USVI Holdco”) to acquire the stock of the New ICC subsidiaries and certain assets and businesses of New ICC. CFC USVI Holdco will hold and manage CFC Holdco’s interests in the U.S. Virgin Islands and is the proposed assignee for the international Section 214 authorization of New ICC. For CFC USVI Holdco, CFC intends to retain senior management with substantial telecommunications management experience and is currently considering candidates and proposals.

## 2. Oversight and Plans for Rehabilitation

As New ICC’s principal secured creditor in the ongoing Chapter 11 proceedings before the Bankruptcy Court, Rural Telephone Finance Cooperative (“RTFC”) has long had a duty to consult with the Chapter 11 Trustee in connection with his management of New ICC’s bankruptcy estate. Since negotiation of the purchase agreement and entry of the Interim Sale Order,<sup>2</sup> RTFC and CFC<sup>3</sup> continue to work closely with the Chapter 11 Trustee to monitor his

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<sup>1</sup> Innovative Business Systems Division of New ICC (“IBS”) Virgin Islands Telephone Corporation d/b/a Innovative Telephone (“Vitelco”) Vitelcom Cellular, Inc., d/b/a Innovative Wireless (“Innovative Wireless”) Caribbean Communications Corp., d/b/a Innovative Cable TV - St. Thomas - St. John (“Innovative Cable STT-STJ”) St. Croix TV, Inc., d/b/a Innovative Cable TV St. Croix (“Innovative Cable STX”) ICC TV, Inc. d/b/a ICC TV2 (“TV2”) Group B-200, Inc. (“Group B-200”) Atlantic Aircraft, Inc. (“Atlantic Aircraft”)

<sup>2</sup> Interim Sale Order at 5 (stating that “[t]he Motion is granted and the sale of the Assets to the Buyer is hereby authorized on an interim basis, and such authorization shall become final upon a finding by the Court at the Final Sale Hearing that (a) all U.S. and/or foreign

Ms. Marlene H. Dortch  
Federal Communications Commission  
14 August 2009  
Page 3

efforts to stabilize and rehabilitate the businesses and to plan for rehabilitation and continued expert management after close of the Proposed Transaction.

As part of this ongoing consultation, CFC is closely monitoring the Chapter 11 Trustee's ongoing network engineering study. CFC expects that the study, which is nearing completion, will provide critical guidance and information about how best to rehabilitate and improve the Vitelco, Innovative Cable STT-STJ and Innovative Cable STX networks. CFC likewise supports the Chapter 11 Trustee's ongoing effort to replace Innovative Wireless's antiquated TDMA/AMPS network. CFC is also engaged in its own ongoing efforts to determine what investments and operational changes will be necessary to enable rehabilitation of the businesses. CFC is in particular aware of the importance to the businesses of having access to capital in order to fund network improvements and other needed expenditures, and has taken the steps necessary to be prepared to make the needed investments in the businesses shortly after consummation of the Proposed Transaction.

### **3. Relevant CFC and RTFC Oversight Experience**

CFC and RTFC are first and foremost financial institutions focused on lending to rural utilities and rural telephone companies, respectively—valuable experience in itself, as they are very familiar with the commercial and regulatory matters regularly confronted by their borrowers. Nevertheless, they have on occasion taken a more active role in distressed-borrower situations, whether as a further lender, creditor, or owner. Most notably, in 2002, CFC took possession and management control of CoServ Communications d/b/a Advantex, a bankrupt competitive local exchange carrier in Texas. CFC owned, operated, and rehabilitated Advantex prior to a later sale to Grande Communications.

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regulatory approvals required to transfer the Assets under the Agreement have been obtained and (b) all other findings and rulings to be made by the Court, as set forth in the Agreement, have been made”).

<sup>3</sup> RTFC has notified the Bankruptcy Court that, pursuant to Section 8.9 of the Purchase Agreement, it has designated CFC Holdco and CFC USVI Holdco as the purchaser entities with respect to the USVI businesses. RTFC designated CFC subsidiaries as the purchaser entities because CFC provided the funds that were originally loaned by RTFC to New ICC and its predecessor and such designations are otherwise consistent with agreements between RTFC and CFC. Prior to the consummation of the Proposed Transaction, RTFC will consummate assignments of its acquisition rights under the Purchase Agreement between RTFC and the Chapter 11 Trustee to certain special-purpose subsidiaries of CFC.

# WILTSHIRE & GRANNIS LLP

Ms. Marlene H. Dortch  
Federal Communications Commission  
14 August 2009  
Page 4

## 4. Other Matters

Representatives for CFC and the Chapter 11 Trustee noted that the Proposed Transaction would not have an adverse impact on rates, noting also that Vitelco, Innovative Cable STT-STJ, and Innovative Cable STX remain subject to rate regulation and oversight by the U.S. Virgin Islands Public Services Commission. They reiterated their view that the petition to deny filed by Atlantic Tele-Network, Inc., was a collateral attack on matters already decided by the bankruptcy court and otherwise devoid of merit. CFC and the Chapter 11 trustee urged the Commission to act expeditiously to grant consent for the Proposed Transaction, noting that speedy resolution of this proceeding would minimize expense to New ICC's bankruptcy estate and, ultimately, to USVI consumers.

\* \* \* \*

Should you have any questions or require further information, please contact me, for CFC, by telephone at +1 202 730 1337 or by e-mail at [kbressie@wiltshiregrannis.com](mailto:kbressie@wiltshiregrannis.com) and Henry Rivera, for the Chapter 11 Trustee, by telephone at +1 202 719 7501 or by email at [hrivera@wileyrein.com](mailto:hrivera@wileyrein.com).

Respectfully submitted,



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cc: Kathy Harris  
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