

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of)
)
Applications filed for the) WC Docket 10-260
Transfer of Control of the Licensees of TeleGuam)
Holdings, LLC to AP TeleGuam Holdings, LLC)

Comments of PTI Pacifica Inc. dba IT&E

PTI Pacifica Inc., dba IT&E (“IT&E”), submits these comments in response to the January 10, 2011 Public Notice issued by the Commission in the above-captioned docket, DA 11-40. The Public Notice solicits comments on the applications seeking FCC approval for AP TeleGuam Holdings, Inc. (“AP TG” or “Purchaser”) to acquire direct control of TeleGuam Holdings, LLC (“TeleGuam”) and indirect control of, among other entities, GTA Telecom, LLC (“GTA”), the incumbent local exchange carrier (“ILEC”) in Guam.

As the ILEC, GTA plays a critical role in the telecommunications marketplace in Guam. IT&E and other telecommunications providers serving Guam rely on GTA services and facilities in one form or another. For this reason, IT&E urges the Commission not only to examine the legal and technical qualifications of the Purchaser and its private equity investors in general but also to confirm the financial qualifications of the Purchaser and to ensure it is not over-leveraged. Historically it has been rare for an ILEC to declare bankruptcy, but two high profile cases occurred within the last few years. The ILEC in Hawaii went into bankruptcy despite being acquired by one

of the largest and most successful private equity groups in the world.¹ Additionally, FairPoint Communications successfully operated as an ILEC in North Carolina; but soon after purchasing some ILEC operations from Verizon in Maine, New Hampshire and Vermont, FairPoint found it was over-leveraged and was forced into bankruptcy.²

In the instant case, particular attention must be paid to the details of the Purchaser's financial qualifications as it has been reported that an affiliate of Advantage Partners, the Japanese private equity group that controls the proposed Purchaser, is defaulting on a loan related to Tokyo Star Bank Ltd.³ The response of TeleGuam's spokesperson was that "[t]he transaction between funds served by Advantage Partners, LLP and Tokyo Star Bank is unrelated to the investment in GTA TeleGuam. Each investment is managed separately."⁴ If that is the case, the FCC should not rely on the overall financial heft of the various private equity funds associated with Advantage

¹ See Pacific Business News, *Hawaiian Telcom bankruptcy rare among traditional telecoms*, December 1, 2008, accessed at <http://www.bizjournals.com/pacific/stories/2008/12/01/daily10.html>.

² See Bloomberg News, October 26, 2009, *FairPoint, Buyer of Verizon Unit, Files for Bankruptcy Protection*, accessed at <http://www.nytimes.com/2009/10/27/technology/companies/27fairpoint.html>.

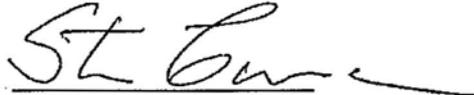
³ See Wall Street Journal online, January 12, 2011, *Advantage Partners Nears Default on Tokyo Star*, accessed at: <http://online.wsj.com/article/SB10001424052748704624504576098943301942456.html>.

⁴ See Pacific News Center, January 24, 2011, *GTA Buyer, Advantage Partners, Faces Financial Difficulties Paying Back Loan; GTA Says Its Unrelated to Their Investment in GTA*, accessed at http://www.pacificnewscenter.com/index.php?option=com_content&view=article&id=10928:gta-advantage-star&catid=45:guam-news&Itemid=156.

Partners but should investigate the particulars of the equity and debt holdings of the Purchaser, AP TG.

Among the issues that deserve scrutiny is the fact that the post-transaction ownership chart submitted with the application for this same transaction filed with the Guam Public Utilities Commission ("GPUC") indicated that the sole shareholder in the Purchaser AP TG would be Advantage Partners IV, ILP;⁵ but the post-transaction ownership chart in the FCC applications show that Advantage Partners IV, ILP will be only one of three primary shareholders and will not even hold a majority of the shares.⁶ TeleGuam nevertheless claimed that the "information in both the PUC and FCC applications are both accurate."⁷ The FCC should make its own determination concerning this issue as well as the Purchaser's qualifications.

Respectfully submitted,



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⁵ The local transfer application is available on the GPUC web site under GTA Docket No. 10-09, accessed at <http://www.guampuc.com/dockets/gta>.

⁶ See, e.g., Exhibit A to Attachment in FCC application ITC-T/C-20101216-00486.

⁷ *TeleGuam Holdings, LLC and GTA Telecom, LLC's Response to Public Comments Regarding Joint Application*, GTA Docket No. 10-09, January 28, 2011, at page 4.