



# PUBLIC NOTICE

Federal Communications Commission  
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**DA 02-3103**

**Released: November 8, 2002**

## **DOMESTIC SECTION 214 APPLICATION FILED FOR CONSENT TO TRANSFER OF CONTROL OF STARTEC GLOBAL LICENSING COMPANY**

### **STREAMLINED PLEADING CYCLE ESTABLISHED**

**WC Docket No. 02-357**

On September 25, 2002, Startec Global Communications Corp. (Startec) and its wholly-owned subsidiary, Startec Global Licensing Company (Startec Licensing), debtors-in-possession, along with Allied Capital Corporation (Allied), filed an application pursuant to section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214, for Commission consent to the transfer of control of Startec and Startec Licensing to Allied as a result of Startec's reorganization in bankruptcy.<sup>1</sup>

Applicants assert that this transaction is entitled to presumptive streamlined treatment pursuant to section 63.03(b)(1)(ii) of the Commission's rules because the transferee, Allied, is not a telecommunications provider.<sup>2</sup>

With its Dial-1 and 10-10-719 dial-around services, Startec offers domestic long distance services to residential customers nationwide. However, Startec's domestic long distance customers tend to be concentrated in major metropolitan areas on the east and west coasts of the United States. Startec also provides its long distance services primarily to small and medium-sized ethnic enterprises, as well as to mid-sized business customers, often in conjunction with dial-up Internet access, domestic and international private line services, and other products.

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<sup>1</sup> The applicants have also filed applications related to international section 214 authority and interests in cable landing licenses held by Startec and its subsidiaries, as well as applications related to other Startec subsidiaries, all of which will be processed separately. *See, e.g.,* Domestic Section 214 Application Filed for Consent to Indirect Transfer of Control of PCI Communications, Inc., *Public Notice*, DA 02-2935 (WCB Oct. 31, 2002). Any action on this domestic 214 application is without prejudice to Commission action on other related pending applications.

<sup>2</sup> *See* 47 C.F.R. § 63.03(b)(1)(ii).

On December 14, 2001, Startec and its subsidiaries, including Startec Licensing, filed for bankruptcy under Chapter 11 of the U.S. Bankruptcy Code.<sup>3</sup> On behalf of itself and its subsidiaries, Startec notified the Commission by letter on August 1, 2002, of the *pro forma* transfer of control of Startec Licensing to Startec Licensing as debtor-in-possession. Under the terms of the Debtors' Joint Plan of Reorganization, as amended (the Plan), filed with the bankruptcy court on September 11, 2002, Startec and Startec Licensing will be reorganized and reincorporated as new Delaware corporations, with the reorganized Startec Licensing continuing to be a wholly-owned subsidiary of Startec. Startec Licensing will provide all intrastate and interstate domestic services and will hold the licenses and authorizations required for those services.

Allied will own 90 percent (72 percent when fully diluted) of the new shares of Startec common stock, as well as 100 percent of its voting new preferred stock.<sup>4</sup>

Applicants assert that approval of this application is central to the emergence of Startec from bankruptcy and, thus, to the ability of Startec and each of its subsidiaries to continue serving their customers. Applicants assert that such approval also comports with the Commission's goal of "accommodat[ing] the policies of federal bankruptcy law with those of the Communications Act."<sup>5</sup>

Startec states that the Commission's approval of the transfer of control required under the Plan, and as set forth in its application, will give Startec and Startec Licensing the best opportunity to continue providing domestic intrastate and interstate services to a growing customer base in the United States. Applicants state that by addressing the needs of select ethnic and linguistic communities, in particular, by providing long distance, Internet access, and data services, Startec and its subsidiary, Startec Licensing, play a vital role in an important niche market. Finally, applicants state that for these reasons, approval of their application is consistent with the public interest, convenience, and necessity.

## **GENERAL INFORMATION**

The transfer of control application identified herein has been found, upon initial review,

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<sup>3</sup> See *In re Startec Global Communications Corp., et al.*, Case No. 01-25013 (DK) (Bankr. D. Md. (Greenbelt Div.)). Startec and Startec Licensing each continue in possession of their property and management of their businesses as debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

<sup>4</sup> If the general unsecured creditors and the holders of pre-petition notes do not vote in favor of the plan, all or a part of the 7.5 percent originally allocated to them will be shared instead by Allied and NTFC Capital Corporation (NTFC). Thus, under either alternative, Allied will hold at least a 90 percent controlling interest in the reorganized Startec. Warrants and options will be issued that, if exercised, would dilute Allied's share of common stock to 72 percent, and increase NTFC's share from 2.5 percent to 7 percent. The warrant will be issued to NTFC, and the options will be issued to eligible employees.

<sup>5</sup> *LaRose v. FCC*, 494 F.2d 1145, 1146 (D.C. Cir. 1974).

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. Interested parties may file **comments within 14 days** and **reply comments within 21 days** of this notice.<sup>6</sup> Unless otherwise notified by the Commission, an applicant is permitted to transfer control of the domestic lines or authorization to operate on the 31<sup>st</sup> day after the date of this notice.<sup>7</sup> Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies. *See Electronic Filing of Documents in Rulemaking Proceedings*, 63 Fed. Reg. 24121 (1998).

Comments filed through the ECFS can be sent as an electronic file via the Internet to <<http://www.fcc.gov/e-file/ecfs.html>>. Generally, only one copy of an electronic submission must be filed. If multiple docket or rulemaking numbers appear in the caption of this proceeding, however, commenters must transmit one electronic copy of the comments to each docket or rulemaking number referenced in the caption. In completing the transmittal screen, commenters 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 for e-mail comments, commenters should send an e-mail to [ecfs@fcc.gov](mailto:ecfs@fcc.gov), and should include the following words in the body of the message, "get form <your e-mail address>." A sample form and directions will be sent in reply.

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 appear in the caption of this proceeding, commenters 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). The Commission's contractor, Vistrionix, Inc., 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 mail, Express Mail, and Priority Mail should be addressed to 445 12th Street, SW, Washington, D.C. 20554. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

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

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<sup>6</sup> See 47 C.F.R. § 63.03(a).

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

- (1) the Commission's duplicating contractor, Qualex International, 445 12<sup>th</sup> Street, S.W., Room CY-B402, Washington, D.C. 20554; e-mail: [qualexint@aol.com](mailto:qualexint@aol.com); facsimile: (202) 863-2898; phone: (202) 863-2893.
- (2) Tracey Wilson, Competition Policy Division, Wireline Competition Bureau, 445 12<sup>th</sup> Street, S.W., Room 5-C437, Washington, D.C. 20554; e-mail: [twilson@fcc.gov](mailto:twilson@fcc.gov), and
- (3) William Dever, Competition Policy Division, Wireline Competition Bureau, 445 12<sup>th</sup> Street, S.W., Room , 5-C266, Washington, D.C. 20554; e-mail: [wdever@fcc.gov](mailto:wdever@fcc.gov); and
- (4) Imani Ellis-Cheek, Telecommunications Division, International Bureau, 445 12<sup>th</sup> Street, S.W., Room 6-A739, Washington, D.C. 20554; email: [iellis@fcc.gov](mailto:iellis@fcc.gov); and
- (5) Nandan Joshi, Office of General Counsel, 445 12<sup>th</sup> Street, S.W., Room 8-A820, Washington, D.C. 20554; e-mail: [njoshi@fcc.gov](mailto:njoshi@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, SW, Room CY-A257, Washington, DC, 20554. They may also be purchased from the Commission's duplicating contractor, Qualex International, Portals II, 445 12th Street, SW, Room CY-B402, Washington, DC, 20554, telephone 202-863-2893, facsimile 202-863-2898, or via e-mail [qualexint@aol.com](mailto:qualexint@aol.com).

For further information, please contact Tracey Wilson, at (202) 418-1394 or William Dever, Competition Policy, Wireline Competition Bureau at (202) 418-1578.

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