



# PUBLIC NOTICE

Federal Communications Commission  
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**DA 06-2246**  
**Released: October 30, 2006**

## DOMESTIC SECTION 214 APPLICATION FILED FOR THE TRANSFER OF CONTROL OF TELESPHERE NETWORKS LTD. TO RALLY CAPITAL, LLC

### STREAMLINED PLEADING CYCLE ESTABLISHED

**WC Docket No. 06-192**

**Comments Due: November 13, 2006**  
**Reply Comments Due: November 20, 2006**

On October 12, 2006, Telesphere Networks Ltd. (“Telesphere”) and Rally Capital, LLC (“Rally Capital,”) collectively, “Applicants”), filed an application, pursuant to section 63.04 of the Commission’s rules,<sup>1</sup> requesting authority to transfer control of Telesphere Networks to Rally Capital.<sup>2</sup>

Applicants assert that this transaction is entitled to presumptive streamlined treatment under 63.03(b)(1)(ii) of the Commission’s rules because Rally Capital is not a telecommunications provider.<sup>3</sup>

Telesphere, a Washington corporation is an IP Ethernet carrier providing domestic telecommunications services in all 50 states and interstate and international IP-base voice, and data

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<sup>1</sup> 47 C.F.R. §§ 63.03, 63.04; *see* 47 U.S.C. § 214. Applicants filed an amendment to their application on October 20, 2006. *See* Telesphere Networks Ltd., and Rally Capital, LLC, Amendment, WC Docket No. 06-192 (filed October 20, 2006). Applicants filed a second amendment to their application on October 24, 2006. *See* Telesphere Networks Ltd., and Rally Capital, LLC, Amendment, WC Docket No. 06-192 (filed October 24, 2006).

<sup>2</sup> Applicants are also filing applications for transfer of control associated with authorization for international services. On October 24, 2006, Applicants filed a request for Special Temporary Authority (STA) to allow Telesphere to provide service under the ownership of Rally Capital during the pendency of their application. The Applicants indicate that they consummated the transfer of control of Telesphere to Rally Capital on September 20, 2006 without prior authorization. The Wireline Competition Bureau granted the STA request on October 27, 2006. *See* Telesphere Networks Ltd., and Rally Capital, LLC, Request for Special Temporary Authority, WC Docket No. 06-192 (filed October 24, 2006). Any action on this domestic 214 application is without prejudice to Commission action on other related, pending applications and does not preclude or prejudice any enforcement action related to an unauthorized transfer of control.

<sup>3</sup> 47 C.F.R. § 63.03(b)(1)(ii).

services. Telesphere is a non-dominant carrier owning common-carrier transmission lines. Prior to consummation of the proposed transactions, Telesphere had no controlling shareholder.

Rally Capital is a venture capital group organized as a limited-liability company under the laws of the State of Washington. Rally Capital specializes in communications investments. Teledesic LLC, a Delaware limited-liability partnership, owns or controls 100% of Rally Capital's units and (indirectly) 67% of Telesphere's capital stock. Teledesic Corporation, a Delaware corporation, owns or control 99% of Teledesic LLC's units and (indirectly) approximately 66% of Telesphere's capital stock. Menta LLC, a Washington corporation, owns or controls 88% of Teledesic Corporation's capital stock and approximately 58% of Telesphere's capital stock. William H. Gates, a U.S. citizen, owns or controls the sole membership in Menta LLC and approximately 58 percent of Telesphere's capital stock. Neither Rally Capital nor any of its direct or indirect owners hold a ten percent or greater interest in a telecommunications carrier other than Telesphere.

In September 2006, Rally Capital accelerated conversion of Telesphere debt to Telesphere equity. Specifically, on September 20, 2006, Rally Capital acquired 64.9 percent of Telesphere's capital stock. Thus, Telesphere and Rally Capital consummated a transaction where Rally Capital acquired control of Telesphere and its domestic services and common carrier transmission lines. Applicants state that financial circumstances required the Applicants to act without Commission consent to improve the financial position of Telesphere.<sup>4</sup> On October 4, 2006, Rally Capital acquired an additional 2.1 percent of Telesphere's capital stock.

Applicants state that the proposed transaction will serve the public interest. Applicants submit that the transaction will strengthen Telesphere's financial position, allowing it to expand its service offerings and compete more effectively with other carriers in the market. Applicants argue that the transaction will have no impact on any participant's share of the local exchange, exchange access or interstate, interexchange markets because Rally Capital is not a telecommunications provider.

## **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 November 13, 2006** and **reply comments on or before November 20, 2006**.<sup>5</sup> Unless otherwise notified by the Commission, Applicants are permitted to transfer the assets and related control on the 31<sup>st</sup> day after the date of this notice.<sup>6</sup> 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).

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<sup>4</sup> Applicants note that they filed within 30 days following consummation of the transaction, the timeframe for filing in the event of involuntary transfers of control.

<sup>5</sup> See 47 C.F.R. § 63.03(a).

<sup>6</sup> Such authorization is conditioned upon receipt of any other necessary approvals from the Commission in connection with the proposed transaction.

- 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 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](mailto: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](mailto: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](mailto: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.bcpweb.com](http://www.bcpweb.com); phone: (202) 488-5300 fax: (202) 488-5563;
- (2) Cecilia Seppings, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-A103, Washington, D.C. 20554; email: [cecilia.seppings@fcc.gov](mailto:cecilia.seppings@fcc.gov);
- (3) Dennis Johnson, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C317, Washington, D.C. 20554; e-mail: [dennis.johnson@fcc.gov](mailto:dennis.johnson@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](mailto: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](mailto: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.bcpweb.com](http://www.bcpweb.com).

For further information, please contact Cecilia Seppings at (202) 418-1588, or Dennis Johnson at (202) 418-0809.

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