



PUBLIC NOTICE

Federal Communications Commission
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DA 16-967
August 24, 2016

DOMESTIC SECTION 214 APPLICATION FILED FOR THE TRANSFER OF CONTROL OF TERRACOM, INC. TO GLOBAL RECONNECT, INC.

NON-STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 16-268

Comments Due: September 7, 2016

Reply Comments Due: September 14, 2016

TerraCom, Inc. (TerraCom) and Global Reconnect, Inc. (GRI) (together, Applicants) filed an application pursuant to section 214 of the Communications Act of 1934, as amended, and section 63.03 of the Commission's rules requesting approval to transfer control of TerraCom to GRI.¹

Applicants state that TerraCom, an Oklahoma corporation, primarily provides Lifeline supported telecommunications service and is a certificated local exchange carrier (LEC) and designated an eligible telecommunications carrier (ETC) to provide wireline service in Oklahoma and Texas, although it only currently provides wireline service in Oklahoma.² TerraCom also provides wireless service and is designated as an ETC in Arkansas, Arizona, Colorado, Indiana, Iowa, Louisiana, Maryland, Minnesota, Nebraska, Nevada, Oklahoma, Texas, Wisconsin, and West Virginia.³ TerraCom owns 100 percent of YourTel America, Inc., a Missouri corporation that primarily provides Lifeline supported wireless services in Illinois, Kansas, Maine, Missouri, Pennsylvania, Rhode Island, and Washington and does not

¹ See 47 CFR § 63.03; 47 U.S.C. § 214; *Application of TerraCom, Inc. and Global Reconnect, Inc. for Consent to Transfer Control of a Company Holding Blanket Domestic Section 214 Authority*, WC Docket No. 16-268 (filed Aug. 22, 2016) (Application). Applicants filed a revised application on August 23, 2016. *Revised Application of TerraCom, Inc. and Global Reconnect, Inc. for Consent to Transfer Control of a Company Holding Blanket Domestic Section 214 Authority*, WC Docket No. 16-268 (filed Aug. 23, 2016) (Revised Application).

² Revised Application at 2-3, 9-10. Lifeline refers to the Universal Service Fund's Lifeline program that provides support for eligible low income consumers to receive services. See *Lifeline & Link Up Reform and Modernization*, Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order, 30 FCC Rcd 7818, 7820-21, paras. 1-3 (2015).

³ Revised Application at n.2. Applicants state that TerraCom holds a local exchange certificate in Texas but no longer has any wireline customers there. *Id.*

currently provide wireline services.⁴ Applicants further state that the following U.S. citizens hold a 10 percent or greater interest in TerraCom: Richard Yurich (48 percent) and Jason Hirzel (38.3 percent).⁵

Applicants state that GRI is a recently formed Delaware corporation established to acquire a telecommunications carrier participating in the Lifeline program and that it does not hold any telecommunications authorizations.⁶ Applicants further state that Stanley McCright, a U.S. citizen, currently holds all of the voting and equity interest in GRI.⁷ They explain that the National Rural Telecommunications Cooperative (NRTC), a non-profit cooperative association formed under the laws of the District of Columbia and representing the interests of rural utilities in multiple states, or an entity 100 percent owned and controlled by NRTC, is considering a minority investment in GRI shortly before or upon closing of the proposed transaction.⁸ Should that occur, Applicants confirm that Mr. McCright would continue to hold the controlling interest in GRI.⁹

Pursuant to the terms of the proposed transaction, GRI proposes to acquire a direct majority ownership interest in TerraCom, which would result in Mr. McCright holding an indirect majority interest in TerraCom.¹⁰ Applicants assert that the proposed transaction will serve the public interest by providing financial, technical, and managerial resources available through GRI to TerraCom, and that such resources will strengthen TerraCom's ability to provide wireless and wireline Lifeline services and compete in the Lifeline marketplace.¹¹ They state that TerraCom customers will continue to receive their existing service at the same rates, terms, and conditions currently in effect and that TerraCom's management team will remain in place post-closing.¹² Because this transaction is more complex than

⁴ *Id.* at n.2 and 9-10.

⁵ *Id.* at 3.

⁶ *Id.*

⁷ *Id.* at 4. Applicants state that Mr. McCright owns 100 percent of Executone of Chattanooga, LLC d/b/a Concentric Network Solutions, LLC (Concentric), a wireless entity that filed a Lifeline compliance plan that has not been approved by the Commission. *Id.* at n.1. They state that Concentric has never provided telecommunications service. *Id.*

⁸ *Id.* at 4. Applicants state that no person or entity holds a 10 percent or greater interest in NRTC, and that neither NRTC nor its subsidiary, NRTC LLC, provide telecommunications services. *Id.* at n.6. They state that NRTC owns 100 percent of a non-facilities-based carrier, Zefcom, LLC, a Delaware limited liability company that is a wholesale provider of wireless minutes. *Id.* Applicants have committed to notify the Wireline Competition Bureau (Bureau) if NRTC acquires a minority interest in GRI. *Id.* at 4.

⁹ *Id.*

¹⁰ *Id.* at 5. Applicants state that they "acknowledge and agree that the provisions of any consent decree or other prior enforcement action between the FCC and TerraCom remains binding on TerraCom and GRI as transferee and that grant of the Section 214 application will not alter their responsibility to comply with any such consent decree or other prior FCC enforcement action for so long as GRI retains its ownership interest in TerraCom and complies with applicable FCC rules to effect and change an ownership or discontinuance of service." *Id.* at 5-6.

¹¹ *Id.* at 6-7. Applicants state that they are in discussions with Bureau staff regarding the proposed transaction and any necessary approvals related to TerraCom's Lifeline compliance plan. *Id.* at 10.

¹² *Id.* at 7.

usual, in order to analyze whether the proposed transaction would serve the public interest, this application will not be streamlined.¹³

Domestic Section 214 Application Filed for the Transfer of Control of TerraCom, Inc. to Global Reconnect, Inc., WC Docket No. 16-268 (filed Aug. 22, 2016).

GENERAL INFORMATION

The transfer of control identified herein has been found, upon initial review, to be acceptable for filing as a non-streamlined application. The Commission reserves the right to return any transfer application if, upon further examination, it is determined to be defective and not in conformance with the Commission's rules and policies. Pursuant to Section 63.03(a) of the Commission's rules, 47 CFR § 63.03(a), interested parties may file comments **on or before September 7, 2016**, and reply comments **on or before September 14, 2016**. Pursuant to Section 63.52 of the Commission's rules, 47 C.F.R. § 63.52, commenters must serve a copy of comments on the Applicants no later than the above comment filing date.

Pursuant to Section 63.03 of the Commission's rules, 47 CFR § 63.03, parties to this proceeding should file any documents in this proceeding using the Commission's Electronic Comment Filing System (ECFS): <http://apps.fcc.gov/ecfs/>.

In addition, e-mail one copy of each pleading to each of the following:

- 1) Tracey Wilson, Competition Policy Division, Wireline Competition Bureau, tracey.wilson@fcc.gov;
- 2) Dennis Johnson, Competition Policy Division, Wireline Competition Bureau, dennis.johnson@fcc.gov;
- 3) Jim Bird, Office of General Counsel, jim.bird@fcc.gov;

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The proceeding in this Notice shall be treated as a "permit-but-disclose" proceeding in accordance with the Commission's *ex parte* rules. Persons making *ex parte* presentations must file a copy of any written presentation or a memorandum summarizing any oral presentation within two business days after the presentation (unless a different deadline applicable to the Sunshine period applies). Persons making oral *ex parte* presentations are reminded that memoranda summarizing the presentation must (1) list all persons attending or otherwise participating in the meeting at which the *ex parte* presentation was made, and (2) summarize all data presented and arguments made during the presentation. If the presentation consisted in whole or in part of the presentation of data or arguments already reflected in the presenter's written comments, memoranda or other filings in the proceeding, the presenter may provide citations to such data or arguments in his or her prior comments, memoranda, or other filings (specifying the relevant page and/or paragraph numbers where such data or arguments can be found) in lieu of

¹³ 47 CFR § 63.03(b), (c)(1)(v).

summarizing them in the memorandum. Documents shown or given to Commission staff during ex parte meetings are deemed to be written ex parte presentations and must be filed consistent with rule 1.1206(b), 47 C.F.R. § 1.1206(b). Participants in this proceeding should familiarize themselves with the Commission's ex parte rules.

For further information, please contact Tracey Wilson at (202) 418-1394 or Dennis Johnson at (202) 418-0809.

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