



PUBLIC NOTICE

Federal Communications Commission
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DA 18-309
March 28, 2018

**DOMESTIC SECTION 214 APPLICATION FILED FOR THE TRANSFER OF CONTROL
OF SUBSIDIARIES OF MBS HOLDINGS, INC.
TO CASTLE INTERMEDIATE HOLDINGS, INC.**

STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 18-84

Comments Due: April 11, 2018
Reply Comments Due: April 18, 2018

By this Public Notice, the Wireline Competition Bureau seeks comment from interested parties on an application filed by MBS Holdings, Inc. (MBS) and Castle Intermediate Holdings, Inc. (Castle Intermediate Holdings) (together, Applicants), pursuant to section 214 of the Communications Act of 1934, as amended, and sections 63.03-04 of the Commission's rules, requesting approval to transfer control of the wholly owned subsidiaries of MBS, Alteva of Warwick, LLC (Alteva of Warwick), Alteva Long-Distance, Inc. (Alteva LD), and Momentum Telecom, Inc. (Momentum) (collectively, the Licensees), to Castle Intermediate Holdings.¹

MBS, through its indirect subsidiary, Alteva, Inc., has three wholly owned telecommunications carrier subsidiaries. Alteva of Warwick, a New York limited liability company, provides incumbent local exchange carrier (LEC) services to approximately 7,876 customers in the towns of Warwick, Goshen, and Walkill, New York, and the adjacent towns of West Milford, Vernon, and Franklin Borough, New Jersey. Alteva of Warwick also provides competitive LEC services to approximately 320 customers in Middletown and Scotchtown, New York, and Vernon, New Jersey. Alteva LD, a New York corporation, is authorized to provide interstate and intrastate services but does not currently provide service to any customers. Momentum, a Delaware corporation, is authorized to operate as a competitive LEC in Alabama, California, Florida, Georgia, Kentucky, Louisiana, New Jersey, North Carolina, Pennsylvania, South Carolina, Tennessee, and the U.S. Virgin Islands.

Castle Intermediate Holdings, a Delaware corporation, does not provide telecommunications services but was created for the purpose of acquiring control of MBS and the Licensees. It is an

¹ See 47 U.S.C. § 214; 47 CFR §§ 63.03-04. Applicants also filed applications for the transfer of authorizations associated with international licenses. Any action on this domestic section 214 application is without prejudice to Commission action on other related, pending applications.

affiliate of Court Square Capital Partners (Court Square), a New York private equity entity. Applicants state that Castle Holding Company, LLC (Castle Parent) was formed to hold the investment of Court Square,² and members of MBS management in Castle Intermediate Holdings. CSC Castle Holdings, L.P. (CSC Castle Aggregator) holds the aggregate equity investments of certain Court Square investment funds (Funds) in Castle Parent. Applicants state that the Funds will own 100 percent of the limited partnership interests in CSC Castle Aggregator and will indirectly own between approximately 82-96 percent of the equity of the Licensees.³ Applicants further state that the Funds and CSC Castle Aggregator are controlled and managed by a sole general partner, Court Square Capital GP III, LLC (GP).⁴ The largest investor in CSC Castle Aggregator is Court Square Capital Partners III, L.P. (CSC Fund III), which Applicants state will hold 96.82 percent of the membership interests in CSC Castle Aggregator, and in turn, will hold between an approximately 88-95 percent indirect equity interest in Castle Parent and between an approximately 79-93 percent indirect equity interest in Castle Intermediate Holdings, MBS, and the Licensees. All entities are U.S.-based.

Pursuant to the terms of the proposed transaction, Castle Intermediate Holdings will acquire a controlling interest in MBS and, therefore, each of the Licensees will become indirect, wholly owned subsidiaries of Castle Intermediate Holdings. Applicants assert that the proposed transaction is entitled to presumptive streamlined treatment under section 63.03(b)(2)(ii) of the Commission's rules and that a grant of the application will serve the public interest, convenience, and necessity.⁵

Domestic Section 214 Application Filed for the Transfer of Control of
Subsidiaries of MBS Holdings, Inc. to Castle Intermediate Holdings, Inc.,
WC Docket No. 18-84 (filed Mar. 16, 2018).

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 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 April 11, 2018**, and reply comments **on or before April 18, 2018**. Pursuant to section 63.52 of the Commission's rules, 47 CFR § 63.52, commenters must serve a copy of comments on the

² Applicants state that Court Square currently controls Conterra Ultra Broadband Holdings, Inc., and its regulated subsidiaries, Conterra Ultra Broadband, LLC, Detel Wireless, LLC, and Broadplex LLC, each which provide competitive telecommunications services in multiple states. Applicants also state that Conterra Holdings has received regulatory approvals to acquire Network USA, Inc., which provides access and transport services in multiple states. Applicants confirm that none of the Court Square affiliates provide competitive LEC services in the geographic area where Alteva of Warwick is an incumbent LEC.

³ Applicants state that exact percentages will be known at closing when the total participation of MBS's current management is determined. Limited partners, including pension funds, individuals, and institutional investors own the Funds, and no limited partner in any fund will hold a 10 percent or greater direct or indirect interest in Castle Intermediate Holdings or any Licensee.

⁴ Applicants state that GP is managed and controlled by a board of managers composed of the following U.S. citizens: William Comfort, David Thomas, Michael Delaney, Joseph Silvestri, Ian Highet, John Weber, Christopher Bloise, Thomas McWilliams, and John Civantos.

⁵ 47 CFR § 63.03(b)(2)(ii).

Applicants no later than the above comment filing date. Unless otherwise notified by the Commission, the Applicants may transfer control on the 31st day after the date of this notice.

Pursuant to section 63.03 of the Commission's rules, 47 CFR § 63.03, parties to this proceeding should file any documents 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) Myrva Charles, Competition Policy Division, Wireline Competition Bureau, myrva.charles@fcc.gov;
- 2) Gregory Kwan, Competition Policy Division, Wireline Competition Bureau, gregory.kwan@fcc.gov;
- 3) David Krech, International Bureau, david.krech@fcc.gov;
- 4) Sumita Mukhoty, International Bureau, Sumita.mukhoty@fcc.gov; and
- 5) Jim Bird, Office of General Counsel, jim.bird@fcc.gov.

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 or call the Consumer & Governmental Affairs Bureau at (202) 418-0530 (voice), 1-888-835-5322 (tty).

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 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 CFR § 1.1206(b). Participants in this proceeding should familiarize themselves with the Commission's *ex parte* rules.

For further information, please contact Myrva Charles at (202) 418-1506 or Gregory Kwan at (202) 418-1191.

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