



PUBLIC NOTICE

Federal Communications Commission
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Washington, D.C. 20554

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DA 22-1043
Released: September 30, 2022

DOMESTIC SECTION 214 APPLICATIONS FILED FOR THE TRANSFERS OF CONTROL OF AERO COMMUNICATIONS, LLC

STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket Nos. 22-321, 22-322

Comments Due: October 14, 2022
Reply Comment Due: October 21, 2022

By this Public Notice, the Wireline Competition Bureau (Bureau) seeks comment from interested parties on an application filed by Computer Services, Inc. (CSI) and Catalyst CSI Intermediate, LLC (CSI Intermediate) (collectively, Applicants), pursuant to section 214 of the Communications Act of 1934, as amended, and sections 63.03-04 of the Commission's rules, requesting consent for the transfer of control of Aero Communications, LLC (Aero Communications), a wholly-owned subsidiary of CSI, to CSI Intermediate.¹ The Bureau also seeks comment on an additional section 214 application seeking approval for prior unauthorized transactions involving Aero Communications.²

¹ See 47 U.S.C. § 214; 47 CFR §§ 63.03-04. Application for Consent to Transfer Control of Computer Services, Inc. and Aero Communications, LLC, WC Docket No. 22-321 (filed on Sept. 2, 2022) (2022 Transfer Application). Applicants filed a supplement to the 2022 Transfer Application on September 22, 2022. Letter from John J. Heitmann, Debra McGuire Mercer, and Tyra Carroll, Attorneys for Computer Services, Inc., and Wayne D. Johnsen and Scott D. Delacourt, Attorneys for Catalyst Intermediate, LLC, WC Docket No. 22-321 (filed on Sept. 22, 2022).

² Application for Consent to Transfer Control of Aero Communications, LLC, WC Docket No. 22-322 (filed Sept. 2, 2022) (Prior Transfer Application, and together with 2022 Transfer Application, Applications). Applicants filed a supplement to the Prior Transfer Application on September 22, 2022. Letter from John J. Heitmann, Debra McGuire Mercer, and Tyra Carroll, Attorneys for Computer Services, Inc., WC Docket No. 22-322 (filed on Sept. 22, 2022). CSI also filed a request for special temporary authority (STA) to allow Aero Communications to continue to provide service to customers while the Prior Transfer Application is pending. See Request for Special Temporary Authority, WC Docket No. 22-322 (filed on Sept. 2, 2022). On September 30, 2022, the Bureau granted the STA for the domestic authorization for a period of 60 days. A grant of the domestic section 214 applications in this Public Notice would be without prejudice to any enforcement action by the Commission for non-compliance with the Act or the Commission's rules.

CSI, a Kentucky corporation, wholly-owns Aero Communications, an Illinois limited liability company. Aero Communications provides competitive telecommunications services in Kentucky and 36 other states.³

CSI Intermediate, a Delaware limited liability company, does not provide domestic telecommunications services. Affiliates of CSI Intermediate currently control IPC Network Services, LLC (IPC), which primarily provides domestic private line services to business customers in multiple states. CSI Intermediate was formed for the purposes of the proposed transaction and is controlled by Catalyst CSI Holdco LP (CSI Holdco), a Delaware limited partnership. The general partner of CSI Holdco is Catalyst CSI GP, LLC (Holdco GP), a Delaware limited liability company. Applicants state that the following limited partners, all Delaware entities, hold equity interests in CSI Holdco: CB Catalyst Aggregator, L.P. (CB Aggregator) (34.61%), CB Catalyst Co-Invest, L.P. (CB Co-Invest) (37.26%), and BGPT Catalyst, L.P. (BGPT Catalyst) (28.12%). Jeffrey Aronson, a U.S. citizen, who controls Centerbridge Partners, L.P., an investment entity, ultimately controls Holdco GP, CB Aggregator, and CB Co-Invest. Frank Martire, Jr. and Frank Martire, III, both U.S. citizens, ultimately control BGPT Catalyst and also control Bridgeport Partners, an investment entity.⁴

Current Proposed Transaction (WC Docket No. 22-321)

Pursuant to the terms of the proposed transaction, CSI Intermediate will acquire ownership and control of CSI and its subsidiaries, including Aero Communications, which would take CSI from being a publicly traded company to a private company owned and controlled by CSI Intermediate. CSI will merge with and into Catalyst Merger Sub, Inc., a subsidiary of CSI Intermediate, with CSI surviving the merger as a direct subsidiary of CSI Intermediate and with Aero Communications remaining a direct subsidiary of CSI and becoming an indirect subsidiary of CSI Intermediate.

Prior Unauthorized Transactions (WC Docket No. 22-322)

Applicants disclose that they did not seek prior Commission approval of two prior transfers of control that occurred in 2006 and 2010. Specifically, on July 20, 2006, CSI acquired a majority interest (63%) in Heartland Communications Internet Services, Inc. (Heartland), an Illinois based company that had a 50% ownership interest in Aero Communications, resulting in a transfer of control of Heartland's 50% interest in Aero Communications to CSI. At the time, Aero Group, Inc., also an Illinois entity, owned 50% of Aero Communications. On April 30, 2010, Heartland acquired the remaining 50% interest in Aero Communications from Aero Group, Inc., thereby giving CSI control over Heartland's 100% interest in Aero Communications.

On June 24, 2010, Heartland changed its name to CSI Telecom Group, Inc. Effective February 28, 2017, CSI Telecom Group, Inc., merged with and into CSI. As a result, Aero Communications became a wholly-owned direct subsidiary of CSI.

³ Aero Communications provides service in the following states: Alabama, Alaska, Arkansas, Arizona, California, Colorado, Florida, Georgia, Iowa, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maryland, Maine, Michigan, Minnesota, Missouri, Mississippi, North Carolina, North Dakota, Nebraska, New Jersey, New Mexico, New York, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, Wisconsin, and West Virginia.

⁴ A detailed description of CSI Holdco's ownership is provided in the 2022 Transfer Application and lists all intermediate entities, including CCP IV Cayman GP Ltd., a Cayman-based entity. 2022 Transfer Application at 3-4, Exh. A (Pre-Transaction and Post-Transaction Organizational Charts) at 2.

Applicants request streamlined treatment of the proposed transactions under the Commission's rules and assert that a grant of the Applications would serve the public interest, convenience, and necessity. We accept the Applications for filing under section 63.03(b)(2)(i) of the Commission's rules.⁵

No Referral to Executive Branch Agencies: The Commission determined in the *Executive Branch Review Process Order* that it would not routinely refer to the Executive Branch "standalone applications to transfer control of domestic section 214 authority."⁶ The Commission, however, retains the discretion to refer such applications should it find that a particular application may raise national security, law enforcement, foreign policy, and trade policy concerns for which it would benefit from the advice of the Executive Branch.⁷ Applicants assert that the Applications involve the transfer of control of carriers that hold only domestic section 214 authority and that consistent with the decision in the *Executive Branch Review Process Order*, the Commission should not refer them to the Executive Branch Agencies.⁸ We are exercising our discretion and are not referring the Applications to the Executive Branch Agencies. We do not find any special circumstances that warrant referral of these Applications to the Executive Branch agencies.

Domestic Section 214 Application Filed for the Transfer of Control of Computer Services, Inc. and Aero Communications, LLC, WC Docket No. 22-321 (filed Sept. 2, 2022).

Domestic Section 214 Application Filed for the Transfer of Control of Aero Communications, LLC, WC Docket No. 22-322 (filed Sept. 2, 2022).

GENERAL INFORMATION

The transfers of control identified herein have been found, upon initial review, to be acceptable for filing as streamlined applications. 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 October 14, 2022**, and reply comments **on or before October 21, 2022**. Pursuant to section 63.52 of the Commission's rules, 47 CFR § 63.52, commenters must serve a copy of comments on the 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,

⁵ 47 CFR § 63.03(b)(2)(i).

⁶ *Process Reform for Executive Branch Review of Certain FCC Applications and Petitions Involving Foreign Ownership*, IB Docket 16-155, Report and Order, 35 FCC Rcd 10927, 10936, paras. 25, 30 (2020) (*Executive Branch Review Process Order*).

⁷ *Id.*

⁸ 2022 Transfer Application at 14; Prior Transfer Application at 9.

myrva.charles@fcc.gov;

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

People with Disabilities: We ask that requests for accommodations be made as soon as possible in order to allow the agency to satisfy such requests whenever possible. Send an email to fcc504@fcc.gov or call the Consumer and Governmental Affairs Bureau at (202) 418-0530.

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.

To allow the Commission to consider fully all substantive issues regarding the application in as timely and efficient a manner as possible, petitioners and commenters should raise all issues in their initial filings. New issues may not be raised in responses or replies.⁹ A party or interested person seeking to raise a new issue after the pleading cycle has closed must show good cause why it was not possible for it to have raised the issue previously. Submissions after the pleading cycle has closed that seek to raise new issues based on new facts or newly discovered facts should be filed within 15 days after such facts are discovered. Absent such a showing of good cause, any issues not timely raised may be disregarded by the Commission.

For further information, please contact Myrva Charles at (202) 418-1506 or Dennis Johnson at (202) 418-0809.

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⁹ See 47 CFR § 1.45(c).