**DA 23-47**

**Released: January 19, 2023**

**DOMESTIC SECTION 214 APPLICATION**

**GRANTED FOR THE TRANSFER OF CONTROL OF JAB WIRELESS, INC. AND ITS SUBSIDIARIES**

**TO LSTAR EQUITY COMPANY HOLDINGS, L.P.**

**WC Docket No. 22-422**

**DOMESTIC SECTION 214 APPLICATION**

**GRANTED FOR THE TRANSFER OF CONTROL OF JAB WIRELESS, INC. AND ITS SUBSIDIARIES TO GI DI IRIS ACQUISITION, INC.**

**WC Docket No. 22-230**

**SECTION 310(b)(4) PETITIONS FOR DECLARATORY RULING GRANTED**

**IB File Nos. ISP-PDR-20220610-00004 and ISP-PDR-20221208-00012**

By this Public Notice, the Wireline Competition Bureau (WCB) and the International Bureau (IB) grant, as conditioned below, two sets of applications and petitions for declaratory ruling regarding two separate transfers of control of JAB Wireless, Inc. (JAB Wireless) and its subsidiaries.

WCB grants an application filed by JAB Wireless, Skybeam, LLC (Skybeam), Essex Telcom, Inc. (Essex), and LStar Equity Company Holdings, L.P. (LStar Equity) (LStar Equity, together with JAB Wireless, Skybeam, and Essex, the LStar Equity 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 for the 2018 transfer of control that occurred when LStar Equity acquired a controlling interest in Skybeam and Essex (LStar Equity Transaction).[[1]](#footnote-3) The LStar Equity Applicants consummated the transaction on November 7, 2018 without prior Commission consent.[[2]](#footnote-4)

In addition, WCB grants an application filed by JAB Wireless, Skybeam, AirCanopy Internet Services, Inc. (AirCanopy), and Essex (Essex, together with Skybeam and AirCanopy, the Domestic 214 Authorization Holders), and GI DI Iris Acquisition Inc. (GI DI Iris Acquisition, together with JAB Wireless and the Domestic 214 Authorization Holders, the GI DI Iris Acquisition Applicants), pursuant to section 214 of the Act, and sections 63.03-04 of the Commission’s rules, requesting approval for the transfer of control of the Domestic 214 Authorization Holders to GI DI Iris Acquisition (GI DI Iris Acquisition Application).[[3]](#footnote-5)

IB grants two petitions for declaratory rulings related to the LStar Equity Transaction and the GI DI Iris Acquisition Application. First, IB grants a petition for declaratory ruling to permit foreign investment in JAB Wireless, the controlling U.S. parent of Digis, LLC, LP Broadband, Inc., Rhino Communications, Inc., Skybeam Acquisition Corporation, Skybeam, AirCanopy, and Essex (collectively, Wireless Licensees), above the 25% benchmarks in section 310(b)(4) of the Act,[[4]](#footnote-6) and section 1.5000(a)(1) of the Commission’s rules,[[5]](#footnote-7) resulting from the LStar Equity Transaction that closed in 2018 (LStar Equity Petition).[[6]](#footnote-8) Second, IB grants a petition for declaratory ruling to permit foreign investment in JAB Wireless, above the 25% benchmarks in section 310(b)(4) of the Act and section 1.5000(a)(1) of the Commission’s rules, in connection with the GI DI Iris Acquisition Application that was filed in 2022 (GI DI Iris Acquisition Petition).[[7]](#footnote-9)

On October 4, 2022, WCB and IB released a public notice seeking comments on the GI DI Iris Acquisition Application and GI DI Iris Acquisition Petition and did not receive any comments or petitions in opposition to them.[[8]](#footnote-10)

On December 14, 2022, WCB and IB released a public notice seeking comments on the 2018 LStar Equity Application and LStar Equity Petition and did not receive any comments or petitions in opposition to them.[[9]](#footnote-11)

**Domestic 214 Authorization Holders**

JAB Wireless, a Colorado corporation, does not itself provide telecommunications services.[[10]](#footnote-12) The Domestic 214 Authorization Holders are all U.S. entities and direct and indirect wholly owned subsidiaries of JAB Wireless and provide fixed wireless, fiber broadband, and digital voice services under the name, “Rise Broadband”, in Texas, Oklahoma, Missouri, Illinois, Indiana, Nebraska, Iowa, Kansas, Colorado, Wyoming, Idaho, Nevada, Utah, Minnesota, Wisconsin, and South Dakota.[[11]](#footnote-13) Skybeam received authorization for Rural Broadband Experiment (RBE) universal service funding support in several states in 2015 and 2016 and is designated as an Eligible Telecommunications Carrier (ETC) in Iowa, Kansas, Nebraska, and Texas.[[12]](#footnote-14) In Illinois, Skybeam assigned its RBE obligations to Essex, and Essex is designated as an ETC in Illinois.[[13]](#footnote-15) The GI DI Iris Acquisition Applicants state that Skybeam and Essex are the designated ETCs, and that AirCanopy is an affiliate providing service on behalf of Skybeam but is not a designated ETC receiving RBE support.[[14]](#footnote-16)

**Wireless Licensees**

The Wireless Licensees of JAB Wireless hold: (1) common carrier fixed point to-point microwave, private Microwave Industrial/Business Pool, Industrial/Business Pool (Conventional), Millimeter Wave 70-80-90 GHz, and 3650 – 3700 MHz (NN) radio services; (2) de facto (long term) 2.5 GHz spectrum leases; and (3) 6 GHz experimental licenses (Call Signs WL2XNE, WM2XJP and WM2XHL) (held by Skybeam).[[15]](#footnote-17) The Wireless Licensees collectively provide fixed wireless broadband services under the trade name “Rise Broadband” in Texas, Oklahoma, Missouri, Illinois, Indiana, Nebraska, Iowa, Kansas, Colorado, Wyoming, Idaho, Nevada, Utah, Minnesota, Wisconsin, and South Dakota.[[16]](#footnote-18) Rise Broadband offers high-speed internet and interconnected VoIP voice services via fixed wireless technology and fiber.[[17]](#footnote-19) JAB Wireless is the controlling U.S. parent of the Wireless Licensees.[[18]](#footnote-20)

**The 2018 LStar Equity Transaction (WC Docket No. 22-422)**

Pursuant to an agreement dated May 2, 2018, the LStar Equity Applicants agreed to a series of transactions whereby LStar Equity converted certain debt and/or non-voting preferred stock into preferred and/or common stock, resulting in LStar Equity holding an equity interest of 71.8% and a controlling 66.6% voting interest in JAB Wireless.[[19]](#footnote-21) The LStar Equity Applicants consummated the transaction on November 7, 2018 without prior Commission consent. Upon consummation of the transaction, Skybeam and Essex became wholly owned, indirect subsidiaries of LStar Equity.[[20]](#footnote-22)

As a result of the completion of the LStar Equity Transaction, LStar Equity, a Delaware limited partnership, is owned or controlled by LSF VIII International 2, L.P. (Fund VIII Int’l), a Delaware limited partnership (58% equity and voting), Lone Star Fund VIII (U.S.), L.P. (Fund VIII US), a Delaware limited partnership (40% equity and voting), and LSF VIII Investments, L.P., a Bermuda exempted limited partnership and employee co-investment vehicle (1.98% equity and voting).[[21]](#footnote-23) The sole general partner of LStar Equity is LStar Management LLC (LStar Management), a Delaware limited liability company (0% equity).[[22]](#footnote-24) Ownership and control of LStar Management is split equally between Fund VIII US and Lone Star Fund IX (U.S.), L.P. (Fund IX US), a Delaware limited partnership, with each having a membership interest of 50% in LStar Management.[[23]](#footnote-25) The sole general partner of Fund VIII Int’l and Fund VIII US is Lone Star Partners VIII, L.P. (Partners VIII), a Bermuda exempted limited partnership (1% indirect equity interest in LStar Equity).[[24]](#footnote-26) The sole general partner of Partners VIII is Lone Star Management Co. VIII, Ltd., a Bermuda exempted limited company (less than 1% equity in LStar Equity).[[25]](#footnote-27) The sole general partner of Fund IX US is Lone Star Partners IX, L.P. (Partners IX), a Bermuda exempted limited partnership (0% equity and 100% voting in LStar Equity).[[26]](#footnote-28) The sole general partner of Partners IX is Lone Star Management Co. IX, Ltd., a Bermuda exempted limited partnership (0% equity in LStar Equity).[[27]](#footnote-29) John P. Grayken, a citizen of Ireland, controls LStar Equity and owns 100% of the voting shares of Lone Star Management Co. VIII, Ltd. and Lone Star Management Co. IX, Ltd.[[28]](#footnote-30)

**The LStar Equity Petition for Declaratory Ruling (ISP-PDR-20221208-00012)**

On December 8, 2022, JAB Wireless and LStar Equity (together, the LStar Equity Petitioners) filed a remedial petition for declaratory ruling (the LStar Equity Petition) pursuant to section 310(b)(4) of the Act, and section 1.5000(a)(1), requesting that the Commission find that it would serve the public interest to permit foreign ownership of JAB Wireless, above the 25% benchmarks in section 310(b)(4). The remedial LStar Equity Petition was filed to report the foreign ownership that occurred as result of the consummation of the LStar Equity Transaction.

The LStar Equity Petitioners state that, as a result of the LStar Equity Transaction, LStar Equity holds a 71.8% equity interest and 66.6% voting interest in JAB Wireless, the controlling U.S. parent of the Wireless Licensees.[[29]](#footnote-31) According to the petition, the remaining 28.2% equity interest and 33.3% voting interest in JAB Wireless is held by other investors, each holding less than 10% interest in JAB Wireless.[[30]](#footnote-32) The LStar Equity Petitioners contend that the limited partnership interests in LStar Equity are fully insulated in accordance with section 1.5003 of the Commission’s rules.[[31]](#footnote-33)

As a result of the completion of the LStar Equity Transaction, LStar Equity is owned or controlled by Fund VIII Int’l (58% equity and voting) (Delaware), Fund VIII US (40% equity and voting) (Delaware), and LSF VIII Investments, L.P. (1.98% equity and voting) (Bermuda).[[32]](#footnote-34) LStar Management (Delaware), as the sole general partner of LStar Equity, holds 0% equity and 100% voting interest.[[33]](#footnote-35) LStar Management is owned and controlled equally by Fund VIII US (50% equity and voting) and Fund IX US (50% equity and voting) (Delaware).[[34]](#footnote-36) Partners VIII is the sole general partner of Fund VIII Int’l and Fund VIII US with 1% equity and 100% voting interests into JAB Wireless.[[35]](#footnote-37)

PSPIB-RE Finance Partners II Inc. (PSPIB), a Canadian entity, holds a 16% limited partner interest in Fund VIII International.[[36]](#footnote-38) The Public Sector Pension Investment Board, a Canadian entity, holds a 100% equity voting interest in PSPIB.[[37]](#footnote-39) According to LStar Equity Petitioners, no other foreign limited partner holds a direct or indirect voting or equity interest of greater than 5% into JAB Wireless that is not exempt from specific approval requirements.[[38]](#footnote-40) The LStar Equity Petitioners also state that, assuming the limited partnership interests are insulated, no foreign limited partner of Fund VIII US holds a direct or indirect voting or equity interest of greater than 5% into JAB Wireless that is not exempt from specific approval requirements.[[39]](#footnote-41)

Lone Star Management Co. VIII, Ltd. (Bermuda) is the sole general partner of Partners VIII (less than 1% equity, 100% voting).[[40]](#footnote-42) Partners IX (Bermuda) is the sole general partner of Fund IX US (0% equity, 100% voting).[[41]](#footnote-43)

Lone Star Management Co. IX, Ltd. (Bermuda) is the sole general partner of Partners IX (0% equity, 100% voting).[[42]](#footnote-44) John P. Grayken (Ireland) is the ultimate parent of LStar Equity and holds 100% equity and 100% voting interest in both Lone Star Management Co. VIII, Ltd. and Lone Star Management Co. IX, Ltd. and a less than 0.1% equity and 100% voting interest into JAB Wireless.[[43]](#footnote-45)

The Kintyre Trust, a Bermuda entity, holds 41% equity and voting interests in Partners VIII and 38% equity and voting interests in Partners IX.[[44]](#footnote-46) The trustee of the Kintyre Trust is Conyers Trust Company (Bermuda) Limited, which is ultimately owned for the benefit of the directors, partners and shareholders of Conyers, Dill & Pearman, all Bermuda entities.[[45]](#footnote-47)

The Kintyre Trust holds its interests in Partners VIII and Partners IX through its wholly owned subsidiaries Jura US and Jura Bermuda, and their subsidiaries the Jura GP Companies, all Bermuda entities.[[46]](#footnote-48) Jura US holds less than 0.1% equity and 31% voting interests in JAB Wireless.[[47]](#footnote-49) Jura Bermuda holds less than 0.1% equity and 13% voting interests into JAB Wireless.[[48]](#footnote-50) Jura GP Holdings I Ltd. holds less than 0.1% equity and 41% voting interests into JAB Wireless.[[49]](#footnote-51)

Pursuant to section 1.5001(h) of the rules,[[50]](#footnote-52) the LStar Equity Petitioners state that the aggregate foreign ownership of the controlling U.S. parent, JAB Wireless is at least 50% and request approval of up to an aggregate 100% indirect foreign ownership.[[51]](#footnote-53) Pursuant to section 1.5001(i) of the Commission’s rules,[[52]](#footnote-54) the LStar Equity Petitioners request specific approval of the following individual and entities:[[53]](#footnote-55)

John P. Grayken (less than 0.1% equity, 100% voting) (Ireland);

Lone Star Kintyre Trust Bermuda (less than 0.1% equity, 41% voting) (Bermuda);

Jura US Limited (less than 0.1% equity, 31% voting) (Bermuda);

Jura Limited Bermuda (less than 0.1%, 13% voting) (Bermuda);

Jura GP Holdings I Ltd (less than 0.1% equity, 6% voting) (Bermuda);

Conyers Trust Company (Bermuda) Limited (less than 0.1% equity, 41% voting) (Bermuda);

Conyers, Dill & Pearman (less than 0.1% equity, 41% voting) (Bermuda);

Lone Star Partners VIII, L.P. (0.3% equity, 100% voting) (Bermuda);

Lone Star Management Co VIII, Ltd. (less than 0.1% equity, 100% voting) (Bermuda);

Lone Star Partners IX, L.P. (less than 0.1% equity; 100% voting) (Bermuda);

Lone Star Management Co. IX, Ltd (less than 0.1% equity, 100% voting) (Bermuda),

PSPIB-RE Finance Partners II Inc. (6.7% equity, 16% voting) (Canada); and

Public Sector Pension Investment Board (6.7% equity, 16% voting) (Canada).

Given that the LStar Equity Transaction has already been consummated and that the proposed acquisition of JAB Wireless by GI DI Iris Acquisition will remove the LStar Equity ownership in JAB Wireless, the LStar Equity Petitioners do not seek advance approval pursuant to section 1.5001(k) of the Commission’s rules for any of the foreign interests related to the LStar Equity Transaction.[[54]](#footnote-56)

We received no comments regarding foreign ownership interests of the LStar Equity Petition. Based on our review of the record, under section 310(b)(4) of the Act and the Commission’s foreign ownership rules and policies, we find that the public intertest would not be served by prohibiting foreign ownership of JAB Wireless, the controlling U.S. parent, in excess of the 25% benchmarks in section 310(b)(4) of the Act. We, therefore, grant the LStar Equity Petition subject to the conditions set forth herein. This ruling authorizes 100% aggregate foreign ownership of JAB Wireless as the controlling U.S. parent of the Wireless Licensees, subject to the terms and conditions set forth in section 1.5004 of the Commission’s rules.[[55]](#footnote-57)

As discussed below, grant of the LStar Equity Petition is conditioned on the removal of the LStar Equity ownership interest through the acquisition of JAB Wireless by GI DI Iris Acquisition within fifteen (15) days of the release of this Public Notice. While the LStar Equity Petitioners continue to have an ownership interest in JAB Wireless and the Wireless Licensees, they have an affirmative duty to monitor their foreign equity and voting interests, calculate their interests consistent with the principles enunciated by the Commission, including the standards and criteria set forth in sections 1.5002 through 1.5003 of the rules,[[56]](#footnote-58) and otherwise ensure continuing compliance with the provisions of section 310(b) of the Act.[[57]](#footnote-59) Failure to comply and/or remain in compliance shall constitute grounds for declaring this ruling terminated without further action on the part of the Commission. Failure to meet a condition of this ruling may also result in monetary sanctions or other enforcement action by the Commission.

**The Proposed GI DI Iris Transaction (WC Docket No. 22-230)**

Pursuant to an agreement dated May 28, 2022, by and among GI DI Iris Acquisition, GI DI Iris Merger Sub Inc., a newly formed company created for the purpose of completing the transaction (Merger Sub), JAB Wireless, and LStar Equity Company Holdings, L.P., Merger Sub will merge with and into JAB Wireless with JAB Wireless being the surviving entity pursuant to the proposed transaction (GI DI Iris Acquisition Transaction).[[58]](#footnote-60) As a result of the proposed transaction, JAB Wireless will be a direct, wholly owned subsidiary of GI DI Iris Acquisition.[[59]](#footnote-61) Further, the Domestic 214 Authorization Holders and Wireless Licensees will be indirect wholly owned subsidiaries of GI DI Iris Acquisition.[[60]](#footnote-62)

GI DI Iris Acquisition, a newly formed Delaware limited liability company created for the purpose of completing this transaction, will be wholly owned by GI DI Intermediate Inc., a Delaware corporation that is wholly owned by GI DI Parent, LP (Iris Parent), a Delaware limited partnership.[[61]](#footnote-63)  GI DI Iris Holdings LP (Iris Holdings), a Delaware limited partnership, holds 99.5% equity and 100% voting interests in Iris Parent.[[62]](#footnote-64)  The 10% or greater equity holders of Iris Holdings are: (1) Iris Opportunity LP (Iris Opportunity), a Delaware limited partnership (32.8% equity, 0% voting), (2) GI Data Infrastructure Fund LP (GI DI Fund), a Delaware limited partnership (20.6% equity, 0% voting), and (3) GI Data Infrastructure Fund-A LP (GI DI Fund-A), a Delaware limited partnership (39.3% equity, 0% voting).[[63]](#footnote-65)  GI DI Iris GP LLC (Iris GP), a Delaware limited liability company, will be the general partner of Iris Holdings and Iris Opportunity (0% equity, 100% voting).[[64]](#footnote-66)  GI GP DI LP, a Delaware limited partnership, will be the general partner of GI DI Fund and GI DI Fund-A (0% equity, 100% voting).[[65]](#footnote-67)  GI GP DI LLC, a Delaware limited liability company, is the general partner of GI GP DI LP (0% equity, 100% voting) and the sole member and managing member of Iris GP (100% equity, 100% voting).[[66]](#footnote-68)  GI Manager L.P., a Delaware limited partnership, is the sole member of GI GP DI LLC (100% equity, 100% voting).[[67]](#footnote-69)  GI Manager Holdings LLC, a Delaware limited liability company, is the general partner of GI Manager L.P. (0% equity, 100% voting).[[68]](#footnote-70)  GI Manager LLC, a Delaware limited liability company, is the sole member of GI Manager Holdings LLC (100% equity, 100% voting).[[69]](#footnote-71)  GI Manager LLC is controlled by Richard Magnuson, a U.S. citizen, as trustee of the Magnuson Living Trust, a California trust that will be the managing member of GI Manager LLC.[[70]](#footnote-72) The only beneficiaries of the Magnuson Living Trust are Richard Magnuson, Allison Magnuson, Taylor Magnuson, and Scott Magnuson, who are all U.S. citizens.[[71]](#footnote-73)

**The GI DI Iris Acquisition Petition for Declaratory Ruling (ISP-PDR-20220610-00004)**

On June 10, 2022, JAB Wireless and GI DI Iris Acquisition (together, the GI DI Iris Acquisition Petitioners) filed a petition for declaratory ruling (the GI DI Iris Acquisition Petition) pursuant to section 310(b)(4) of the Act and section 1.5000(a)(1) of the Commission’s rules, asking the Commission to find that it would serve the public interest to permit post-transaction foreign ownership of JAB Wireless, the direct controlling U.S. parent of the Wireless Licensees.

Pursuant to the GI DI Iris Acquisition Transaction, Merger Sub will merge with and into JAB Wireless with JAB Wireless being the surviving entity.[[72]](#footnote-74) Upon consummation of the transaction, the Wireless Licensees will remain wholly-owned subsidiaries of Skybeam, which in turn will remain a wholly-owned subsidiary of JAB Wireless.[[73]](#footnote-75) JAB Wireless will be directly, wholly-owned by GI DI Iris Acquisition with Wireless Licensees becoming indirect, wholly-owned subsidiaries of GI DI Iris Acquisition.[[74]](#footnote-76)

As a result of the proposed transaction, GI DI Iris Acquisition, a Delaware limited liability company, will be wholly owned by GI DI Intermediate Inc., a Delaware corporation that is wholly owned by GI DI Iris Parent, a Delaware limited partnership.[[75]](#footnote-77)  Iris Holdings, a Delaware limited partnership, holds 99.5% equity and 100% voting interests in Iris Parent.[[76]](#footnote-78)  GI DI Iris GP LLC (Iris GP), a Delaware limited liability company, will be the general partner of Iris Holdings and Iris Opportunity (0% equity, 100% voting).[[77]](#footnote-79)  GI GP DI LP, a Delaware limited partnership, will be the general partner of GI DI Fund and GI DI Fund-A (0% equity, 100% voting).[[78]](#footnote-80)  GI GP DI LLC, a Delaware limited liability company, is the general partner of GI GP DI LP (0% equity, 100% voting) and the sole member and managing member of Iris GP (100% equity, 100% voting).[[79]](#footnote-81)  GI Manager L.P., a Delaware limited partnership, is the sole member of GI GP DI LLC (100% equity, 100% voting).[[80]](#footnote-82)  GI Manager Holdings LLC, a Delaware limited liability company, is the general partner of GI Manager L.P. (0% equity, 100% voting).[[81]](#footnote-83)  GI Manager LLC, a Delaware limited liability company, is the sole member of GI Manager Holdings LLC (100% equity, 100% voting).[[82]](#footnote-84)  GI Manager LLC is controlled by Richard Magnuson, a U.S. citizen, as trustee of the Magnuson Living Trust, a California trust that will be the managing member of GI Manager LLC.[[83]](#footnote-85) The only beneficiaries of the Magnuson Living Trust are Richard Magnuson, Allison Magnuson, Taylor Magnuson, and Scott Magnuson, who are all U.S. citizens.[[84]](#footnote-86)

The GI DI Iris Acquisition Petitioners assert that the consummation of the proposed transaction will result in approximately 68% aggregate indirect foreign ownership of GI DI Iris Acquisition, JAB Wireless, and Licensees.[[85]](#footnote-87) This foreign ownership will arise through foreign entities that are currently or are expected to hold insulated limited partnership interests in GI DI Fund-A LP (approximately 89.3% equity in the fund) and Iris Opportunity (up to 100% equity in the fund).[[86]](#footnote-88) Pursuant to section 1.5001(h) of the Commission’s rules,[[87]](#footnote-89) the GI DI Iris Acquisition Petitioners request up to 100% aggregate foreign ownership interest in the proposed controlling U.S. parent, JAB Wireless.[[88]](#footnote-90)

We received no comments regarding foreign ownership interests of the GI DI Iris Acquisition Petition. Based on our review of the record, under section 310(b)(4) of the Act and the Commission’s foreign ownership rules and policies, we find that the public intertest would not be served by prohibiting foreign ownership of JAB Wireless, the controlling U.S. parent, in excess of the 25% benchmarks in section 310(b)(4) of the Act. We, therefore, grant the GI DI Iris Acquisition Petition subject to the conditions set forth herein. This ruling authorizes 100% aggregate foreign ownership of JAB Wireless as the controlling U.S. parent of the Wireless Licensees, subject to the terms and conditions set forth in section 1.5004 of the Commission’s rules.[[89]](#footnote-91)

According to the GI DI Iris Acquisition Petition, upon consummation of the GI DI Iris Acquisition Transaction, no foreign individual or entity will hold a 5% or greater direct or indirect equity and/or voting interest in GI DI Iris Acquisition and Wireless Licensees.[[90]](#footnote-92) Therefore, the GI DI Iris Acquisition Petitioners do not request specific or advance approval for any foreign interest holder(s).[[91]](#footnote-93) We note that, pursuant to Section 1.5001 and 1.5004 of the Commission’s rules, GI DI Iris Acquisition Petitioner is required to seek and obtain Commission approval before any foreign individual, entity, or “group” acquires, directly and/or indirectly, more than 5% of JAB Wireless’ equity and/or voting interests, or a controlling interest, with the exception of any foreign individual, entity, or “group” that acquires an equity and/or voting interest of 10% or less, provided that the interest is exempt under 1.5001(i)(3) of the Commission’s rules.[[92]](#footnote-94)

Under this ruling, the GI DI Iris Acquisition Petitioners also have an affirmative duty to monitor their foreign equity and voting interests, calculate their interests consistent with the principles enunciated by the Commission, including the standards and criteria set forth in sections 1.5002 through 1.5003 of the Commission’s rules,[[93]](#footnote-95) and otherwise ensure continuing compliance with the provisions of section 310(b) of the Act.[[94]](#footnote-96) Failure to comply and/or remain in compliance with a condition of this authorization shall constitute grounds for declaring it terminated without further action on the part of the Commission. Failure to meet a condition of this ruling may also result in monetary sanctions or other enforcement action by the Commission.

**Executive Branch Review**

Under our rules and procedures, the Commission will generally refer petitions for section 310(b) foreign ownership rulings for common carrier wireless applicants and licensees and all the associated applications to the Executive Branch agencies (Agencies) for their views on any national security, law enforcement, foreign policy, or trade policy concerns related to the foreign ownership of the Applicants/Petitioners.[[95]](#footnote-97)

We did not formally refer either the LStar Equity Application and Petition or the GI DI Iris Acquisition Application and Petition to the Agencies.[[96]](#footnote-98) As the Applicants state, the foreign ownership at issue in the LStar Equity Transaction will be removed by the GI DI Iris Acquisition Transaction. Consequently, we found as a matter of discretion, that it would not be an efficient use of resources for the Agencies or the Commission to refer the Application and Petition in these circumstances.[[97]](#footnote-99) We also find that because the only reportable foreign ownership in JAB Wireless and its subsidiaries will be through wholly owned intermediate holding companies and the ultimate ownership and control is held by U.S. citizens or entities, the GI DI Iris Acquisition Application and Petition come within the exclusion from referral to the Executive Branch for national security, law enforcement, foreign policy and trade policy review and thus we did not refer them to the Agencies.[[98]](#footnote-100) The decision not to refer the LStar Equity Petition to the Agencies is contingent upon consummation of the GI DI Iris Acquisition Transaction within fifteen (15) days of the release of this Public Notice. We also require the GI DI Iris Acquisition Applicants and Petitioners to file a consummation notification within three (3) business days of the consummation of the GI DI Iris Acquisition Transaction. If the GI DI Iris Acquisition Applicants and Petitioners do not file a consummation notice within that time frame, the grant of the LStar Application and Petition as well as the GI DI Iris Acquisition Application and Petition shall be rescinded and will be null and void, and consistent with its regular practice, the Commission will refer the LStar Equity Application and Petition to the Agencies.[[99]](#footnote-101) We also retain authority to pursue enforcement action by the Commission for non-compliance with the Act or the Commission’s rules.

**Grant of Applications and Petitions for Declaratory Ruling**

We find, upon consideration of the record, that granting the domestic section 214 applications for the GI DI Iris Acquisition Transaction and the previous LStar Equity Transaction, which was consummated in 2018, will serve the public interest, convenience, and necessity,[[100]](#footnote-102) and will not impact the Domestic 214 Authorization Holders’ ability to meet RBE service, performance, and reporting obligations.[[101]](#footnote-103) The GI DI Iris Acquisition Applicants remain obligated to comply with all applicable RBE requirements,[[102]](#footnote-104) including offering voice services on a common carrier basis in each RBE-supported area.[[103]](#footnote-105)

We also find that the public interest would not be served by prohibiting the foreign ownership of JAB Wireless, the controlling U.S. parent (related to the LStar Equity Petition), and the post-transaction foreign ownership of JAB Wireless (related to the GI DI Iris Acquisition Petition) in excess of the 25% benchmarks in section 310(b)(4) of the Act. The LStar Equity Application and Petition and the GI DI Iris Acquisition Application and Petition, are granted as set out in this Public Notice.

Grant of the LStar Application and Petition as well as grant of the GI DI Iris Acquisition Application and Petition are conditioned on the consummation of the GI DI Iris Acquisition Transaction within fifteen (15) days of release of this Public Notice and the GI DI Iris Acquisition Applicants filing the consummation notice within three (3) days after consummation. A failure to comply with this condition will result in the recission of the grants which will be considered null and void.

Further, grant of the LStar Application and Petition and grant of the GI DI Iris Acquisition Application and Petition are without prejudice to any enforcement action by the Commission for non-compliance with the Act or the Commission’s rules and without prejudice to Commission action on other related, pending applications or petitions.

Pursuant to sections 4(i)-(j), 214(a), 214(c), 303(r) and 310(b) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i)-(j), 214(a), 214(c), 303(r), 310(b), and sections 1.5001-04, and 63.03-04 of the Commission’s rules, 47 CFR §§ 1.5001-04, 63.03-04, and pursuant to the authority delegated under sections 0.51, 0.91, 0.261, and 0.291 of the Commission’s rules, 47 CFR §§ 0.51, 0.91, 0.261, and 0.291, we grant the LStar Equity Application and GI DI Iris Acquisition Application, and the associated LStar Equity Petition and GI DI Iris Acquisition Petition, as conditioned in this Public Notice. Grant of this ruling is without prejudice to the Commission's action on any other related pending application(s) or petition(s).

Grant of the LStar Equity Application and Petition and the GI DI Iris Acquisition Application and Petition is CONDITIONED on the consummation of the GI DI Iris Acquisition Transaction within fifteen (15) days of release of this Public Notice and the filing of a consummation notice in WC Docket No. 22-230, WC Docket No. 22-422, ISP-PDR-20220610-00004 and ISP-PDR20221208-00012 within three (3) days after consummation. If this condition is not met, the grants of the LStar Equity Application and Petition and the GI DI Iris Acquisition Application and Petition shall be rescinded and will be null and void.

Pursuant to section 1.103 of the Commission’s rules, 47 CFR § 1.103, the consent granted herein is effective upon the release of this Public Notice. Petitions for reconsideration under section 1.106 or applications for review under section 1.115 of the Commission’s rules, 47 CFR §§ 1.106, 1.115, may be filed within 30 days of the date of this Public Notice.

For further information, please contact Gregory Kwan, Wireline Competition Bureau, (202) 418-1191 or Fara Mohsenikolour, International Bureau, (202) 418-1429.

**-FCC-**

1. *See* 47 U.S.C. § 214; 47 CFR §§ 63.03-04. Joint Application of JAB Wireless, Inc., Skybeam, Essex Telcom, Inc., and LStar Equity Company Holdings, L.P. for the Transfer of Control of Domestic Section 214 Authorization Under the Communications Act of 1934, as amended, WC Docket No. 22-422 (filed Dec. 2, 2022) (LStar Equity Application). On November 30, 2022, the LStar Equity Applicants filed a request for special temporary authority (STA) to address the unauthorized transfer of control. JAB Wireless, Inc., Skybeam, LLC, Essex Telcom, Inc. and LStar Equity Company Holdings, L.P., Request for Special Temporary Authority, WC Docket No. 22-422 (filed Nov. 30, 2022). On December 14, 2022, WCB granted the STA request to authorize the LStar Equity Applicants to continue providing service for 60 days pending approval of the domestic section 214 application. A grant of the domestic section 214 application is without prejudice to any enforcement action by the Commission for non-compliance with the Act or the Commission’s rules. Any action on the GI DI Iris Acquisition Application or the LStar Equity Application is without prejudice to Commission action on other related, pending applications. [↑](#footnote-ref-3)
2. LStar Equity Application at 3. The LStar Equity Applicants state that JAB Wireless, Skybeam, Essex, and other subsidiaries hold wireless licenses, including common carrier fixed point-to-point microwave licenses, and filed for and received approval to transfer the wireless licenses in order to consummate the LStar Equity Transaction. *Id*. at 4-6 (citing wireless transfer applications), 16. [↑](#footnote-ref-4)
3. *See* 47 U.S.C. § 214; 47 CFR §§ 63.03-04. Application for the Transfer of Control of JAB Wireless, Inc., Skybeam, AirCanopy Internet Services, Inc., and Essex Telcom, Inc., to GI DI Iris Acquisition Inc., WC Docket No 22-230 (filed Jun. 10, 2022) (GI DI Iris Acquisition Application). The GI DI Iris Acquisition Applicants also filed applications for the transfer of authorizations associated with wireless services. GI DI Iris Acquisition Application at 13. On July 1, 2022, November 16, 2022, December 6, 2022, and December 13, 2022, the GI DI Iris Acquisition Applicants filed supplements to the domestic section 214 application. Letter from Stephen E. Coran, Counsel to JAB Wireless, and Andrew D. Lipman, Counsel to GI DI Iris Acquisition Inc., to Marlene H. Dortch, Secretary, FCC, WC Docket No. 22-230 (filed July 1, 2022) (July 1, 2022 Supplement); Letter from JAB Wireless, Inc. and GI DI Iris Acquisition Inc. to Marlene H. Dortch, Secretary, FCC, WC Docket No. 22-230 (filed Nov. 16, 2022) (Nov. 16, 2022 Supplement); Letter from Stephen E. Coran, Counsel to JAB Wireless Inc., to Marlene H. Dortch, Secretary, FCC, WC Docket No. 22-230 (filed Dec. 6, 2022) (Dec. 6, 2022 Supplement); Letter from Stephen E. Coran, Counsel to JAB Wireless, Inc., and Andrew D. Lipman, Counsel to GI DI Iris Acquisition Inc., to Marlene H. Dortch, Secretary, FCC, WC Docket No. 22-230 (filed Dec. 13, 2022) (Dec. 13, 2022 Supplement). [↑](#footnote-ref-5)
4. 47 U.S.C. § 310(b)(4). [↑](#footnote-ref-6)
5. 47 CFR § 1.5000(a)(1). [↑](#footnote-ref-7)
6. JAB Wireless, et al., Petition for Declaratory Ruling Under Section 310(b)(4) of the Communications Act of 1934, as amended, IBFS File No. ISP-PDR-20221208-00012 (filed Dec. 8, 2022) (LStar Equity Petition). Petitioners to the LStar Equity Petition also filed a supplement on December 8, 2022. Letter from Stephen E. Coran, Counsel to the LStar Equity Petition, to Marlene H. Dortch, Secretary, FCC, (filed Dec. 8, 2022) (on file in IBFS File No. ISP-PDR-20221208-00012) (LStar Equity Petition Dec 8, 2022 Supplement). [↑](#footnote-ref-8)
7. JAB Wireless, et al., Petition for Declaratory Ruling Under Section 310(b)(4) of the Communications Act of 1934, as amended, IBFS File No. ISP-PDR-20220610-00004 (filed June 10, 2022) (GI DI Iris Acquisition Petition). Petitioners to the GI DI Iris Acquisition Petition filed supplements on July 8, 2022, July 29, 2022, August 25, 2022, September 28, 2022, November 16, 2022, and December 13, 2022. Letter from Stephen E. Coran, Counsel to JAB Wireless and Wireless Licensees, and Andrew D. Lipman, Counsel to GI DI Iris Acquisition, to Marlene H. Dortch, Secretary, FCC, (filed Jul. 8, 2022) (on file in IBFS File No. ISP-PDR-20220610-00004) (GI DI Iris Acquisition Petition Jul. 8, 2022 Supplement) (providing additional foreign ownership information); Letter from Stephen E. Coran, Counsel to JAB Wireless and Wireless Licensees, and Andrew D. Lipman, Counsel to GI DI Iris Acquisition, to Marlene H. Dortch, Secretary, FCC (filed Jul. 29, 2022) (on file in IBFS File No. ISP-PDR-20220610-00004) (GI DI Iris Acquisition Petition Jul. 29, 2022 Supplement) (adding information about insulated foreign limited partners and providing revised corporate ownership structure charts); Letter from Stephen E. Coran, Counsel to JAB Wireless and Wireless Licensees, and Andrew D. Lipman, Counsel to GI DI Iris Acquisition, to Marlene H. Dortch, Secretary, FCC (filed Aug. 25, 2022) (on file in IBFS File No. ISP-PDR-20220610-00004) (GI DI Iris Acquisition Petition Aug. 25, 2022 Supplement) (stating that Skybeam holds only Educational Broadcast Service (EBS) and QQ special temporary authority); Letter from Stephen E. Coran, Counsel to JAB Wireless and Wireless Licensees, and Andrew D. Lipman, Counsel to GI DI Iris Acquisition, to Marlene H. Dortch, Secretary, FCC (filed Sep. 28, 2022) (on file in IBFS File No. ISP-PDR-20220610-00004) (GI DI Iris Acquisition Petition Sep. 28, 2022 Supplement) (providing further explanation about the services provided by the Wireless Licensees); Letter from Stephen E. Coran, Counsel to JAB Wireless and Wireless Licensees, and Andrew D. Lipman, Counsel to GI DI Iris Acquisition, to Marlene H. Dortch, Secretary, FCC (filed Nov. 16, 2022) (on file in IBFS File No. ISP-PDR-20220610-00004) (GI DI Iris Acquisition Petition Nov. 16, 2022 Supplement) (providing information regarding their common carrier services and eligibility to receive RBE support); ); Letter from Stephen E. Coran, Counsel to JAB Wireless and Wireless Licensees, and Andrew D. Lipman, Counsel to GI DI Iris Acquisition, to Marlene H. Dortch, Secretary, FCC (filed Dec. 13, 2022) (on file in IBFS File No. ISP-PDR-20220610-00004) (GI DI Iris Acquisition Petition Dec. 13, 2022 Supplement) (providing additional information requested by the Commission). [↑](#footnote-ref-9)
8. *Domestic Section 214 Application Filed for the Transfer of Control of Skybeam, LLC and Affiliates to GI DI Iris Acquisition Inc*., WC Docket No. 22-230*; Section 310(b)(4) Petition for Declaratory Ruling,* IB File No. ISP-PDR-20220610-0004, Public Notice, DA 22-1062 (WCB/IB Oct. 4, 2022) (*Oct. 4, 2022 Public Notice*)*.* [↑](#footnote-ref-10)
9. *Domestic Section 214 Application Filed for the Transfer of Control of**Skybeam, LLC and Essex Telecom, Inc. to LStar Equity Company Holdings, L.P.*, *Section 310(b)(4) Petition for Declaratory Ruling*, WC Docket No. 22-422, IB File No. ISP-PDR-20221208-00012, Public Notice, DA 22-1320 (WCB/IB Dec. 14, 2022) (*Dec. 14, 2022 Public Notice*). [↑](#footnote-ref-11)
10. GI DI Iris Acquisition Application at 3, 14. [↑](#footnote-ref-12)
11. GI DI Iris Acquisition Application at 2-3, 11; LStar Equity Application at 3-4, 14-15. [↑](#footnote-ref-13)
12. GI DI Iris Acquisition Application at 2-3 and 11; LStar Equity Application at 3-4, 14-15; Nov. 16, 2022 Supplement at 1-5. *See* *Rural Broadband Experiment Support Authorized for Ten Winning Bids for Skybeam, LLC, et al.*, WC Docket Nos. 10-90, 14-259, Public Notice, 30 FCC Rcd 8283 (WCB 2015); *Rural Broadband Experiment Support Authorized for Skybeam, LLC, et al*., WC Docket Nos. 10-90, 14-259, Public Notice, 30 FCC Rcd 12725 (WCB 2015); *Rural Broadband Experiment Support Authorized for Skybeam, LLC*, WC Docket Nos. 10-90, 14-259, Public Notice, 31 FCC Rcd 100 (WCB 2016) (together, *RBE Public Notices*). [↑](#footnote-ref-14)
13. GI DI Iris Acquisition Application at 7-8; LStar Equity Application at 7-8. Entities must be designated as ETCs under section 214(e) of the Act, 47 U.S.C. § 214(e), to receive RBE funding. [↑](#footnote-ref-15)
14. GI DI Iris Acquisition Application at 3, 8, 11. *See Connect America Fund ETC Annual Reports and Certifications*, WC Docket No. 10-90, WT Docket No. 14-58, Report and Order and Notice of Proposed Rulemaking, 29 FCC Rcd 8769, 8778, 8788, paras. 22, 54 (2014)(*Rural Broadband Experiments Order*). The GI DI Iris Acquisition Applicants state that “[a]ll JAB Wireless-owned ETCs in areas eligible for RBE support have been offering voices services on a common carrier basis.” Nov. 16, 2022 Supplement at 3. See Connect America Fund et al., WC Docket No. 10-90 et al., Report and Order, 29 FCC Rcd 15644, 15668 n. 143 (2014); Rural Broadband Experiments – Frequently Asked Questions (FAQs), at <https://www.fcc.gov/general/rural-broadband-experiments> (explaining that “recipients of support in the rural broadband experiments, like all recipients of Connect America support, are free to meet their broadband public interest obligations through any affiliate within the holding company”). [↑](#footnote-ref-16)
15. LStar Equity Petition at 2. GI DI Iris Acquisition Petition at 1-2. [↑](#footnote-ref-17)
16. LStar Equity Petition at 8. GI DI Iris Acquisition Petition at 2. [↑](#footnote-ref-18)
17. LStar Equity Petition at 8. [↑](#footnote-ref-19)
18. LStar Equity Petition at 8. GI DI Iris Acquisition Petition at 2. [↑](#footnote-ref-20)
19. LStar Equity Application at 5 and Exh. A (Post-Transaction Ownership). The LStar Equity Applicants state that since closing of the LStar Equity Transaction, there have been minor adjustments in equity interests of Wireless Licensees that have not resulted in a change of controlling interests of 10% or more. *Id*. at n.11. [↑](#footnote-ref-21)
20. *Id*. at 14. [↑](#footnote-ref-22)
21. LStar Equity Application, Exh. A and Exh. B (describing ownership in Exh. A) at 21-22. [↑](#footnote-ref-23)
22. *Id*. at Exh. B at 23. [↑](#footnote-ref-24)
23. *Id*. [↑](#footnote-ref-25)
24. *Id*. at Exh. B at 23-24. [↑](#footnote-ref-26)
25. *Id*. at Exh. B at 24. [↑](#footnote-ref-27)
26. *Id*. [↑](#footnote-ref-28)
27. *Id*. [↑](#footnote-ref-29)
28. *Id*. at Exh. B at 24-25. Control of LSF VIII Investments, L.P. is vested in its sole general partner, HudCo GenPar VIII, LLC, a Delaware limited liability company, which is in turn controlled by the board of directors of Hudson Advisors L.P., a U.S. investment advisor. *Id*. at Exh. B at 1-2, 25. The LStar Equity Applicants state that LStar Equity does not hold a controlling interest in any domestic telecommunications carriers. *Id*. at Exh. B at 15. [↑](#footnote-ref-30)
29. LStar Equity Petition at 3, Exh. B. [↑](#footnote-ref-31)
30. *Id.* at Exh. A at 6; Exh. B. Petitioners state that “[t]he remaining 28% interest in JAB [Wireless] is currently held and was held following the full completion of the 2018 Transaction by other entities and individuals, including members of JAB [Wireless] management and other interest-holders that existed prior to the 2018 Transaction. None of these entities or individuals has or will have a 10% or greater interest in JAB [Wireless]. JAB [Wireless] does not believe that any such entities or individuals are foreign individuals or entities.” *Id*. at Exh. A at 6. [↑](#footnote-ref-32)
31. *Id.*at Exh. A at 6. [↑](#footnote-ref-33)
32. *Id.* at Exh. A at 8; LStar Equity Petition Dec. 8, 2022 Supplement, Exh. A at 8, Exh. B. [↑](#footnote-ref-34)
33. LStar Equity Petition Dec. 8, 2022 Supplement,Exh. A at 8, Exh. B. [↑](#footnote-ref-35)
34. *Id.* at Exh. A at 8-9, Exh. B [↑](#footnote-ref-36)
35. *Id.* at Exh. A at 6-10, Exh. B. [↑](#footnote-ref-37)
36. *Id.* at Exh. A at 6, Exh. B. [↑](#footnote-ref-38)
37. *Id.* at Exh. A at 6-7, Exh. B. [↑](#footnote-ref-39)
38. *Id.* at Exh. A at 6-7, Exh. B. [↑](#footnote-ref-40)
39. *Id.* at Exh. A at 8, Exh. B. [↑](#footnote-ref-41)
40. *Id.* at Exh. A at 15-16, Exh. B. [↑](#footnote-ref-42)
41. *Id.* at Exh. A at 10, Exh. B. [↑](#footnote-ref-43)
42. *Id.* at Exh. A at 15-16, Exh. B. [↑](#footnote-ref-44)
43. LStar Equity Petition at 4, 9; LStar Equity Petition Dec. 8, 2022 Supplement, Exh. A at 16, Exh. B. [↑](#footnote-ref-45)
44. LStar Equity Petition Dec. 8, 2022 Supplement, Exh. A at 11, Exh. B. The beneficiaries of the Kintyre Trust are charities and Mr. Grayken’s children and remoter issue. According to the LStar Equity Petitioners, it is not possible to ascribe any specific interest in the Kintyre Trust to any beneficiary. *Id.* atExh. A at 11-12, Exh. B. [↑](#footnote-ref-46)
45. *Id.* at Exh. A at 11-14, Exh. B. [↑](#footnote-ref-47)
46. *Id.* atExh. A at 11-14, Exh. B. [↑](#footnote-ref-48)
47. *Id.* at Exh. A at 17, Exh. B. [↑](#footnote-ref-49)
48. *Id.* atExh. A at 17, Exh. B. [↑](#footnote-ref-50)
49. *Id.* atExh. A at 17, Exh. B. [↑](#footnote-ref-51)
50. 47 CFR §1.5001(h). [↑](#footnote-ref-52)
51. LStar Equity Petition at 3; LStar Equity Petition Dec. 8, 2022 Supplement, Exh. A at 16. [↑](#footnote-ref-53)
52. 47 CFR §1.5001(i). [↑](#footnote-ref-54)
53. LStar Equity Petition, Exh. A at 10. LStar Equity Petitioners contend that the limited partners of five entities should be considered insulated pursuant to section 1.5003 of the Commission’s rules. The five entities are: (1) Fund VIII US, (2) Fund VIII International, (3) Fund IX US, (4) Partners VIII, and (5) Partners IX. LStar Petitioners further assert that such limited partners hold less than 10% equity or voting interest in LStar Equity. According to the LStar Equity Petition, the Limited Partnership Agreement for Fund VIII US prohibits limited partners from taking part in the management or operation of the business and from exercising any control of the business. LStar Equity Petitioners state that “[the Limited Partnership Agreement] does, however, include a single provision that allows removal of the general partner without cause by a 70% vote of the limited partners.” LStar Equity Petitioners make similar arguments with respect to Fund VIII International, Fund IX US, Partners VIII, and Partners IX. 47 CFR §1.5003; LStar Equity Petition at 11-14; LStar Equity Petition Dec. 8, 2022 Supplement at 1-2. Since the LStar Equity ownership in JAB Wireless will be removed once GI DI Iris Acquisition acquires JAB Wireless, which, as discussed below, is contingent upon the GI DI Iris Acquisition Transaction closing within fifteen (15) days of release of this Public Notice, we find that it is not necessary to make a determination on this request at this time. [↑](#footnote-ref-55)
54. 47 CFR §1.5001(k). [↑](#footnote-ref-56)
55. 47 CFR § 1.5004. [↑](#footnote-ref-57)
56. 47 CFR §§ 1.5002-1.5003. [↑](#footnote-ref-58)
57. 47 CFR § 1.5004, note to paragraph (a). [↑](#footnote-ref-59)
58. GI DI Iris Acquisition Petition at 3. [↑](#footnote-ref-60)
59. GI DI Iris Acquisition Application at Exh. A (Current and Post-Transaction Corporate Ownership Structure) at 3 and Exh. A (Post-Transaction Ownership Structure) at 1. GI DI Iris Acquisition does not provide telecommunications services. GI DI Iris Acquisition Application at 2. The GI DI Iris Acquisition Applicants state that GI DI Iris Acquisition is affiliated with the following providers of domestic telecommunications services through persons or entities that own or control a 10% or greater, direct or indirect, interest in GI DI Iris Acquisition, all U.S. entities: (1) Clarity Telecom, LLC, d/b/a Bluepeak (Bluepeak) provides competitive local exchange carrier (LEC) and/or interexchange services in Minnesota and South Dakota and also serves as an incumbent LEC in South Dakota. *Id.* at 11-12. The GI DI Iris Acquisition Applicants state that Bluepeak and Rise Broadband have certain minimal overlapping operations in approximately 40 zip codes in South Dakota, Minnesota, and Wyoming, and that there are other competitive providers in the areas, July 1, 2022 Supplement at 1; (2) Flexential Corp. provides collocation and other services in 15 states. GI DI Iris Acquisition Application at 12; (3) Single Digits, Inc. provides interconnected VoIP services in 27 states, the District of Columbia, and Puerto Rico, *Id*;(4) Blue Stream Communications LLC provides broadband, video, and interconnected VoIP services in Florida, *Id*;(5) ITS Telecommunications Systems, LLC (ITS) provides incumbent LEC services Florida, July 1, 2022 Supplement at 1-2. The GI DI Iris Acquisition Applicants state that because Rise Broadband does not operate in Florida, there is no overlap of services with ITS, and(6) ITS Fiber, LLC provides competitive LEC services in Marin County, Florida. GI DI Iris Acquisition Applicationat 12-13; July 1, 2022 Supplement at 1-2. [↑](#footnote-ref-61)
60. GI DI Iris Acquisition Application at Exh. A at 3-4. [↑](#footnote-ref-62)
61. *Id.* at Exh A at 3, Exh. B at 1-2. [↑](#footnote-ref-63)
62. *Id.* at Exh. A at 3, Exh. B at 2. [↑](#footnote-ref-64)
63. *Id.* at Exh. A at 4, Exh. B at 2-3. [↑](#footnote-ref-65)
64. *Id.* at Exh. A at 4, Exh. B at 3. [↑](#footnote-ref-66)
65. *Id.* [↑](#footnote-ref-67)
66. *Id.* Skybeam and Essex, which are ETCs receiving fixed RBE support, will be affiliated post-consummation with ITS, an incumbent LEC that did not elect to receive fixed, model-based support and receives cost-based universal service support. Dec. 13, 2022 Supplement at 1-2; GI DI Iris Acquisition Application at 12. In the *Hargray/ComSouth Order*, the Commission found that “the combination of two companies that receive high-cost universal service support under different mechanisms, one fixed and one cost-based, could result in potential harm to the Commission’s goal of ensuring that limited universal service resources are distributed efficiently and effectively” as a result of the companies having an incentive to shift costs from the fixed, model-based support company to the cost-based support company. *Joint Application of W. Mansfield Jennings Limited Partnership and Hargray Communications Group, Inc. for Consent to the Transfer of Control of ComSouth Corporation Pursuant to Section 214 of the Communications Act of 1934,* WC Docket 18-52, Memorandum Opinion and Order, 33 FCC Rcd 4780, 4784, para. 19 (2018) *(Hargray/ComSouth Order).* Although GI GP DI LLC is the general partner that will ultimately control Skybeam, Essex, and ITS, the GI DI Iris Acquisition Applicants assert that there is no ability to engage in improper cost shifting as a result of its affiliates receiving universal service support under different mechanisms*.* Dec. 13, 2022 Supplementat 1-3. The GI DI Iris Acquisition Applicants affirm that the Skybeam and ITS do not have common control, shared or common costs, or consolidation of corporate books. *Id.* at 2. The Applicants state that GI DI Iris Acquisition, which ultimately controls Skybeam, and GI Blue Stream Holdings II LP (Blue Stream), the entity that ultimately controls ITS, “have different ownership, which precludes any consolidation of management or accounts between the two entities.” *Id.* They further state that “[t]he fiduciary duties that GP owes to the limited partners in each of the two non-overlapping co-invest partnerships . . . would preclude it from shifting costs from one partnership’s investment onto the partnership that holds another investment. The transaction will therefore not have the type of common control that will implicate a mixed-support condition as envisioned in the *Hargray/ComSouth Order*.” *Id.*; *see Order on Reconsideration*, WC Docket No. 20-389, 36 FCC Rcd 8859, 8864, para. 14 (2021) (stating that WCB should continue to apply the Hargray/ComSouth condition to remedy a potential public interest harm caused by a mixed support transaction, including in transactions in which post-merger affiliates have common control, common costs, cost sharing, or consolidation of corporate books). In light of the separate management control, cost accounting, and financial reporting of Skybeam and Essex and ITS, as demonstrated on this record, we do not find a potential public interest harm associated with a mixed support transaction that needs to be addressed, and therefore exercise our authority to exclude the GI DI Iris Acquisition Applicants from the *Hargray/ComSouth* condition. We therefore grant the GI DI Iris Acquisition Application without applying the mixed support condition. [↑](#footnote-ref-68)
67. GI DI Iris Acquisition Application at Exh. A at 4, Exh. B at 3-4. [↑](#footnote-ref-69)
68. *Id*. [↑](#footnote-ref-70)
69. *Id.* [↑](#footnote-ref-71)
70. *Id.* [↑](#footnote-ref-72)
71. *Id.* at Exh. B at 4. [↑](#footnote-ref-73)
72. GI DI Iris Acquisition Petition at 3. [↑](#footnote-ref-74)
73. GI DI Iris Acquisition Petition at Exh. A at A-1. [↑](#footnote-ref-75)
74. *Id.*  [↑](#footnote-ref-76)
75. *Id.* at Exh. A at 3, Exh. B at 1-2. [↑](#footnote-ref-77)
76. *Id.* at Exh. A at 3, Exh. B at 2. The 10% or greater equity holders of Iris Holdings are: (1) Iris Opportunity LP (Iris Opportunity), a Delaware limited partnership (32.8% equity, 0% voting); (2) GI Data Infrastructure Fund LP (GI DI Fund), a Delaware limited partnership (20.6% equity, 0% voting); and (3) GI Data Infrastructure Fund-A LP (GI DI Fund-A), a Delaware limited partnership (39.3% equity, 0% voting). *Id.* atExh. A at 4, Exh. B at 2-3. [↑](#footnote-ref-78)
77. *Id.* at Exh. A at A-3, Exh. B at 4. [↑](#footnote-ref-79)
78. *Id.* [↑](#footnote-ref-80)
79. *Id*. [↑](#footnote-ref-81)
80. *Id.* at Exh. A at 3. [↑](#footnote-ref-82)
81. *Id*. [↑](#footnote-ref-83)
82. *Id.* [↑](#footnote-ref-84)
83. *Id.* [↑](#footnote-ref-85)
84. GI DI Iris Acquisition Application at Exh. B at 4. [↑](#footnote-ref-86)
85. GI DI Iris Acquisition Petition Jul. 8, 2022 Supplement at 2. [↑](#footnote-ref-87)
86. GI DI Iris Acquisition Petition Jul. 8, 2022 Supplement at 1. [↑](#footnote-ref-88)
87. 47 CFR §1.5001(h). [↑](#footnote-ref-89)
88. GI DI Iris Acquisition Petition at 1. [↑](#footnote-ref-90)
89. 47 CFR § 1.5004. A few of the terms and conditions set forth in section 1.5004 of the Commission’s rules are as follows: (1) where a previously unapproved foreign-organized entity is inserted into the vertical ownership chain of a licensee, or its controlling U.S.-organized parent, without prior Commission approval, the licensee shall file a letter to the attention of the Chief, International Bureau, within 30 days after the insertion of the new, foreign-organized entity; (2) a licensee that has received a foreign ownership ruling, including a U.S.-organized successor-in-interest to such licensee as part of a pro forma reorganization, or any subsidiary or affiliate relying on such licensee’s ruling, shall file a new petition for declaratory ruling under § 1.5000 to obtain Commission approval before its foreign ownership exceeds the routine terms and conditions of this section, and/or any specific terms of conditions of its rulings; and (3) if at any time the licensee, including any successor-in interest and any subsidiary or affiliate knows, or has reason to know, that it is no longer in compliance with its foreign ownership rulings or the Commission’s rules relating to foreign ownership, it shall file a statement with the Commission explaining the circumstances within 30 days of the date it knew, or had reason to know, that it was no longer in compliance. *Id*. [↑](#footnote-ref-91)
90. GI DI Iris Acquisition Petition at 8; 47 CFR § 1.5002. [↑](#footnote-ref-92)
91. 47 CFR § 1.5001(i); 47 CFR § 1.5001(k). [↑](#footnote-ref-93)
92. 47 CFR §§ 1.5001, 1.5004. Section 1.5004(a)(1) states that a “‘100 percent aggregate allowance’ is subject to the requirement that the licensee seek and obtain Commission approval before any foreign individual, entity, or ‘group’ not previously approved acquires, directly and/or indirectly, more than 5 percent of the U.S. parent’s outstanding capital stock (equity) and/or voting stock, or a controlling interest, with the exception of any foreign individual, entity, or ‘group’ that acquires an equity and/or voting interest of 10 percent or less, provided that the interest is exempt under § 1.5001(i)(3).” 47 CFR § 1.5004. [↑](#footnote-ref-94)
93. 47 CFR §§ 1.5002-1.5003. [↑](#footnote-ref-95)
94. 47 CFR § 1.5004, note to paragraph (a). [↑](#footnote-ref-96)
95. *See 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, para. 24 (2020) (*Executive Branch Review Process Order*); 47 CFR § 1.40001(a)(1). [↑](#footnote-ref-97)
96. Although we did not formally refer the Applications and Petitions, per standard practice, we provided a courtesy copy of the public notices to the Agencies. *Oct. 4, 2022 Public Notice* at 4-5; *Dec. 14, 2022 Public Notice* at 9. *See Executive Branch Review Process Order,* 35 FCC Rcd at 10939, para 30, n.81. [↑](#footnote-ref-98)
97. *Dec. 14, 2022 Public Notice* at 9. [↑](#footnote-ref-99)
98. *Oct. 4, 2022 Public Notice* at 4-5. *See Executive Branch Review Process Order*, 35 FCC Rcd at 10938-39, paras. 30, 32. [↑](#footnote-ref-100)
99. *Executive Branch Review Process Order*, 35 FCC Rcd at 10934-36, paras 17, 24; 47 CFR § 1.40001(a)(1). [↑](#footnote-ref-101)
100. *See* 47 U.S.C. § 214(a); 47 CFR § 63.03. *See, e.g., Applications of Level 3 Communications, Inc. and CenturyLink, Inc. for Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 32 FCC Rcd 9581, 9594, 9605, paras. 26 and 52 (2017) (finding no harm to competition in CenturyLink’s incumbent LEC territory, nor outside of CenturyLink’s incumbent LEC territory, where applicants operate as competitive LECs, and further finding that the transaction “will expand the on-net reach of the newly combined firm resulting in a more effective and stronger competitor against larger cable and incumbent LEC competitors, among others, particularly outside of Century Link's incumbent LEC region, where it, like Level 3, operates as a competitive LEC.”).  [↑](#footnote-ref-102)
101. *See* GI DI Iris Acquisition Application at 4, 6-7. [↑](#footnote-ref-103)
102. *See RBE Public Notices*; November Supplement at 4 and Attach. (Nov. 15, 2022 Verification of David A. Smolen, Secretary of GI DI Iris Acquisition Inc. (stating that to the extent Skybeam, Essex, and /or their affiliate AirCanopy do not comply with RBE obligations, GI DI Iris Acquisition Inc. understands that the Commission can seek support recovery from GI DI Iris Acquisition Inc., and that it will ensure that they meet all RBE obligations)). [↑](#footnote-ref-104)
103. 47 U.S.C. § 214(e); 47 CFR § 54.101. [↑](#footnote-ref-105)