



# PUBLIC NOTICE

**Federal Communications Commission**  
**45 L St., N.E.**  
**Washington, D.C. 20554**

News Media Information 202 / 418-0500  
Internet: <http://www.fcc.gov>

**DA 24-470**  
**Released: May 16, 2024**

## **DOMESTIC SECTION 214 APPLICATION FILED FOR THE TRANSFER OF CONTROL OF 123.NET, INC. TO 123NET HOLDINGS, LLC**

### **STREAMLINED PLEADING CYCLE ESTABLISHED**

**WC Docket No. 24-129**

**Comments Due: May 30, 2024**  
**Reply Comments Due: June 6, 2024**

By this Public Notice, the Wireline Competition Bureau (Bureau) seeks comment from interested parties on an application filed by 123.Net, Inc. (123.Net or Transferor) and 123Net Holdings, LLC (123Net Holdings or Transferee) (Transferor and Transferee collectively, the Applicants), pursuant to section 214(a) of the Communications Act of 1934, as amended, and sections 63.03-04 of the Commission's rules,<sup>1</sup> requesting approval for the transfer of control of 123.Net, which holds domestic and international Section 214 authority, to 123Net Holdings.<sup>2</sup>

123.Net, a Michigan corporation, is a network and data center services company that provides voice, data, and fiber Internet services to business and residential customers in Michigan.<sup>3</sup> 123.Net also offers Voice over Internet Protocol (VoIP) and unregulated communications services in Michigan, Illinois, Indiana, Kentucky, and Ohio.<sup>4</sup> 123.Net's 10% or greater owners are Dan Irvin (58.33%) and Ryan Duda (31.67%), both U.S. citizens.<sup>5</sup>

123Net Holdings, LLC, a Delaware limited liability company, is a direct, wholly-owned subsidiary of GCOF IV 123Net Aggregator, L.P. (GCO Fund IV),<sup>6</sup> a Delaware investment fund comprised of passive financial investors managed by GCOF IV Management, L.P. (GCOF IV

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<sup>1</sup> See 47 U.S.C. § 214(a); 47 CFR §§ 63.03-04.

<sup>2</sup> Application Filed for the Transfer of Control of 123.Net, Inc. to 123Net Holdings, LLC, pursuant to Section 214 of the Communications Act of 1934, as Amended, WC Docket No. 24-129 (filed Apr. 25, 2024) (Application). Applicants also filed an application for the transfer of authorizations associated with international and wireless services. Any action on this domestic section 214 application is without prejudice to Commission action on other related, pending applications.

<sup>3</sup> Application at 2.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.* at 12-13, Exh. B.

<sup>6</sup> *Id.* at 2, Exh. B.

Management).<sup>7</sup> GCOF IV Management, a Delaware entity, is, in turn, a wholly-owned subsidiary of Grain Management, LLC (Grain Management), a U.S. private equity entity, which invests in and manages communications businesses in North America and South America.<sup>8</sup> Grain Management is ultimately controlled by David Grain, a U.S. citizen and founder and owner of Grain Management.<sup>9</sup> There are no additional individuals or entities that own or control, directly or indirectly, a 10 percent or greater equity or voting interest in 123Net Holdings.<sup>10</sup>

Pursuant to the terms of the proposed transaction, 123Net Holdings will purchase the majority of the equity interests in 123.Net Intermediate, LLC (65%) (123.Net Intermediate), a Delaware limited liability company that will be created specifically for the purposes of the proposed transaction and that will hold all of the outstanding equity interests of 123.Net.<sup>11</sup> Applicants note that the current 10% or greater owners of 123Net, Inc. will hold the remaining interest in 123.Net Intermediate (35%) through 123.Net Carryover Member, Inc., a Delaware holding company created for purposes of the proposed transaction.<sup>12</sup> Applicants explain that as a result of the proposed transaction, 123.Net will become an indirect subsidiary of 123Net Holdings, which itself is an indirect subsidiary of GCO Fund IV, which in

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<sup>7</sup> Application at 2, 13-17, Exh. B. Applicants state that the limited partnership interests in GCO Fund IV are directly held by the following passive financial investors: Grain Communications Opportunity Fund IV-A, L.P. (GCOF IV-A) (66%) and GCOF IV 123Net Blocker, LLC (GCOF IV Blocker) (32.8%). *Id.* at 16-17. Three entities have a 10% or greater equity interest in GCOF IV-A: California Public Employees' Retirement System (24.5%), State of Connecticut (18.4%), and District of Columbia Retirement Board (12.2%). *Id.* Grain Communications Opportunity Fund IV-C, L.P. (GCOF Fund IV-C) holds a 92.5% equity interest in GCOF IV Blocker. *Id.* at 17. GCOF IV GP, L.P. is the general partner of GCOF Fund IV, GCOF Fund IV-A, GCOF IV Blocker, and GCOF Fund IV-C. GCOF IV Management, L.P. is the manager of GCOF Fund IV-A and GCOF Fund IV-C. *Id.* at 18.

<sup>8</sup> *Id.* at 2-3, 13-16, Exh. B. Grain Management also manages and controls the following entities authorized to provide telecommunications services: Spectrotel Services, LLC, which, through various operating subsidiaries, provides telecommunications services in every state (including Washington, D.C.), except for Alaska and Hawaii; Great Plains Communications LLC, Great Plains Communications Long Distance LLC, and Great Plains Broadband LLC, which provide telecommunications services in Colorado, Kansas, Nebraska, and South Dakota; InterCarrier Networks, LLC, which provides telecommunications services in Illinois, Indiana, and Kentucky; Miles Communications, LLC, Sunman Telecommunications, LLC, and Sunman Telecommunications Long Distance, LLC, which provide telecommunications services in Indiana; E. Ritter Telephone Company, LLC and Tri-County Telephone Company, LLC, which provide telecommunications services in Arkansas; Millington Telephone Company, LLC, which provides telecommunications services in Tennessee; E. Ritter Communications, LLC, which provides telecommunications services in Arkansas, Tennessee, and Texas; Orlando Telephone Company, Inc. (d/b/a Summit Broadband), which provides telecommunications services in Florida; and Hunter Communications and Technologies LLC, which provides telecommunications services in California, Oregon, and Washington. *Id.* at 3-4. Grain Management also manages a fund that owns a controlling interest in Quintillion Subsea Operation, LLC, which holds a submarine cable landing license. *Id.* at 4.

<sup>9</sup> *Id.* at 3, Exh. B. Although Grain Management does not hold a 10% or greater equity or voting interest in GCO Fund IV, the sole general partner of its passive investors, GCOF IV GP, L.P. (GCOF IV GP), a Delaware investment fund, is ultimately controlled by David J. Grain. *Id.* at 13, 16-19 (explaining that control of GCOF IV GP resides in its general partner, Grain Capital UGP, LLC; the sole shareholder of GCOF IV GP and sole member of Grain Capital UGP, LLC is Grain Capital II, LLC, which is wholly held by Grain Capital, LLC, which in turn, is wholly held by David Grain).

<sup>10</sup> *Id.* at 19.

<sup>11</sup> *Id.* at 4, Exh. B.

<sup>12</sup> *Id.* at 12-13, Exh. B.

turn is owned by investment funds ultimately controlled by David Grain.<sup>13</sup> As part of the proposed transaction, Applicants explain that 123.Net will convert from a corporation to a limited liability company prior to closing.<sup>14</sup> Applicants assert that there will be no service area overlap between the facilities-based telecommunications services provided by 123.Net and any of 123Net Holdings' affiliates.<sup>15</sup>

Applicants request streamlined treatment of the proposed transaction under the Commission's rules and assert that a grant of the application would serve the public interest, convenience, and necessity.<sup>16</sup> We accept the Application for streamlined processing under section 63.03(b)(2)(iii) of the Commission's rules.<sup>17</sup>

Domestic Section 214 Application Filed for the Transfer of Control of  
123.Net, Inc. to 123Net Holdings, LLC, WC Docket No. 24-129 (filed Apr. 25, 2024).

### **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 May 30, 2024**, and reply comments **on or before June 6, 2024**. 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) Tracey Wilson, Competition Policy Division, Wireline Competition Bureau, [tracey.wilson@fcc.gov](mailto:tracey.wilson@fcc.gov);
- 2) Megan Danner, Competition Policy Division, Wireline Competition Bureau, [megan.danner@fcc.gov](mailto:megan.danner@fcc.gov);
- 3) David Krech, Office of International Affairs, [david.krech@fcc.gov](mailto:david.krech@fcc.gov);
- 4) Nadja Sodos-Wallace, Broadband Division, Wireless Telecommunications Bureau, [nadja.sodoswallace@fcc.gov](mailto:nadja.sodoswallace@fcc.gov); and
- 5) Jim Bird, Office of General Counsel, [jim.bird@fcc.gov](mailto:jim.bird@fcc.gov).

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<sup>13</sup> *Id.* at 5, Exh. B.

<sup>14</sup> *Id.* at 5.

<sup>15</sup> *Id.* at 6.

<sup>16</sup> *Id.* at 23-24.

<sup>17</sup> 47 CFR § 63.03(b)(2)(iii).

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](mailto: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.<sup>18</sup> 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 Megan Danner at (202) 418-1151.

**FCC**

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<sup>18</sup> See 47 CFR § 1.45(c).