



# PUBLIC NOTICE

FEDERAL COMMUNICATIONS COMMISSION  
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**Report No. TEL-00849NS**

**Thursday November 4, 2004**

## **NON STREAMLINED INTERNATIONAL APPLICATIONS ACCEPTED FOR FILING**

**Section 214 Applications (47 C.F.R. § 63.18); Cable Landing License Applications (47 C.F.R. § 1.767); Authorize Switched Services over Private Lines (47 C.F.R. § 63.16) and Section 310(b)(4)**

Unless otherwise specified, the following procedures apply to the applications listed below:

The applications listed below have been found, upon initial review, to be acceptable for filing. These applications are not subject to the streamlined processing procedures set forth in Section 63.12 of the Commission's rules, 47 C.F.R. § 63.12. These applications shall not be deemed granted until the Commission affirmatively acts upon the application, either by public notice or by written order. Operation for which authorization is sought may not commence except in accordance with any terms or conditions imposed by the Commission.

Unless otherwise specified, interested parties may file comments with respect to these applications within 28 days of the date of this public notice. We request that such comments refer to the application file number shown below. Ex parte communications between outside parties and Commission staff concerning these applications are permitted subject to the Commission's rules for "permit-but-disclose proceedings." See 47 C.F.R. § 1.1206.

Copies of all applications listed here are available for public inspection in the FCC Office of Public Affairs Reference and Information Center, located in room CY-A257 at the Portals 2 building, 445 12th Street SW, Washington DC 20554. The center can be contacted at (202) 418-0270. All applications listed are subject to further consideration and review, and may be returned and/or dismissed if not found to be in accordance with the Commission's rules, regulations, and other requirements.

## Petition for Declaratory Ruling

Paradise MergerSub, Inc. ("Paradise MergerSub" or "Petitioner") requests a declaratory ruling that the public interest would not be served by prohibiting indirect foreign ownership of Verizon Hawaii, Inc. in excess of the 25 percent benchmark under Section 310(b)(4) of the Communications Act, as amended. This petition is filed in connection with Paradise MergerSub's planned acquisition of Verizon Hawaii, Inc., a common carrier licensee. See Public Notice, Rep. No. 1921 (rel. Aug. 25, 2004) (grant of wireless transfer of control application); Public Notice, DA 04-2541 (rel. Aug. 17, 2004) (grant of domestic Section 214 transfer of control application); Public Notice, DA 04-2520 (rel. Aug. 12, 2004) (grant of international Section 214 assignment applications).

According to the petition, Paradise MergerSub is a Delaware corporation that is wholly owned by Paradise HoldCo, Inc. ("Paradise HoldCo"), also a Delaware corporation. At closing, 100 percent of the ownership interests in Paradise HoldCo would be held collectively by investment funds associated with The Carlyle Group. These funds are as follows: Carlyle Partners III Hawaii, L.P. ("CP III Hawaii"), Carlyle Partners III Hawaii A, L.P. ("CP III Hawaii A"), Carlyle Hawaii Partners, L.P. ("CHP") and, depending on the response of equity markets near the time of closing, Carlyle Hawaii Partners II, L.P. ("CHP II") (collectively, the "Carlyle Partnerships").

Each of the Carlyle Partnerships is formed under the laws of Delaware, and each is controlled by a sole general partner, TC Group III, L.P., also a Delaware limited partnership. The petitions states that TC Group III, L.P. has a negligible equity interest in each of the partnerships (at most 0.10 percent), which has been rounded down to 0 percent equity for purposes of the petition's foreign ownership analysis. TC Group III, L.P., in turn, is controlled by its sole general partner, TC Group III, L.L.C., a Delaware limited liability company. TC Group III, L.P. also has one limited partner, a U.S. citizen. The sole member of TC Group III, L.L.C. is TC Group, L.L.C. The sole managing member of TC Group, L.L.C. is TCG Holdings, L.L.C. ("TCG Holdings"), which is organized under Delaware law and is headquartered in Washington, D.C. TCG Holdings, in turn, is managed by a committee comprised of three managing members, each of whom is a U.S. citizen. Thirty non-managing members hold equity interests in TCG Holdings, twenty-six of whom are U.S. citizens. The remaining non-managing members are citizens of WTO Member countries who hold, in the aggregate, less than 2.20 percent of the equity interests in TCG Holdings.

The Petitioner requests a ruling that the public interest would not be served by prohibiting up to and including 45 percent indirect equity interests and 47.20 percent indirect voting interests in Paradise MergerSub by the Carlyle Partnerships, including up to approximately 2.20 percent indirect and voting interests by entities with their principal places of business in non-WTO Member countries or by individuals who are citizens of non-WTO Member countries. The Petitioner also requests that the Commission provide it with the flexibility for any individual investor from the United States or a WTO Member country to increase its indirect equity interest in Paradise MergerSub up to approximately 9.99 percent (with total non-WTO ownership not to exceed an aggregate 2.20 percent).

According to the petition, the foreign limited partners of the Carlyle Partnerships are all insulated in accordance with Commission insulation criteria, and have no authority over the day-to-day management of their partnership, nor over Paradise MergerSub or its operations of Verizon Hawaii. The petition states the foreign limited partners hold equity and voting interests in the Carlyle Partnerships as follows: (1) CP III Hawaii - limited partners from the WTO Member countries (42.11% equity and voting interests), and from non-WTO Member countries (2.28% equity and voting interests); (2) CP III Hawaii A - limited partners from WTO Member countries (4.5% equity and voting interests), and from a non-WTO Member country (.08% equity and voting interests); and (3) CHP - no foreign equity or voting interests.

The Petitioner represents that, if CHP II does participate in the proposed transaction, it would hold no more than a 35.71 percent interest in Paradise MergerSub, and foreign investment in CHP II would be subject to the following restrictions: (1) all limited partners would be insulated in accordance with the Commission's insulation criteria, (2) no entity, including entities that already hold limited partnership interests, will hold 10 percent or more of the total ownership interests in Paradise MergerSub, aggregating ownership interests across the Carlyle Partnerships, (3) there will be no non-WTO Member country investment in CHP II, and (4) the total, indirect, attributable foreign ownership in Paradise MergerSub from the Carlyle Partnerships, including any additional foreign equity arising through CHP II, will be capped at 45 percent indirect equity and 47.20 percent indirect voting interests. (The petition calculates an additional 2.20 percent foreign voting interests attributable to the foreign, non-managing members of TCG Holdings, all of whom are from WTO Member countries.)

The Petitioner contends that, pursuant to the rules and policies established in the Commission's Foreign Participation Order, 12 FCC Rcd 23891 (1997), Order on Reconsideration, 15 FCC Rcd 18158 (2000), the Carlyle Partnerships have their principal places of business in the United States or in WTO Member countries, and that the indirect foreign ownership of Paradise MergerSub in excess of the 25 percent benchmark is consistent with the public interest.

**REMINDER:**

Applicants must certify that neither the applicant nor any party to the application is subject to a denial of federal benefits by federal and/or state courts under authority granted in 21 U.S.C. § 862. See 47 C.F.R. §§ 1.2001–.2003.

A current version of Section 63.09-.24 of the rules, and other related sections, is available at <http://www.fcc.gov/ib/td/pf/telecomrules.html>