



# PUBLIC NOTICE

FEDERAL COMMUNICATIONS COMMISSION  
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**Report No. TEL-01627NS**

**Thursday July 25, 2013**

## **Non Streamlined International Applications/Petitions Accepted For Filing**

### **Section 214 Applications (47 C.F.R. § 63.18); 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. No application listed below shall be granted by the Commission earlier than the day after the date specified in this public notice for the filing of comments.

Unless otherwise specified, 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 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. People with Disabilities: To request materials in accessible formats for people with disabilities (braille, large print, electronic files, audio format), send an e-mail to [fcc504@fcc.gov](mailto:fcc504@fcc.gov) or call the Consumer & Governmental Affairs Bureau at 202-418-0530 (voice), 202-418-0432 (tty). 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

BFI Licenses, LLC ("BFI" or the "Petitioner") filed a petition for declaratory ruling ("Petition") asking the Commission to allow BFI to exceed the 25 percent foreign ownership benchmark set forth in section 310(b)(4) of the Communications Act of 1934, as amended (the "Act"). BFI states that it holds numerous FCC licenses, including licenses classified as common carrier in the fixed point-to-point microwave and local television transmission services, as well as several common carrier fixed-satellite service earth stations. The Petition is being filed in connection with the proposed exercise of warrants that would increase the foreign ownership of BFI's indirect, controlling U.S.-organized parent company above 25 percent.

BFI is a Delaware limited liability company. BFI is and will remain a wholly-owned subsidiary of Encompass Digital Media, Inc. ("Encompass"), a Delaware corporation which is, in turn, wholly owned by Encompass Digital Media Group, Inc. ("EDMG"), another Delaware corporation. Petitioner states that CSC Encompass Holdings, LLC ("CSC Holdings"), a Delaware limited liability company, holds a controlling, 84.62% equity and voting interest in EDMG. CSC Holdings is an investment holding company managed by investment professionals at Court Square Capital Partners ("Court Square"), a New York private equity firm. The remaining 15.38% of EDMG is owned by individual investors and managers, almost all of whom are U.S. citizens and none of whom holds a greater than 10% interest in EDMG.

The sole managing member of CSC Holdings is Court Square Capital GP, LLC (the "GP"), a Delaware limited liability company which has the exclusive right to vote CSC Holdings' controlling interest in EDMG. The GP is owned and controlled by the investment professionals at Court Square, each of whom is a U.S. citizen. No member of GP holds a 10% or greater interest in EDMG. The GP is managed and controlled by a Board of Managers ("Board"), comprised of U.S. individuals who will continue to serve on the Board so long as they remain investment professionals at Court Square. Decisions of the Board, including designation of replacement members, are made by majority vote.

The GP is also the sole general partner of two Court Square managed investment funds - Court Square Capital Partners II, L.P. ("CSC Fund II") and Court Square Capital Partners (Executive) II, L.P. ("CSC Executive II") - both of which are organized in Delaware and together hold 94.53% of CSC Holdings' equity interests. MIHI, LLC ("MIHI"), a Delaware limited liability company, holds 5.46% equity interest in CSC Holdings. Upon conversion of warrants issued to two additional Court Square managed funds - Court Square Capital Partners (Offshore) II, L.P. ("CSC Offshore II"), organized in the Cayman Islands, and Court Square Capital Partners II-A, L.P. ("CSC Fund II-A"), organized in Delaware - investment fund equity in CSC Holdings will be held approximately as follows: CSC Offshore II (24.58%); CSC Fund II-A (15.49%); CSC Fund II (55.58%); CSC Executive II (1.06%); and MIHI (3.27%). Petitioner states that all fund investors are strictly passive, with no right to vote or otherwise participate in the management of the respective fund.

The Petitioner calculates that, as a result of foreign equity interests held in the Court Square funds (and treating all equity investment in MIHI as foreign, because it is unidentifiable), foreign equity ownership of CSC Holdings upon conversion of the warrants would be 49.30%, representing a 41.72% foreign equity interest and a 49.30% foreign voting interest in BFI's indirect controlling U.S. parent, EDMG. Petitioner states that an additional 2.33% of EDMG's equity and voting interests are and would continue to be held directly in EDMG by foreign individuals, resulting in total foreign equity and voting interests held directly and indirectly (through CSC Holdings) in EDMG of 44.05% and 51.63%, respectively. Petitioner provides information to demonstrate that all direct and indirect equity and voting interests in EDMG are properly ascribed to the United States and other World Trade Organization ("WTO") Member countries. The Petitioner asserts that allowing the widely dispersed, insulated, indirect, non-controlling foreign investment described in its Petition is consistent with the public interest standard of section 310(b)(4) of the Act.

The Commission has adopted new rules applicable to foreign ownership of common carrier and certain aeronautical radio station applicants, licensees, and spectrum lessees pursuant to section 310(b) of the Act. See Foreign Ownership Second Report and Order, FCC 13-50, 28 FCC Rcd 5741 (2013). The new rules will become effective August 9, 2013, see 78 Fed. Reg. 41314 (July 10, 2013). The Commission will apply the new rules in acting on the Petition.

Interested parties may file comments on or before August 8, 2013, and reply comments on or before August 15, 2013.

**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.

An updated version of Section 63.09-.25 of the rules, and other related sections, is available at <http://www.fcc.gov/ib/pd/pf/telecomrules.html>