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2010 JUN 30 PM 1:34
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Docket No. 10-00089

DA 10-1191
Released: June 28, 2010

DOMESTIC SECTION 214 APPLICATIONS FILED FOR THE TRANSFER OF CONTROL OF DSLNET COMMUNICATIONS, LLC AND DSLNET COMMUNICATIONS VIRGINIA, INC. AND COVAD COMMUNICATIONS CORPORATION AND DIECA COMMUNICATIONS, INC.

STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 10-128

Comments Due: July 12, 2010

Reply Comments Due: July 19, 2010

On June 11, 2010, MegaPath Inc. (MegaPath), DSLnet Communications, LLC (DSLnet), DSLnet Communications Virginia, Inc. (DSLnet-VA), and CCGI Holding Corporation (CCGI) (collectively DSLnet Applicants) filed an application pursuant to section 63.03 of the Commission's rules to transfer control of DSLnet and DSLnet-VA, subsidiaries of MegaPath, to CCGI. On June 24, 2010, CCGI, Platinum Equity, LLC (Platinum), Covad Communications Company (CCC), and DIECA Communications, Inc. (DIECA) (collectively CCC Applicants) also filed an application pursuant to section 63.03 of the Commission's rules for authority to complete a transaction whereby Platinum will relinquish de facto control of Covad and DIECA as a result of changes to the Board of Directors (Board) of CCGI, which indirectly owns those carriers. CCC Applicants state that the CCGI Board changes are expected to result in MegaPath's current shareholders controlling certain seats on the Board.¹

MegaPath, a Delaware corporation, is the direct parent company of DSLnet and DSLnet-VA. DSLnet Applicants state that MegaPath does not offer any regulated telecommunications services nor hold any section 214 authorizations. DSLnet, a Delaware limited liability company, provides interstate telecommunications services in the District of Columbia and all states except Alaska, Mississippi, and Virginia. DSLnet-VA, a Virginia corporation, provides interstate telecommunications services in Virginia. DSLnet Applicants state that the following U.S.-based entities have a 10 percent or greater interest in MegaPath: Northern Neck Investors LLC c/o Volition Capital LLC in its capacity as subadvisor to Northern Neck Investors, LLC (approximately 19 percent indirectly as the general partner of the general partners of various investment funds) and US Venture Partners (10.5 percent directly). DSLnet Applicants state that no other person or entity holds a 10 percent or greater direct or indirect interest in MegaPath, DSLnet, or DSLnet-VA.

¹ 47 C.F.R. § 63.03; see 47 U.S.C. § 214. DSLnet and CCC Applicants are also filing applications for transfer of control associated with authorization for international and wireless services (for a CCC affiliate). Any action on these domestic section 214 applications is without prejudice to Commission action on other related, pending applications. DSLnet Applicants filed a supplement to their domestic section 214 application on June 25, 2010.

CCGI, a Delaware corporation that does not provide telecommunications services, is the parent company of Covad Communications Group, Inc. (Covad), a Delaware corporation that owns CCC, a California corporation, and DIECA, a Virginia corporation. CCC and DIECA provide integrated voice and data telecommunications services in multiple states and the District of Columbia. CCC Applicants state that, upon completion of the proposed transaction, the following U.S.-based entities will have a 10 percent or greater direct or indirect interest in CCGI: Platinum Equity Capital Partners II, LP (PECP) (40.3 percent), Platinum Blackberry Principals, LLC (PBP) (13.3 percent), and current shareholders of MegaPath and Speakeasy, Inc., as described below (33.5 percent). Platinum Equity Partners II, LLC (PEP) is the sole general partner of PECP. Platinum Equity Investment Holdings II, LLC (PEIH) is the senior managing member and controlling entity of PEP and PBP. Platinum is the sole member of PEIH and will indirectly ultimately control 66.5 percent of the voting interests of CCGI. Tom T. Gores, a U.S. citizen, owns 100 percent of Platinum.²

Pursuant to the terms of the proposed transaction, a subsidiary of CCGI created specifically for the proposed transactions, TMAC Merger Corporation, will merge with MegaPath, with MegaPath surviving. As a result, MegaPath will become a wholly-owned, direct subsidiary of CCGI, and CCGI will acquire indirect control of DSLnet and DSLnet-VA. In addition, CCGI and an entity named Speakeasy, Inc., which is a U.S.-based subsidiary of Best Buy Co., Inc., entered into an agreement whereby a subsidiary of CCGI will purchase the assets of Speakeasy, Inc., including the equity interests of Speakeasy Broadband, LLC.³ As a result of the transactions, Platinum will relinquish control of the Board of CCGI. DSLnet and CCC Applicants expect Platinum to control three of the seven Board seats of CCGI, MegaPath's current shareholders to control two seats, and Speakeasy, Inc.'s current shareholders to control one seat. They state that the last seat is independent and will not be held by any party. Applicants assert that the proposed transactions are entitled to presumptive streamlined treatment under section 63.03(b)(2)(i) of the Commission's rules and that a grant of the applications will serve the public interest, convenience, and necessity.⁴

Domestic Section 214 Applications Filed for the Transfer of Control of DSLnet Communications, LLC and DSLnet Communications VA, Inc. and Covad Communications Corporation and DIECA Communications, Inc., WC Docket No. 10-128 (filed June 11 and June 24, 2010).

GENERAL INFORMATION

The Wireline Competition Bureau finds, upon initial review, that the transfers of control identified herein are acceptable for filing as streamlined applications. The Commission reserves the right to return any transfer of control 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 C.F.R. § 63.03(a), interested parties may file comments **on or before July 12, 2010**, and reply comments **on or before July 19, 2010**. Unless otherwise notified by the Commission, the Applicants may transfer control on the 31st day after the date of this notice.⁵ Comments must be filed electronically using (1) the Commission's

² Platinum indirectly controls two other telecommunications carriers, Matrix Telecom, Inc. (Matrix) and Americatel Corporation (Americatel). CCC Applicants state that Matrix provides competitive local and long distance services throughout the U.S., and Americatel provides long distance services in the contiguous 48 states.

³ CCC Applicants state that neither Speakeasy, Inc. nor Speakeasy Broadband, LLC hold section 214 authority.

⁴ 47 C.F.R. § 63.03(b)(2)(i).

⁵ Such authorization is conditioned upon receipt of any other necessary approvals from the Commission in connection with the proposed transaction.

Electronic Comment Filing System (ECFS) or (2) the Federal Government's e-Rulemaking Portal. *See* 47 C.F.R. § 63.03(a) ("All comments on streamlined applications shall be filed electronically . . ."); *Electronic Filing of Documents in Rulemaking Proceedings*, 63 FR 24121 (1998).

- Comments may be filed electronically using the Internet by accessing the ECFS, <http://www.fcc.gov/cgb/ecfs/>, or the Federal e-Rulemaking Portal, <http://www.regulations.gov>. Filers should follow the instructions provided on the website for submitting comments.
- For ECFS filers, if multiple docket or rulemaking numbers appear in the caption of this proceeding, filers must transmit one electronic copy of the comments for each docket or rulemaking number referenced in the caption. In completing the transmittal screen, filers should include their full name, U.S. Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. To get filing instructions, filers should send an e-mail to ecfs@fcc.gov and include the following words in the body of the message, "get form." A sample form and directions will be sent in response.

In addition, e-mail one copy of each pleading to each of the following:

- 1) The Commission's duplicating contractor, Best Copy and Printing, Inc., fcc@bcpiweb.com; phone: (202) 488-5300; fax: (202) 488-5563;
- 2) Tracey Wilson-Parker, Competition Policy Division, Wireline Competition Bureau, tracey.wilson-parker@fcc.gov;
- 3) Jodie May, Competition Policy Division, Wireline Competition Bureau, jodie.may@fcc.gov;
- 4) David Krech, Policy Division, International Bureau, david.krech@fcc.gov; and
- 5) Jim Bird, Office of General Counsel, jim.bird@fcc.gov.

Filings and comments are available for public inspection and copying during regular business hours at the FCC Reference Information Center, Portals II, 445 12th Street, S.W., Room CY-A257, Washington, D.C. 20554. They may also be purchased from the Commission's duplicating contractor, Best Copy and Printing, Inc., Portals II, 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554; telephone: (202) 488-5300; fax: (202) 488-5563; e-mail: fcc@bcpiweb.com; url: www.bcpiweb.com.

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For further information, please contact Tracey Wilson-Parker at (202) 418-1394 or Jodie May at (202) 418-0913.

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