



# PUBLIC NOTICE

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**DA 04-1018**  
**Released: April 14, 2004**

## **DOMESTIC SECTION 214 APPLICATION FILED FOR TRANSFER OF CONTROL OF GUAM CABLE GROUP, INC. TO ALLIED CAPITAL CORPORATION**

### **STREAMLINED PLEADING CYCLE ESTABLISHED**

**WC Docket No. 04-145**

**Comments Due: April 28, 2004**  
**Reply Comments Due: May 5, 2004**

On March 9, 2004, Guam Cable Group, Inc. (“Guam Cable”), Startec Global Communications Corporation (“Startec Parent”), debtor-in-possession, Startec Global Operating Company (“Startec Operating”), debtor-in-possession, and Allied Capital Corporation (“Allied”) filed an application, pursuant to sections 63.03 and 63.04 of the Commission’s rules,<sup>1</sup> requesting approval to transfer control of domestic section 214 authorizations held by Guam Cable from Startec Parent to Allied.<sup>2</sup> The parties present this proposed application in conjunction with the Chapter 11 bankruptcy reorganization of Startec Parent, Startec Operating and co-debtor Startec Global Licensing Company (“Startec Licensing”) (together, the “Debtors”).

Applicants assert that this transaction is entitled to presumptive streamlined treatment pursuant to section 63.03(b)(1)(ii) of the Commission’s rules because Allied, the transferee, is not a telecommunications provider.<sup>3</sup>

Startec Parent, a Delaware Corporation, is, through its subsidiaries, a facilities-based provider of domestic and international long distance services. Most of Startec Parent’s traffic is

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<sup>1</sup> 47 C.F.R. §§ 63.03, 63.04; *see also* 47 U.S.C. § 214.

<sup>2</sup> Applicants are also filing an application for consent to transfer control of authorization for international services. Any action on this domestic 214 application is without prejudice to Commission action on other related pending applications.

<sup>3</sup> 47 C.F.R. § 63.03(b)(1)(ii).

carried over an Internet Protocol (“IP”) network, which allows it to integrate voice, data, and Internet access services. Startec also offers wholesale voice over IP services to other international long distance carriers and Internet service providers. Through its wholly owned subsidiary Startec Operating, a Delaware corporation, Startec Parent owns a 50% interest in Guam Cable, a Delaware corporation. Through a combination of owned and leased telecommunications transmission facilities, Guam Cable offers domestic long distance and Internet access services for resale to residential and business customers in Guam and the Commonwealth of the Northern Marianas Islands.

Allied, a Maryland corporation, provides private investment capital (in the form of both debt and equity securities) to private and public companies. With its wholly owned subsidiary, High Tension Wireless LLC, Allied holds an approximately 85% ownership interest in Acme Paging LP (“Acme”), a limited partnership. Acme has several subsidiaries holding licenses for use of spectrum in various South American countries.

On December 14, 2001, Startec Parent, Startec Operating, and Startec Licensing filed for bankruptcy under Chapter 11 of Title 11 of the U.S. Code in the U.S. Bankruptcy Court for the District of Maryland (Greenbelt Division) (the “Bankruptcy Court”).<sup>4</sup> Startec Parent, Startec Operating, and Startec Licensing each continued in possession of their property and management of their businesses as a debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code. On September 11, 2002, the Debtors filed with the Bankruptcy Court a plan of reorganization whereby common stock in Startec Parent would be distributed among Allied, NTFC Capital Corporation (“NTFC”), and various other parties, while preferred voting stock would have been issued solely to Allied. A dispute between Allied and NTFC prevented confirmation of this plan. In the spring of 2003, Startec Parent negotiated a joint venture agreement with EC Communications, LLC (ECC), creating a new company, Guam Cable. Startec Operating and ECC shared ownership and operational control of Guam Cable, which purchased the assets of PCI Communications, Inc. (“PCI”), a separate wholly owned Startec Parent subsidiary. These assets included various licenses and authorizations for the provision of telecommunications service. The dispute between Allied and NTFC was resolved in December 2003, and on January 16, 2004, the Debtors submitted to the Bankruptcy Court a revised Joint Plan of Reorganization (the “Modified Plan”). The Debtors held a confirmation hearing on February 9 and 10, 2004. The Bankruptcy Court issued its signed confirmation order approving the Modified Plan – contingent on this Commission’s approval of the instant application – on April 5, 2004.

Under the Modified Plan, Startec Parent and Startec Operating would be reorganized and the Debtors would emerge from bankruptcy protection. Startec Parent would issue 28 million shares of new common stock. Allied would receive 68.5% of these shares, and would thus

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<sup>4</sup> *In re Startec Global Communications Corp., et al.*, jointly administered under Case No. 01-25013 (DK) (Bankr. D. Md. filed Dec. 14, 2001). The Startec bankruptcy proceedings to which this application relates have an extended and somewhat convoluted history. The sequence of events surrounding this proceeding are described in detail in the Application initiating the instant proceeding, which is appended as Attachment A.

assume control of Startec Parent. NTFC would receive 24% of the shares, and the remaining 7.5% of the shares would be issued to unsecured creditors and holders of pre-petition notes. The Modified Plan also provides for the issuance of stock options which, if exercised, would dilute Allied's share of common stock to 58.22% and NTFC's share to 20.40%. Under the plan, Guam Cable would remain a subsidiary of Startec Operating, and thus an indirect subsidiary of the reorganized Startec Parent, which in turn would fall under the control of Allied. Guam Cable would continue to provide interstate domestic services and would hold the licenses and authorizations required for those services (including the blanket domestic section 214 authority granted under section 63.01 of the Commission's rules, 47 C.F.R. § 63.01).

The applicants state that consummation of the proposed transaction will serve the public interest. The proposed transfer of control pursuant to the Modified Plan, they assert, will provide both the reorganized Debtors and Guam Cable with the best opportunity to continue providing domestic and international services to customer bases in the United States, Guam, and the Marianas. The applicants state that by facilitating service to ethnic and linguistic communities, and connecting them with developing economies via long distance, Internet access, and data services, the Debtors and Guam Cable play a vital role in an important niche market.

### **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 of control application if, upon further examination, it is determined to be defective and not in conformance with the Commission's rules and policies. Interested parties may file **comments on or before April 28, 2004** and **reply comments on or before May 5, 2004**.<sup>5</sup> Unless otherwise notified by the Commission, Applicants are permitted to transfer control on the 31<sup>st</sup> day after the date of this notice.<sup>6</sup> Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies. *See Electronic Filing of Documents in Rulemaking Proceedings*, 63 Fed. Reg. 24121 (1998).

Comments filed through the ECFS can be sent as an electronic file via the Internet to <<http://www.fcc.gov/e-file/ecfs.html>>. Generally, only one copy of an electronic submission must be filed. If multiple docket or rulemaking numbers appear in the caption of this proceeding, however, commenters must transmit one electronic copy of the comments to each docket or rulemaking number referenced in the caption. In completing the transmittal screen, commenters 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 for e-mail comments, commenters should send e-mail to [ecfs@fcc.gov](mailto:ecfs@fcc.gov), and should include the following words in the subject line "get form <your e-

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<sup>5</sup> See 47 C.F.R. § 63.03(a).

<sup>6</sup> Such authorization is conditioned upon receipt of any other necessary approvals from the Commission in connection with the proposed transaction.

mail address>.” A sample form and directions will be sent in reply.

Parties who choose to file by paper must file an original and four copies of each filing. If more than one docket or rulemaking number appears in the caption of this proceeding, commenters must submit two additional copies for each additional docket or rulemaking number. Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (although we continue to experience delays in receiving U.S. Postal Service mail). The Commission's contractor, Natek, Inc., will receive hand-delivered or messenger-delivered paper filings for the Commission's Secretary at 236 Massachusetts Avenue, N.E., Suite 110, Washington, D.C. 20002. The filing hours at this location are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building. Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743. U.S. Postal Service first-class mail, Express Mail, and Priority Mail should be addressed to 445 12th Street, SW, Washington, D.C. 20554. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

**In addition, one copy of each pleading must be sent to each of the following:**

- (1) the Commission's duplicating contractor, Qualex International, 445 12<sup>th</sup> Street, S.W., Room CY-B402, Washington, D.C. 20554; e-mail: [qualexint@aol.com](mailto:qualexint@aol.com); facsimile: (202) 863-2898; phone: (202) 863-2893;
- (2) Tracey Wilson, Competition Policy Division, Wireline Competition Bureau, 445 12<sup>th</sup> Street, S.W., Room 5-C437, Washington, D.C. 20554; e-mail: [tracey.wilson-parker@fcc.gov](mailto:tracey.wilson-parker@fcc.gov);
- (3) Russell Hanser, Competition Policy Division, Wireline Competition Bureau, 445 12<sup>th</sup> Street, S.W., Room 5-A321, Washington, D.C. 20554; e-mail: [russell.hanser@fcc.gov](mailto:russell.hanser@fcc.gov);
- (4) Julie Veach, Competition Policy Division, Wireline Competition Bureau, 445 12<sup>th</sup> Street, S.W., Room 5-C124, Washington, D.C. 20554; e-mail: [julie.veach@fcc.gov](mailto:julie.veach@fcc.gov);
- (5) Susan O'Connell, Policy Division, International Bureau, 445 12<sup>th</sup> Street, S.W., Room 7-B544, Washington, D.C. 20554; email: [susan.o'connell@fcc.gov](mailto:susan.o'connell@fcc.gov); and
- (6) Christopher Killion, Office of General Counsel, 445 12<sup>th</sup> Street, S.W., Room 8-C740, Washington, D.C. 20554; e-mail: [chris.killion@fcc.gov](mailto:chris.killion@fcc.gov).

Filings and comments are also available for public inspection and copying during regular business hours at the FCC Reference Information Center, Portals II, 445 12th Street, SW, Room CY-A257, Washington, DC, 20554. They may also be purchased from the Commission's duplicating contractor, Qualex International, Portals II, 445 12th Street, SW, Room CY-B402, Washington, DC, 20554, telephone 202-863-2893, facsimile 202-863-2898, or via e-mail

[qualexint@aol.com](mailto:qualexint@aol.com).

For further information, please contact Tracey Wilson, at (202) 418-1394, or Russell Hanser, at (202) 418-0832.

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