



PUBLIC NOTICE

Federal Communications Commission
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DA 04-3084
Released: September 27, 2004

**DOMESTIC SECTION 214 APPLICATION FILED FOR TRANSFER OF CONTROL
OF DATANET COMMUNICATIONS GROUP, INC TO QUADRANGLE CAPITAL
PARTNERS, LP**

STREAMLINED PLEADING CYCLE ESTABLISHED

WC Docket No. 04-354

Comments Due: October 11, 2004
Reply Comments Due: October 18, 2004

On September 2, 2004, Hudson Valley DataNet, LLC (“Hudson Valley”), Connecticut DataNet, LLC (“Connecticut”) and DataNet Communications Group (“DataNet”) filed an application, pursuant to sections 63.03 and 63.04 of the Commission’s rules,¹ requesting approval to transfer control of Hudson Valley, Connecticut and DataNet to DCG Acquisition LLC (“DCG”) and Quadrangle Capital Partners, LP (“Quadrangle” or “transferee”) (collectively the “Applicants”).

Applicants assert that this application qualifies for streamlined treatment under Section 63.03(b)(1)(ii) because the transferee is not a telecommunications provider.²

DataNet is a Delaware corporation that acts solely as a holding company for 100% of the stock of Hudson Valley and Connecticut. The following own 10% or more of DataNet: John R. Galanti, 39%; Patrick Coady, 12%; Richard L. Mattern, 12% and Robert Zimmerman, 11%. Hudson Valley, a Delaware Limited Liability Company and wholly owned subsidiary of DataNet, is a facilities-based common carrier and reseller of telephone services in New York. Connecticut, a Delaware Limited Liability Company and wholly owned subsidiary of DataNet, is a facilities-based common carrier and reseller of telephone services in Connecticut.

DCG is a Delaware Limited Liability Company that was formed for the sole purpose of making the stock acquisition from DataNet. DCG’s sole member, Quadrangle, is a Delaware

¹ 47 C.F.R §§ 63.03, 63.04; *see* 47 U.S.C. § 214.

² *See* 47 C.F.R. § 63.03(b)(1)(ii).

Limited Liability Company and investment firm. The stock acquired by DCG will be held by three funds: Quadrangle Capital Partners LP, Quadrangle Select Partners LP, and Quadrangle Capital Partners – A LP. The sole general partner of these three funds is Quadrangle GP Investors LP. The sole general partner of Quadrangle GP Investors LP is Quadrangle GP Investors LLC. The Managing Members of Quadrangle GP Investors LLC are Peter Ezersky, Michael Huber, Steven Rattner, Joshua Steiner and David Tanner. A state teachers retirement fund owns approximately 95% of Quadrangle Capital Partners A LP fund, and will therefore own more than 10% of DataNet.

DataNet has entered into an agreement with DCG and Quadrangle under which DataNet will issue up to \$90 million in stock to Quadrangle and to certain existing shareholders. In conjunction with these transactions, DataNet will establish a management/employee Stock Incentive Plan under which options for additional shares of DataNet's stock may be issued. These shares will constitute no more than 15% percent of the outstanding shares of DataNet. As a result of these transactions, Quadrangle will control approximately 70 percent of the voting shares of DataNet and will, therefore, have indirect control of Hudson Valley and Connecticut.

The Applicants assert that granting this application is in the public interest because it will allow an additional infusion of capital that will permit Hudson Valley and Connecticut to expand and improve services available to their existing and future customers. The Applicants also assert that these transactions will have no impact upon the current management or operations of Hudson Valley and Connecticut. According to the Applicants, the existing executive officers will remain in place, and the companies will continue to provide service to all of their existing customers under their tariffs or individual customer contracts. The Applicants state that there will be no change in the rates, terms, or conditions of services to Hudson Valley and Connecticut customers.

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 October 11, 2004 and reply comments on or before October 18, 2004.**³ Unless otherwise notified by the Commission, Applicants are permitted to transfer control on the 31st day after the date of this notice.⁴ 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).

³ See 47 C.F.R. § 63.03(a).

⁴ Such authorization is conditioned upon receipt of any other necessary approvals from the Commission in connection with the proposed transaction.

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, and should include the following words in the subject line "get form <your e-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:

the Commission's duplicating contractor, Best Copy and Printing, Inc., 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554; e-mail: www.bcpweb.com; phone: 202-488-5300 fax: 202-488-5563;

- (1) Tracey Wilson, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C437, Washington, D.C. 20554; e-mail: tracey.wilson-parker@fcc.gov;
- (2) Christina Parker, Competition Division, Wireline Competition Bureau, 445 12th Street, S.W. Room 5C-103, Washington, D.C. 20554; email: christina.parker@fcc.gov;
- (3) Kimberly Jackson, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 3-C403, Washington, D.C. 20554; e-mail: kimberly.jackson@fcc.gov;

- (4) Julie Veach, Competition Policy Division, Wireline Competition Bureau, 445 12th Street, S.W., Room 5-C124, Washington, D.C. 20554; e-mail: julie.veach@fcc.gov;
- (5) James Bird, Office of General Counsel, 445 12th Street, S.W., Room 8-C824, Washington, D.C. 20554; e-mail: james.bird@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, Best Copy and Printing, Inc., Portals II, 445 12th Street, SW, Room CY-B402, Washington, DC, 20554, telephone: 202-488-5300, fax: 202-488-5563, or via e-mail www.bcpweb.com.

For further information, please contact Christina Parker, at (202) 418-2331, or Kimberly Jackson at (202) 418-7393.

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