

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of

BFI Licenses, LLC

Petition for Declaratory Ruling Under Section
310(b)(4) of the Communications Act of 1934, as
amended, To Permit Indirect Foreign Investment
Above 25 Percent

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**PETITION OF BFI LICENSES, LLC, FOR DECLARATORY RULING UNDER
SECTION 310(B)(4) OF THE COMMUNICATIONS ACT OF 1934, AS AMENDED, TO
PERMIT INDIRECT FOREIGN INVESTMENT ABOVE 25 PERCENT**

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PETITION OF BFI LICENSES, LLC, FOR DECLARATORY RULING UNDER SECTION 310(B)(4) OF THE COMMUNICATIONS ACT OF 1934, AS AMENDED, TO PERMIT INDIRECT FOREIGN INVESTMENT ABOVE 25 PERCENT

BFI Licenses, LLC (“BFI”), by its attorneys, hereby requests a declaratory ruling that allowing the widely dispersed, insulated, indirect, non-controlling foreign investment above 25 percent described below is consistent with the public interest standard of Section 310(b)(4) of the Communications Act of 1934, as amended (“the Act”).

BFI holds numerous FCC wireless licenses and licenses for fixed and temporary-fixed earth stations.¹ Many of the BFI licenses, which were initially applied for many years ago, are classified as common carrier authorizations,² which makes BFI subject to the foreign ownership

¹ BFI holds licenses classified as common carrier in the following wireless services: fixed point-to-point microwave, local television transmission, as well as several common carrier fixed-satellite service earth stations. BFI also holds non-common carrier wireless licenses in the microwave industrial/business pool and Industrial/Business Pool service categories and non-common carrier satellite earth stations, which are not subject to the instant request because Section 310(b) of the Act does not apply to such licenses.

² BFI also holds an international Section 214 authorization, but it does not provide any international common carrier services pursuant to this authorization.

restrictions of Section 310(b)(4) of the Act. This Petition is being filed in connection with the proposed exercise of warrants that will increase BFI's indirect, non-controlling foreign ownership above 25%. The exercise of the warrants will not result in a change of control of BFI.

I. CURRENT AND PROPOSED OWNERSHIP STRUCTURE

The proposed indirect foreign ownership would take place several ownership levels above BFI, a Delaware limited liability company. BFI is and will remain a wholly-owned subsidiary of Encompass Digital Media, Inc. ("Encompass"), a Delaware corporation. Encompass is a leader in digital media services and owns and operates state-of-the-art facilities in the United States, United Kingdom and Asia to provide broadcasters, cable networks, corporations and government entities with customized solutions for the management and distribution of content. With global access to large satellite and fiber footprints, Encompass has teleport facilities and technical personnel in Los Angeles; Atlanta; New York; Stamford, CT; Lino Lakes and Minneapolis, MN; Burbank, CA; London; and Singapore. The company offers a full range of service offerings such as network origination; disaster recovery; satellite and fiber transmissions; a fleet of satellite uplink trucks (temporary-fixed earth stations); digital media encoding services; digital file transfers via satellite, fiber and IP; emergency communications; production studios; and video production services.

Encompass is a wholly-owned subsidiary of Encompass Digital Media Group, Inc. ("EDMG"), another Delaware corporation. CSC Encompass Holdings, LLC ("CSC Holdings"), a Delaware limited liability company, holds an 84.62% ownership stake in EDMG.³

³ CSC Holdings initially acquired an 84.5% interest in EDMG on February 10, 2012, after obtaining the requisite FCC prior approvals. Additional, minor, fluctuations in the shares held in EDMG have occurred subsequent to that initial closing. Those minor fluctuations did not result in any change of control over EDMG, Encompass, or BFI.

The remaining 15.38% of EDMG is owned by pre-existing owners, managers, and additional investors of EDMG, almost all of whom are U.S. citizens,⁴ and none of whom holds a greater than 10% interest in EDMG, Encompass, or BFI. The current ownership structure is depicted in Attachment A.

CSC Holdings is an investment holding company managed by investment professionals at Court Square Capital Partners (“Court Square”), a leading New York private equity firm. The following three investment funds presently hold equity interests in CSC Holdings (and indirectly in BFI): (i) Court Square Capital Partners II, L.P (“CSC Fund II”), which currently holds 92.76% of the membership interests in CSC Holdings; (ii) Court Square Capital Partners (Executive) II, L.P. (“CSC Executive II”), which currently holds 1.77% of the membership interests in CSC Holdings; and (iii) MIHI, LLC, a Delaware limited liability company (“MIHI”), which currently holds the remaining 5.46% membership interests in CSC Holdings. The investors in CSC Fund II, CSC Executive II and MIHI are strictly passive investors and have no right to vote and are not involved in the management of the funds, MIHI or EDMG. CSC Fund II and CSC Executive II are each managed and controlled by a sole general partner, Court Square Capital GP, LLC, a Delaware limited liability company (the “GP”). The GP is also the sole managing member of CSC Holdings, and thus controls the vote of the entire 84.62% CSC Holdings interest in EDMG (and indirectly BFI). The GP is owned and controlled by the investment professionals at Court Square – each of whom is a United States citizen. No member of the GP (through its ownership in the GP or in combination with any other interest) holds a 10% or greater interest in EDMG or BFI. In its roles as the sole general partner of CSC Fund II and CSC Executive II and as the sole

⁴ Two Argentinian investors hold equity and voting interests in EDMG (and indirectly in Encompass and BFI) totaling 2.03% and two members of EDMG management are citizens of the United Kingdom and hold equity and voting interests in EDMG (and indirectly in Encompass and BFI) totaling 0.3%.

managing member of CSC Holdings, the GP controls each level of the current ownership structure -- and ultimately BFI. As discussed below, the GP's control of BFI will not change under the proposed restructuring.

CSC Holdings issued warrants convertible into limited liability interests in CSC Holdings to two additional Court Square managed investment funds: Court Square Capital Partners (Offshore) II, L.P., ("CSC Offshore II"), a Cayman island limited partnership and Court Square Capital Partners II-A, L.P., ("CSC Fund II A"), a Delaware limited partnership. Conversion of the warrants is conditioned upon receipt of any required governmental approvals, including approval of the proposed foreign ownership, as reflected in this Petition. Upon warrant conversion, investment fund CSC Offshore II, will acquire approximately 24.58% of CSC Holdings (resulting in an indirect 24.58% voting⁵/20.80% equity interest in BFI), and investment fund CSC Fund II A will acquire approximately 15.49% of CSC Holdings (resulting in an indirect 15.49% voting/13.11% equity interest in BFI). Following these changes, the indirect interests currently held in BFI by (i) the largest non-controlling CSC Holdings investor, CSC Fund II, will decline from 92.76% voting/78.49% equity to approximately 55.58% voting/47.03% equity in BFI, (ii) CSC Executive II will decline from 1.77% voting/1.50% equity to approximately 1.06% voting/0.90% equity in BFI and (iii) MIHI will decline from 5.46% voting/4.62% equity to approximately 3.27% voting/2.77% equity in BFI. There will be no change in the direct equity ownership of EDMG, Encompass or BFI. For the Commission's

⁵ Note that all references to indirect voting interests have been calculated by counting any interest above 50% in any link of the ownership chain as a 100% interest, and by assuming all interests carry voting rights, even if such interest does not carry voting rights. Thus, while the five investment funds discussed herein do not hold voting rights in CSC Holdings, because that entity is managed and controlled by its sole managing member, the investment funds have been attributed with voting rights for purposes of this Petition.

reference, an organizational chart illustrating these changes in ownership interests is attached hereto as Attachment B.

Upon consummation of the warrant conversion, there will be no change in the management or control of CSC Fund II, CSC Executive II, CSC Holdings, EDMG, Encompass or BFI. CSC Fund II and CSC Executive II will continue to be managed and controlled by GP. GP will continue to be the sole managing member of CSC Holdings (the entity with the controlling interest in EDMG, Encompass and BFI). The two new funds that will hold non-controlling indirect interests in BFI - CSC Fund II A and CSC Offshore II - are also managed and controlled by GP, and their limited partner investors are strictly passive investors with no right to vote or otherwise participate in the management of the respective fund.⁶ As mentioned above, GP is owned by the investment professionals at Court Square, each of whom is a United States citizen. No member of the GP (through its ownership in the GP or in combination with any other interest) holds a 10% or greater interest in CSC Holdings, EDMG, Encompass or BFI. There have been no changes in the membership or structure of the GP since the Commission approved the change of control of BFI on January 30, 2012.⁷ The GP continues to be managed and controlled by a Board of Managers (“Board”) comprised of the following members of the GP, all of whom are U.S. citizens: William Comfort, David Thomas, Michael Delaney, Joseph Silvestri, Ian Hight and John Weber, each of whom was appointed in the limited liability company agreement of the GP and each of whom 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 the approval of a majority of the Board

⁶ Thus, while the number of investment funds with indirect non-controlling interests in BFI will increase from three to five, the additional two funds are under the common control of GP.

⁷ See <http://wireless2.fcc.gov/UlsApp/ApplicationSearch/applMain.jsp?applID=6591284>

members. Pursuant to the terms of an investment management agreement, certain of CSC Fund II's and the remaining funds' investment decisions have been delegated to an investment committee comprised of the U.S. citizen board members of the GP named above and Thomas McWilliams, also a citizen of the United States.

II. THE PROPOSED INDIRECT FOREIGN OWNERSHIP IS CONSISTENT WITH FCC PRECEDENT

Section 310(b)(4) of the Act, 47 U.S.C. § 310(b)(4), states as follows:

(b) No broadcast or common carrier or aeronautical en route or aeronautical fixed radio station license shall be granted to or held by ... (4) any corporation directly or indirectly controlled by any other corporation of which more than one-fourth of the capital stock is owned of record or voted by aliens, their representatives, or by a foreign government or representative thereof, or by any corporation organized under the laws of a foreign country, if the Commission finds that the public interest will be served by the refusal or revocation of such license.

In its *Foreign Participation Order*, the Commission concluded that allowing indirect foreign investment in common carrier radio licensees beyond the 25% benchmark established by Section 310(b)(4) of the Act could promote competition in the U.S. market, thereby promoting the U.S. public interest.⁸ The Commission analyzes proposed indirect foreign investments in common carrier licensees “guided . . . by the U.S. Government’s commitment under the World Trade Organization (“WTO”) Basic Telecommunications Agreement, which seeks to promote global markets for telecommunications so that consumers may enjoy the benefits of competition.”⁹ In particular, the Commission found that “the public interest will be served by permitting more open investment by entities from WTO member countries in U.S. common

⁸ *Rules and Policies on Foreign Participation in the U.S. Telecommunications Market*, 12 FCC Rcd 23891, 23940 (1997) (“Foreign Participation Order”).

⁹ *Id.*

carrier wireless licensees.”¹⁰ Based on this principle, the Commission has adopted a “strong presumption that no competitive concerns are raised by indirect foreign investment” from entities from WTO member countries.”¹¹

The Commission has routinely approved indirect foreign investment by entities from WTO member countries, even up to 100%. Shortly before the release of the *Foreign Participation Order*, the Commission approved 100% indirect foreign ownership of common carrier radio licenses by Telecom Finland Ltd., a wholly-owned subsidiary of PT Finland, Ltd., a private holding company of the Government of Finland.¹² The Commission also approved 100% indirect foreign ownership of Telenor Satellite by Telenor ASA, a Norwegian company, which is 79% owned by the Kingdom of Norway, as well as 100% indirect foreign ownership of GE Americom by SES Global, a Luxembourg company, which is 75.11% foreign-owned.¹³ More

¹⁰ *Aerial Communications, Inc. and Voicestream Wireless Holdings Corp.*, 15 FCC Rcd 10089, 10093-94 (2000).

¹¹ *Voicestream Wireless Corp.*, 15 FCC Rcd 3341, 3348 (2000).

¹² *See Telecom Finland, Ltd., Petition for Determination of the Public Interest under 47 U.S.C. Sec. 310(b)(4) to permit LMDS and PCS Licensing*, Order, 12 FCC Rcd 17648 (1997).

¹³ *See Lockheed Martin Global Telecommunications, Comsat Corp., and Comsat General Corp. and Telenor Satellite Mobile Services, Inc., and Telenor Satellite, Inc., Applications for Assignment of Section 214 Authorizations, Private Land Mobile Radio Licenses, Experimental Licenses, and Earth Station Licenses, and Petition for Declaratory Ruling Pursuant to Section 310(b)(b)(4) of the Communications Act*, Order and Authorization, 16 FCC Rcd 22897 (2001)(“Lockheed Martin”); *Application of General Electric Corp. and SES Global, For Consent to Transfer Control of Licenses and Authorizations Pursuant to Section 310(b)(4) of the Communications Act*, Supplemental Order, 16 FCC Rcd 18878 (2001)(“SES Global”); *Application of General Electric Corp. and SES Global, For Consent to Transfer Control of Licenses and Authorizations Pursuant to Section 310(b)(4) of the Communications Act and Petition for Declaratory Ruling Pursuant to Section 310(b)(4) of the Communications Act*, Order and Authorization, 16 FCC Rcd 17575 (2001).

recently, the FCC granted approval of common carrier satellite service provider Vizada to be controlled up to 100% by foreign-owned entities.¹⁴

III. DETAIL ON PROPOSED INDIRECT FOREIGN OWNERSHIP

As noted above, the proposed indirect foreign investment above 25% will be strictly passive and will be insulated through use of limited partnership interests, and limited liability company interests with no management rights, such that no foreign person or entity will have any *de jure* or *de facto* control or influence on the day-to-day management of CSC Holdings, EDMG, Encompass or BFI.

Encompass: Pursuant to the Commission's principal place of business test, the United States is the home market for Encompass.¹⁵ Encompass is 100% owned by EDMG, a Delaware corporation, and therefore has no direct foreign ownership. Following consummation of the conversion of the warrants, and as described in greater detail below, indirect foreign ownership in Encompass will be 51.63% voting/44.05% equity, all of which is from WTO Member Countries.

EDMG: Pursuant to the Commission's principal place of business test, the United States is the home market for EDMG.¹⁶ EDMG is owned as follows:

- CSC Holdings (a Delaware limited liability company): 84.62% (voting and equity)

¹⁴ See *Federal Communications Commission Public Notice: International Authorizations Granted*, Report No. TEL-01533, DA 11-2023, December 15, 2011, at page 2 of 8.

¹⁵ Encompass is a Delaware corporation. Its corporate headquarters is in Los Angeles, California, and its operational headquarters is in Stamford, Connecticut. The bulk of its tangible properties and greatest sales and/or revenues are located or generated within the United States. The officers and directors of Encompass are citizens of the United States.

¹⁶ EDMG is a Delaware corporation. Its corporate headquarters is in Los Angeles, California. The bulk of its tangible properties and greatest sales and/or revenues are located or generated within the United States. The officers and directors of EDMG are citizens of the United States.

- Simon Bax (a U.S. citizen): 4.57% (voting and equity)
- Bill Tillson (a U.S. citizen): 4.70% (voting and equity)
- Norberto Alvarez Vitale (an Argentine citizen): 1.48% (voting and equity)
- Norberto Oscar Alvarez (an Argentine citizen): 0.55% (voting and equity)
- Andrew Bell (management and United Kingdom citizen): 0.2% (voting and equity)
- James Crossland (management and United Kingdom citizen): 0.1% (voting and equity)
- Remaining management (all U.S. citizens): 3.78% (voting and equity)

Following consummation of the conversion of the warrants, direct foreign ownership in EDMG will be 2.33% voting/2.33% equity (from the foreign ownership of Norberto Alvarez Vitale, Norberto Oscar Alvarez, Andrew Bell and James Crossland). As explained in greater detail below, indirect foreign ownership in EDMG will be 49.30% voting/41.72% equity.

CSC Holdings: Pursuant to the Commission’s principal place of business test, the United States is the home market for CSC Holdings.¹⁷ Following conversion of the warrants, CSC Holdings will be owned as follows:

- CSC Fund II (a Delaware limited partnership): 55.58% (voting)/47.03% (equity)
- CSC Fund II-A (a Delaware limited partnership): 15.49% (voting)/13.11% (equity)
- CSC Offshore II (a Cayman Islands limited partnership): 24.58% (voting)/20.80% (equity)
- CSC Executive II (a Delaware limited partnership): 1.06% (voting)/0.90% (equity)
- MIHI (a Delaware limited liability company, but presumed to be 100% foreign owned for purposes of this Petition¹⁸): 3.27% (voting)/2.77% (equity)

¹⁷ CSC Holdings is a Delaware limited liability company. Its headquarters is in New York, New York. The bulk of its tangible properties and greatest sales and/or revenues are located in New York, New York. The investment principals, officers and directors of CSC Holdings are citizens of the United States.

¹⁸ BFI does not have information pertaining to the ownership of MIHI, and thus is presuming MIHI to be entirely foreign owned for purposes of this Petition.

Following consummation of the conversion of the warrants, except for CSC Offshore (as an offshore investment fund), there will be no direct foreign ownership in CSC Holdings.

As explained in greater detail below, indirect foreign ownership in CSC Holdings will be 49.30% voting/41.72% equity.

CSC Fund II: Pursuant to the Commission’s principal place of business test, the United States is the home market for CSC Fund II.¹⁹ CSC Fund II is held 85.17% by domestic interests, and 14.83% by foreign interests, resulting in an indirect 8.24% voting/6.98% equity foreign ownership interest in EDMG, Encompass, and BFI. Details regarding the foreign investment in CSC Fund II follow:

The aggregate percentage of total equity and voting interests held by or on behalf of <u>individuals</u> that are citizens of the <u>United States</u>	0.43% Equity 0.00% Voting
The aggregate percentage of total equity and voting interests held by or on behalf of <u>individuals</u> that are citizens of <u>foreign countries</u>	0.00% Equity 0.00% Voting
The aggregate percentage of total equity and voting interests held by <u>banks, insurance companies, pension plans and foundations/endowments</u> organized in the <u>United States</u> and <u>controlled by U.S. citizens</u>	55.29% Equity 0.00% Voting
The aggregate percentage of total equity and voting interests held by <u>banks, insurance companies, pension plans and</u>	7.25% Equity 0.00% Voting

¹⁹ CSC Fund II is a Delaware limited partnership. Its headquarters is in the United States. The bulk of its tangible properties and greatest sales and/or revenues are located in the United States. The investment principals, officers and directors of CSC Fund II are citizens of the United States.

<u>foundations/endowments controlled by foreign citizens or organized in foreign countries</u> as well as a list of the countries included in such calculation	WTO: Bermuda, ²⁰ Netherlands, Japan Non-WTO: None
The aggregate percentage of total equity and voting interests held by <u>private equity funds and management investment companies</u> (<i>i.e.</i> , closed end funds and mutual funds) that are organized in the <u>United States and that have their principal places of business in the United States</u>	19.26% Equity 0.00% Voting
The aggregate percentage of total equity and voting interests held by <u>private equity funds and management investment companies</u> (<i>i.e.</i> , closed end funds and mutual funds) that are <u>organized in a foreign country or that have their principal places of business in a foreign country</u>	7.52% Equity 0.00% Voting WTO: Channel Islands, ²¹ France, Ireland, Cayman Islands, Germany Non-WTO: None
The aggregate percentage of total equity and voting interests held by <u>investors other than those listed above</u> (for example, non-financial, operating companies) that are organized in the <u>United States and that have their principal places of business in the United States</u>	10.17% Equity 0.00% Voting

²⁰ While not on the current WTO member country list, the Commission has classified Bermuda as a WTO Member Country. *See, Cable & Wireless USA, Inc.*, 15 FCC Rcd 3050 (2000), para. 7.

²¹ While not on the current WTO member country list, the Commission has classified the Channel Islands as a WTO Member Country. *See, Robert M Franklin and Inmarsat, plc*, 24 FCC Rcd 449 (2009), para. 67, n. 181; *TelCove, Inc.*, 21 FCC Rcd 3982 (2006), para. 22; *see also, Harbinger Capital Master Fund I, Ltd. and Harbinger Capital Special Situations Fund, L.P.*, 24 FCC Rcd 10953 (2009), para. 19 and n. 72 (only investment by Bahamas entities is considered non-WTO even though entities from Channel Islands and Guernsey also were investors).

The aggregate percentage of total equity and voting interests held by <u>investors other than those listed above</u> (for example, non-financial, operating companies) that are <u>organized in a foreign country or that have their principal places of business in a foreign country, including foreign governments</u>	0.064% Equity 0.00% Voting WTO: Germany Non-WTO: None
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CSC Fund II A: Pursuant to the Commission’s principal place of business test, the United States is the home market for CSC Fund II A.²² CSC Fund II A is owned 0.20% by domestic interests, and 99.80% by foreign interests (all of which are from WTO member countries), resulting in an indirect 15.46% voting/13.08% equity foreign ownership interest in EDMG, Encompass, and BFI. Details regarding the foreign investment in CSC Fund II A follow:

The aggregate percentage of total equity and voting interests held by or on behalf of <u>individuals</u> that are citizens of the <u>United States</u>	0.00% Equity 0.00% Voting
The aggregate percentage of total equity and voting interests held by or on behalf of <u>individuals</u> that are citizens of <u>foreign countries</u>	0.00% Equity 0.00% Voting
The aggregate percentage of total equity and voting interests held by <u>banks, insurance companies, pension plans and foundations/endowments</u> organized in the <u>United States and controlled by U.S. citizens</u>	0.00% Equity 0.00% Voting

²² CSC Fund II A is a Delaware limited partnership. Its headquarters is in the United States. The bulk of its tangible properties and greatest sales and/or revenues are located in the United States. The investment principals, officers and directors of CSC Fund II A are citizens of the United States.

The aggregate percentage of total equity and voting interests held by <u>banks, insurance companies, pension plans and foundations/endowments controlled by foreign citizens or organized in foreign countries</u> as well as a list of the countries included in such calculation	49.90% Equity 0.00% Voting WTO: Netherlands Non-WTO: None
The aggregate percentage of total equity and voting interests held by <u>private equity funds and management investment companies (i.e., closed end funds and mutual funds) that are organized in the United States and that have their principal places of business in the United States</u>	0.2% Equity 0.00% Voting
The aggregate percentage of total equity and voting interests held by <u>private equity funds and management investment companies (i.e., closed end funds and mutual funds) that are organized in a foreign country or that have their principal places of business in a foreign country</u>	0.00% Equity 0.00% Voting
The aggregate percentage of total equity and voting interests held by <u>investors other than those listed above</u> (for example, non-financial, operating companies) that are organized in the United States <u>and</u> that have their principal places of business in the United States	0.00% Equity 0.00% Voting
The aggregate percentage of total equity and voting interests held by <u>investors other than those listed above</u> (for example, non-financial, operating companies) that are <u>organized in a foreign country or that have their principal places of business in a foreign country, including foreign governments</u>	49.90% Equity 0.00% Voting WTO: Singapore Non-WTO: None

CSC Offshore II: Pursuant to the Commission’s principal place of business test, the United States is the home market for CSC Offshore II.²³ CSC Offshore II is owned 9.41% by

²³ CSC Offshore II is a Cayman Islands limited partnership; however, its headquarters is in the United States. The bulk of its tangible properties and greatest sales and/or revenues are located in the United States. The investment principals, officers and directors of CSC Offshore II are citizens of the United States. While not on the current WTO member country list, the Commission has classified the Cayman Islands as a WTO Member Country. See, *Bell Atlantic New Zealand Holdings, Inc. and Pacific Telecom, Inc.*, 18 FCC Rcd 23140 (2003), para. 25.

domestic interests, and 90.59% by foreign interests (all of which are from WTO member countries), resulting in an indirect 22.27% voting/18.84% equity foreign ownership interest in EDMG, Encompass, and BFI. Details regarding the foreign investment in CSC Offshore II follow:

The aggregate percentage of total equity and voting interests held by or on behalf of <u>individuals</u> that are citizens of the <u>United States</u>	0.00% Equity 0.00% Voting
The aggregate percentage of total equity and voting interests held by or on behalf of <u>individuals</u> that are citizens of <u>foreign countries</u>	0.00% Equity 0.00% Voting
The aggregate percentage of total equity and voting interests held by <u>banks, insurance companies, pension plans and foundations/endowments</u> organized in the <u>United States</u> and controlled by <u>U.S. citizens</u>	0.63% Equity 0.00% Voting
The aggregate percentage of total equity and voting interests held by <u>banks, insurance companies, pension plans and foundations/endowments</u> controlled by <u>foreign citizens or organized in foreign countries</u> as well as a list of the countries included in such calculation	35.18% Equity 0.00% Voting WTO: Netherlands, Canada, Sweden Non-WTO: None
The aggregate percentage of total equity and voting interests held by <u>private equity funds and management investment companies</u> (<i>i.e.</i> , closed end funds and mutual funds) that are organized in the <u>United States</u> and that have their <u>principal places of business in the United States</u>	8.78% Equity 0.00% Voting

<p>The aggregate percentage of total equity and voting interests held by <u>private equity funds and management investment companies</u> (<i>i.e.</i>, closed end funds and mutual funds) that are <u>organized in a foreign country or that have their principal places of business in a foreign country</u></p>	<p>51.35% Equity 0.00% Voting</p> <p>WTO: Germany, Scotland, Cayman Islands,²⁴ Channel Islands, Luxembourg, Panama, Samoa</p> <p>Non-WTO: None</p>
<p>The aggregate percentage of total equity and voting interests held by <u>investors other than those listed above</u> (for example, non-financial, operating companies) that are organized in the United States <u>and</u> that have their principal places of business in the United States</p>	<p>0.00% Equity 0.00% Voting</p>
<p>The aggregate percentage of total equity and voting interests held by <u>investors other than those listed above</u> (for example, non-financial, operating companies) that are <u>organized in a foreign country or that have their principal places of business in a foreign country, including foreign governments</u></p>	<p>4.06% Equity 0.00% Voting</p> <p>WTO: Netherlands, Virgin Islands,²⁵ Switzerland, Germany, Luxembourg, Singapore, Channel Islands</p> <p>Non-WTO: None</p>

CSC Executive II: Pursuant to the Commission’s principal place of business test, the United States is the home market for CSC Executive II.²⁶ CSC Executive II is owned 94.34% by domestic interests, and 5.66% by foreign interests (all of which are from WTO member

²⁴ While not on the current WTO member country list, the Commission has classified the Cayman Islands as a WTO Member Country. *See, Bell Atlantic New Zealand Holdings, Inc. and Pacific Telecom, Inc.*, 18 FCC Rcd 23140 (2003), para. 25.

²⁵ While not on the current WTO member country list, the Commission has classified the British Virgin Islands as a WTO Member Country. *See, Iridium Holdings LLC and GHL Acquisition Corp.*, 24 FCC Rcd 10725 (2009), para. 39.

²⁶ CSC Executive II is a Delaware limited partnership. Its headquarters is in the United States. The bulk of its tangible properties and greatest sales and/or revenues are located in the United States. The investment principals, officers and directors of CSC Executive II are citizens of the United States.

countries), resulting in an indirect 0.06% voting/0.05% equity foreign ownership interest in EDMG, Encompass, and BFI. Details regarding the foreign investment in CSC Executive II follow:

The aggregate percentage of total equity and voting interests held by or on behalf of <u>individuals</u> that are citizens of the <u>United States</u>	45.46% Equity 0.00% Voting
The aggregate percentage of total equity and voting interests held by or on behalf of <u>individuals</u> that are citizens of <u>foreign countries</u>	5.66% Equity 0.00% Voting WTO: Germany, Switzerland Non-WTO: None
The aggregate percentage of total equity and voting interests held by <u>banks, insurance companies, pension plans and foundations/endowments</u> organized in the <u>United States</u> and controlled by U.S. citizens	0.00% Equity 0.00% Voting
The aggregate percentage of total equity and voting interests held by <u>banks, insurance companies, pension plans and foundations/endowments</u> controlled by <u>foreign citizens or organized in foreign countries</u> as well as a list of the countries included in such calculation	0.00% Equity 0.00% Voting
The aggregate percentage of total equity and voting interests held by <u>private equity funds and management investment companies</u> (<i>i.e.</i> , closed end funds and mutual funds) that are organized in the <u>United States</u> and that have their <u>principal places of business in the United States</u>	17.97% Equity 0.00% Voting
The aggregate percentage of total equity and voting interests held by <u>private equity funds and management investment companies</u> (<i>i.e.</i> , closed end funds and mutual funds) that are <u>organized in a foreign country or that have their principal places of business in a foreign country</u>	0.00% Equity 0.00% Voting

The aggregate percentage of total equity and voting interests held by <u>investors other than those listed above</u> (for example, non-financial, operating companies) that are organized in the United States <u>and</u> that have their principal places of business in the United States	30.90% Equity 0.00% Voting
The aggregate percentage of total equity and voting interests held by <u>investors other than those listed above</u> (for example, non-financial, operating companies) that are <u>organized in a foreign country or that have their principal places of business in a foreign country, including foreign governments</u>	0.00% Equity 0.00% Voting

MIHI: Pursuant to the Commission’s principal place of business test, the United States is the home market for MIHI.²⁷ BFI does not have information pertaining to the ownership of MIHI, and thus is presuming MIHI to be entirely foreign owned for purposes of this Petition, resulting in an indirect 3.27% voting/2.77% equity foreign ownership interest in EDMG, Encompass, and BFI.

GP: Pursuant to the Commission’s principal place of business test, the United States is the home market for the GP.²⁸ As described above, the GP is owned and controlled by the investment professionals at Court Square, each of whom is a United States citizen. The GP, therefore, has no direct or indirect foreign ownership.

²⁷ MIHI is a Delaware limited liability company. Its headquarters is in the United States. The bulk of its tangible properties and greatest sales and/or revenues are located in the United States. MIHI is managed by its parent company, Macquarie Holdings (U.S.A.) Inc., a Delaware corporation located in the United States. MIHI has five officers, three of whom are citizens of the United States and two of whom are citizens of Australia.

²⁸ The GP a Delaware limited liability company. Its headquarters is in the United States. The bulk of its tangible properties and greatest sales and/or revenues are located in the United States. The investment principals, officers and directors of the GP are citizens of the United States.

IV. CONCLUSION

As demonstrated herein, grant of the instant request is consistent with Commission precedent. BFI thus respectfully requests approval of its proposed indirect foreign ownership.

Respectfully submitted,

CSC Encompass Holdings, LLC

BFI Licenses, LLC

By: Paige Fronabarger

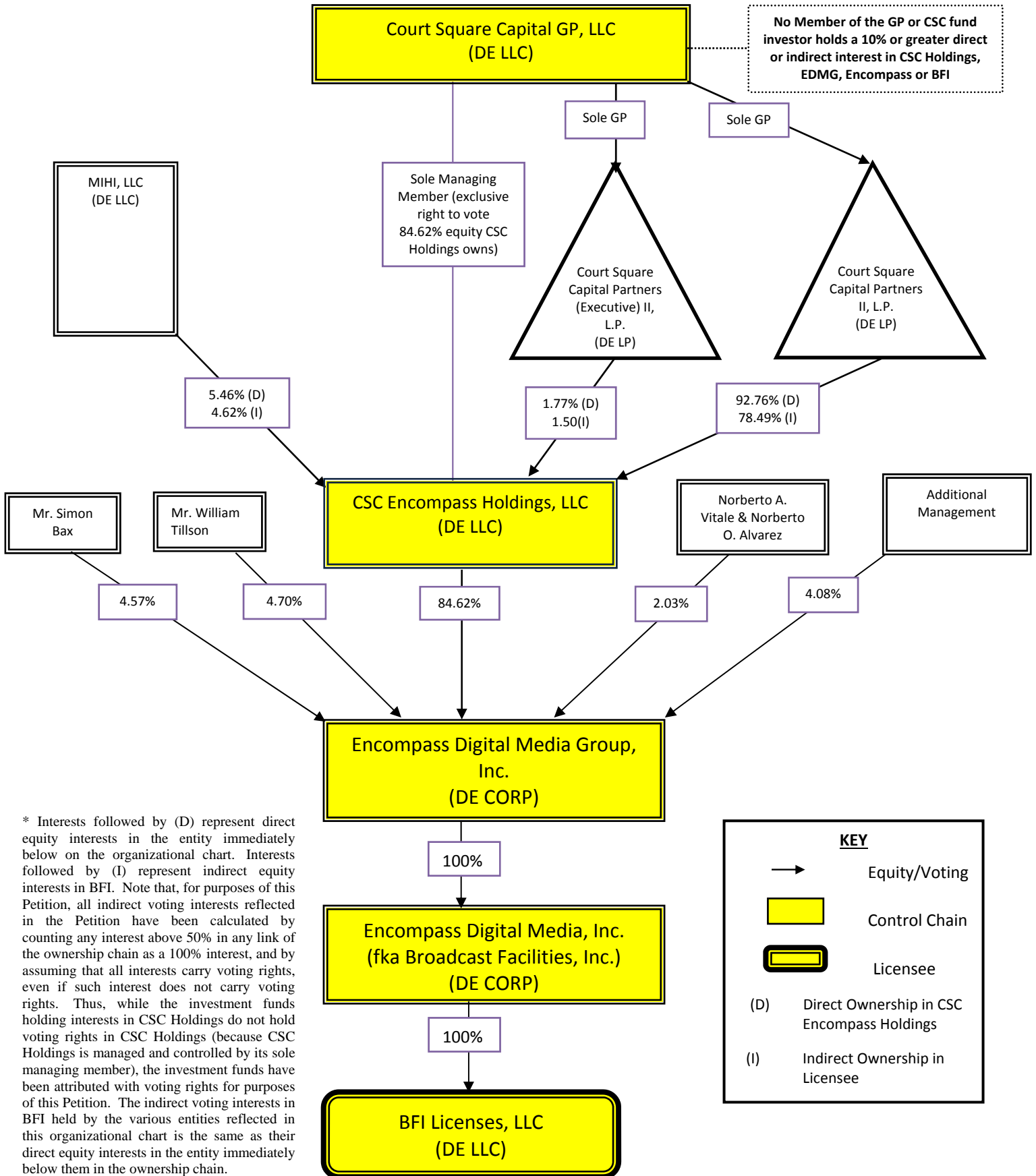
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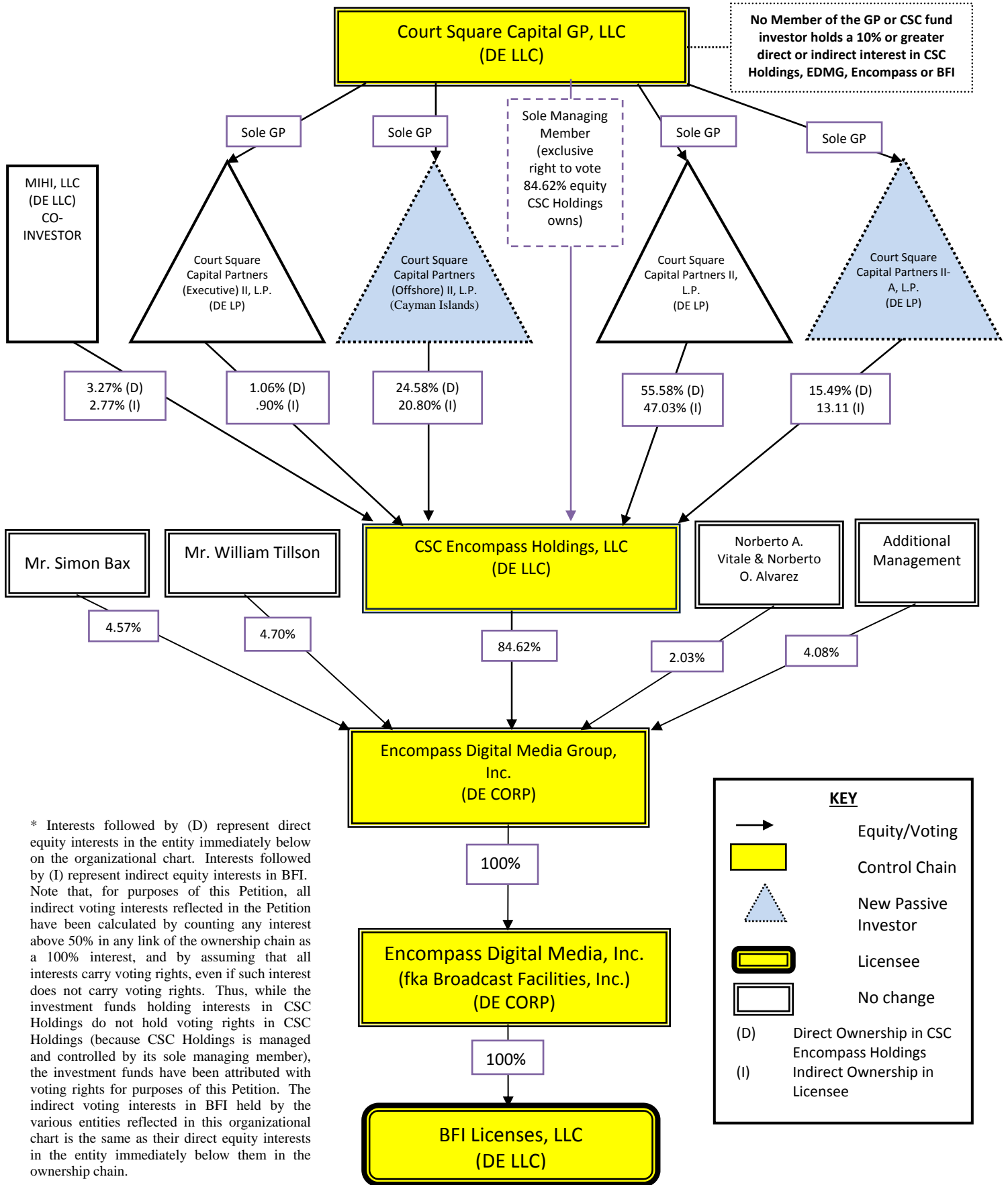
July 15, 2013

BFI Licenses, LLC – Existing Ownership Structure



No Member of the GP or CSC fund investor holds a 10% or greater direct or indirect interest in CSC Holdings, EDMG, Encompass or BFI

BFI Licenses, LLC – Proposed Ownership Structure



* Interests followed by (D) represent direct equity interests in the entity immediately below on the organizational chart. Interests followed by (I) represent indirect equity interests in BFI. Note that, for purposes of this Petition, all indirect voting interests reflected in the Petition have been calculated by counting any interest above 50% in any link of the ownership chain as a 100% interest, and by assuming that all interests carry voting rights, even if such interest does not carry voting rights. Thus, while the investment funds holding interests in CSC Holdings do not hold voting rights in CSC Holdings (because CSC Holdings is managed and controlled by its sole managing member), the investment funds have been attributed with voting rights for purposes of this Petition. The indirect voting interests in BFI held by the various entities reflected in this organizational chart is the same as their direct equity interests in the entity immediately below them in the ownership chain.