



PUBLIC NOTICE

Federal Communications Commission
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DA 13-1948
September 20, 2013

**VERIZON COMMUNICATIONS INC. ON BEHALF OF ITS SUBSIDIARIES HOLDING FCC
COMMON CARRIER RADIO LICENSES SEEKS FOREIGN OWNERSHIP RULING
PURSUANT TO SECTION 310(b)(4) OF THE COMMUNICATIONS ACT OF 1934, AS
AMENDED**

IB Docket No. 13-230

PLEADING CYCLE ESTABLISHED

Comments Due: October 18, 2013
Replies Due: November 1, 2013

I. INTRODUCTION

Verizon Communications Inc. (“Verizon”), on behalf of its subsidiaries holding common carrier radio licenses (“Joint Petitioners”), has filed a petition for declaratory ruling with the Commission requesting that the Commission find, pursuant to section 310(b)(4) of the Communications Act of 1934, as amended,¹ that it would not serve the public interest to prohibit a widely dispersed body of shareholders from holding aggregate foreign ownership in Verizon in excess of the 25 percent benchmark in section 310(b)(4), with no single foreign shareholder holding more than a five percent interest.²

Verizon states that it has filed the petition for declaratory ruling in connection with its recently announced, planned acquisition of the non-controlling 45 percent general partnership interest in Celco Partnership d/b/a Verizon Wireless (“Verizon Wireless”) that is indirectly held by Vodafone Group Plc (“Vodafone”), a public limited company organized in England.³ Verizon is currently the indirect holder

¹ 47 U.S.C. § 310(b)(4). The rules applicable to foreign ownership of common carrier, aeronautical en route and aeronautical fixed radio station licensees and common carrier spectrum lessees are set forth in sections 1.990 through 1.994 of the Commission’s rules, 47 C.F.R. §§ 1.990-1.994. *See also Review of Foreign Ownership Policies for Common Carrier and Aeronautical Radio Licensees under Section 310(b)(4) of the Communications Act of 1934, as Amended*, IB Docket No. 11-133, Second Report and Order, FCC 13-50, 28 FCC Rcd 5741 (2013).

² The petition for declaratory ruling has been assigned File No. ISP-PDR-20130906-00005 (filed Sept. 6, 2013) (“Petition”). Verizon supplemented its Petition by letter dated September 17, 2013. *See* Letter from Katherine R. Saunders, Assistant General Counsel, Verizon, to Marlene H. Dortch, FCC, File No. ISP-PDR-20130906-00005 (filed Sept. 17, 2013) (“Sept. 17 Verizon Letter”).

³ Petition at 1.

of a controlling 55 percent general partnership interest in Verizon Wireless.⁴ According to the Petition, part of the consideration for the planned acquisition will be in the form of Verizon stock that will be distributed to Vodafone's shareholders. Verizon explains that the share distribution may increase the aggregate percentage of Verizon shares held by non-U.S. investors from the current approximately 8.24 percent to an estimated aggregate 24.3-25.3 percent.⁵ This range includes both the pre-transaction stock held outside the United States by existing Verizon shareholders, as well as the additional shares that will be distributed to Vodafone's shareholders once the transaction closes.⁶ Verizon states that, because it is publicly traded and widely held, the percentage of foreign ownership will necessarily vary somewhat over time as shares are traded on the open market.⁷

Verizon is a publicly traded Delaware corporation. According to the Petition, the Verizon subsidiaries that hold FCC licenses – including the common carrier licenses that are the subject of the Petition⁸ – are authorized to provide telecommunications services throughout the United States, including offering wireline and wireless telecommunications services to mass market, business, government, and wholesale customers. Verizon itself does not hold any FCC licenses or authorizations.⁹ Verizon's stock will continue to be publicly traded and widely held after closing, and it states that no non-U.S. person or entity will hold a five percent equity and/or voting interest, or a controlling interest, in the outstanding Verizon shares.¹⁰ Additionally, it states that no U.S. individual or entity will hold, directly or indirectly, more than ten percent of the equity and/or voting interests, or a controlling interest, in Verizon.¹¹

⁴ *Id.* Verizon will acquire Vodafone's 45 percent interest in Verizon Wireless by acquiring all of the common stock of Vodafone Americas Finance 1 Inc. ("VAF1"), a U.S.-organized subsidiary of Vodafone which indirectly holds, through a series of intermediate U.S.-organized holding companies, all of Vodafone's minority partnership interest in Verizon Wireless. Verizon will also acquire the intermediate holding companies in the direct ownership chain between VAF1 and Verizon Wireless, excluding any assets other than the interest in Verizon Wireless and a cash balance at one of the companies. All other assets in the companies being acquired will be removed in the reorganization to be completed prior to the close of the transaction. *Id.* at 3. *See also* http://www.vodafone.com/content/index/media/group_press_releases/2013/vodafone_to_realiseus130billionforits45interestinverizonwireless.html (last visited Sept. 17, 2013).

⁵ Petition at 2-3. The precise amount of stock to be transferred will be based on a pre-closing averaged share price subject to a price collar. *Id.* at 3, note 2. Verizon explains that, based on calculations of existing foreign ownership in both Verizon and Vodafone, as discussed in the Petition, an estimated aggregate 24.3-25.3 percent of Verizon shares may be owned by foreign individuals or entities following the transaction, with no foreign shareholder owning more than five percent of Verizon stock. *Id.* at 3. Post-transaction foreign ownership of Verizon could be reduced should Verizon elect to pay an additional portion of the consideration in cash rather than stock, or if additional non-U.S. stockholders in Vodafone dispose of the Verizon shares they receive due to an inability to invest in U.S. companies or for other reasons. *Id.*; *see also id.* at 8, note 10.

⁶ *Id.* at 8.

⁷ *Id.*

⁸ *See* Sept. 17 Verizon Letter at Exhibit 1 (listing entities identified in Appendix A to the Petition that hold common carrier licenses for which a declaratory ruling is sought).

⁹ Petition at 4.

¹⁰ *Id.* at 8. *See also* 47 C.F.R. § 1.991(i).

¹¹ *Id.* at 8, note 11. *See also* 47 C.F.R. §§ 1.991(e), (f).

Verizon Wireless is a Delaware general partnership formed by Verizon and Vodafone, and controlled by Verizon. Verizon Wireless holds a variety of authorizations and licenses to provide common carrier fixed and mobile services, private radio services, and other services. After consummation of the proposed transaction, Verizon Wireless will continue to be controlled by Verizon.¹²

II. *EX PARTE* STATUS OF THIS PROCEEDING

Pursuant to section 1.1200(a) of the Commission's rules,¹³ the Commission may adopt modified or more stringent *ex parte* procedures in particular proceedings if the public interest so requires. We announce that this proceeding will be governed by permit-but-disclose *ex parte* procedures that are applicable to non-restricted proceedings under section 1.1206 of the Commission's rules.¹⁴

Parties making oral *ex parte* presentations are directed to the Commission's *ex parte* rules. Parties are reminded that memoranda summarizing the presentation must contain the presentation's substance and not merely list the subjects discussed.¹⁵ More than a one- or two-sentence description of the views and arguments presented is generally required.¹⁶ Other rules pertaining to oral and written presentations are set forth in section 1.1206(b) as well.¹⁷

III. GENERAL INFORMATION

The Petition has been found, upon initial review, to be acceptable for filing. The Commission reserves the right to return the Petition if, upon further examination, it is determined to be defective and not in conformance with the Commission's rules or policies.

Interested parties must file comments no later than October 17, 2013. Persons and entities that file comments become parties to the proceeding. They may participate fully in the proceeding, including seeking access to any confidential information that may be filed under a protective order, seeking reconsideration of decisions, and filing appeals of a final decision to the courts. Replies to such pleadings must be filed no later than October 31, 2013. All filings concerning matters referenced in this Public Notice should refer to IB Docket No. 13-230.

To allow the Commission to consider fully all substantive issues regarding the applications in as timely and efficient a manner as possible, commenters should raise all issues in their initial filings. New issues may not be raised in responses or replies.¹⁸ A party or interested person seeking to raise a new

¹² *Id.* at 5-6. Verizon states that it is separately submitting applications seeking prior approval, and will later submit notifications for licenses subject to post-closing notification, of the *pro forma* transfer of control of licenses held by Verizon Wireless and its subsidiaries and partnerships affected by the proposed transaction. *Id.* at 4, note 3. *See also* ULS File Nos. 0005919278, 0005919281, 0005919284, 0005919288, 0005919293, 0005919300, 0005919301, 0005919302 (applications for consent to *pro forma* transfer of control of private wireless radio licenses); File No. 0048-EX-TU-2013 (application for consent to *pro forma* transfer of control of experimental radio license).

¹³ 47 C.F.R. § 1.1200(a).

¹⁴ 47 C.F.R. § 1.1206.

¹⁵ *See* 47 C.F.R. § 1.1206(b)(1).

¹⁶ *See id.*

¹⁷ 47 C.F.R. § 1.1206(b).

¹⁸ *See* 47 C.F.R. § 1.45(c).

issue after the pleading cycle has closed must show good cause why it was not possible for it to have raised the issue previously. Submissions after the pleading cycle has closed that seek to raise new issues based on new facts or newly discovered facts should be filed within 15 days after such facts are discovered. Absent such a showing of good cause, any issues not timely raised may be disregarded by the Commission.

Under the Commission's current procedures for the submission of filings and other documents,¹⁹ submissions in this matter may be filed electronically through the Commission's Electronic Comment Filing System ("ECFS") or by hand delivery to the Commission.

- **If filed by ECFS,**²⁰ comments shall be sent as an electronic file via the Internet to <http://www.fcc.gov/e-file/ecfs.html>. In completing the transmittal screen, commenters should include their full name, U.S. Postal Service mailing address, and the applicable docket number. Parties may also submit an electronic comment by Internet e-mail.
- **If filed by paper,** the original and four copies of each filing must be filed by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail. All hand-delivered or messenger-delivered paper filings for the Commission's Secretary must be delivered to FCC Headquarters at 445 12th St., SW, Room TW-A325, Washington, D.C. 20554. 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, Express, and Priority mail should be addressed to 445 12th Street, S.W., Washington, D.C. 20554. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

One copy of each pleading must be delivered electronically, by e-mail or facsimile, or if delivered as paper copy, by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (according to the procedures set forth above for paper filings), to: (1) the Commission's duplicating contractor, Best Copy and Printing, Inc., at FCC@BCPIWEB.COM or (202) 488-5563 (facsimile); (2) James Ball, International Bureau, at james.ball@fcc.gov or (202) 418-2824 (facsimile); (2) David Krech, Policy Division, International Bureau, at david.krech@fcc.gov or (202) 418-2824 (facsimile); (3) Francis Gutierrez, Policy Division, International Bureau, at francis.gutierrez@fcc.gov or (202) 418-2824 (facsimile); and (4) Susan O'Connell, Policy Division, International Bureau, at susan.oconnell@fcc.gov or (202) 418-2824 (facsimile). Any submission that is e-mailed to Best Copy and Printing, James Ball, David Krech, Francis Gutierrez, and Susan O'Connell should include in the subject line of the e-mail: (1) IB Docket No. 13-230; (2) the name of the submitting party; and (3) a brief description or title identifying the type of document being submitted (*e.g.*, IB Docket No. 13-230, [name of submitting party], Comments).

Copies of the Petition and any subsequently-filed documents in this matter may be obtained from Best Copy and Printing, Inc. in person at 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554, via telephone at (202) 488-5300, via facsimile at (202) 488-5563, or via email at FCC@BCPIWEB.COM. The Petition and any associated documents are also available for public

¹⁹ See *FCC Announces Change in Filing Location for Paper Documents*, Public Notice, 24 FCC Rcd 14312 (2009).

²⁰ See *Electronic Filing of Documents in Rulemaking Proceedings*, GC Docket No. 97-113, Report and Order, 13 FCC Rcd 11322 (1998).

inspection and copying during normal reference room hours at the following Commission office: FCC Reference Information Center, 445 12th Street, S.W., Room CY-A257, Washington, D.C. 20554. In addition, the Petition is available electronically through the International Bureau Filing System (“IBFS”), which may be accessed on the Commission’s Internet website.

To request materials in accessible formats for people with disabilities (Braille, large print, electronic files, audio format), send an email to fcc504@fcc.gov or call the Consumer and Governmental Affairs Bureau at (202) 418-0530 (voice) or (202) 418-0432 (TTY). Contact the FCC to request reasonable accommodations for filing comments (accessible format documents, sign language interpreters, CART, etc.) by email: FCC504@fcc.gov; phone: (202) 418-0530 or TTY: (202) 418-0432.

For further information, contact David Krech, Policy Division, International Bureau, at (202) 418-7443, Francis Gutierrez, Policy Division, International Bureau, at (202) 418-7370, or Susan O’Connell, Policy Division, International Bureau, at (202) 418-1484.

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