

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

<b>In the Matter of</b>	)	
	)	
<b>INMATE TELEPHONE, INC.</b>	)	<b>WC Docket No. _____</b>
	)	
<b>and</b>	)	<b>File No. ITC-ASG- _____</b>
	)	
<b>DSI-ITI, LLC</b>	)	
	)	
<b>Application for Consent to Assign Assets and/or</b>	)	
<b>Transfer Control of Assets pursuant to Section 214</b>	)	
<b>of the Communications Act of 1934, as Amended</b>	)	
_____	)	

**JOINT APPLICATION**

Inmate Telephone, Inc. (“ITI”), and DSI-ITI, LLC (“DSI-ITI”) (collectively, the “Applicants”), hereby request authority from the Federal Communications Commission (“Commission”) pursuant to Section 214 of the Communications Act of 1934, as amended (the “Act”), 47 U.S.C. § 214, and Sections 1.763, 63.03, 63.04, 63.18, and 63.24(e) of the Commission’s rules, 47 C.F.R. §§ 1.763, 63.03, 63.04, 63.18, and 63.24(e), to assign and/or transfer control of certain ITI assets to DSI-ITI,<sup>1</sup> excluding ITI’s international and domestic 214 authority.

**I. REQUEST FOR STREAMLINED TREATMENT OF APPLICATION**

Under Section 63.04(b) of the Commission’s rules, the Applicants are filing a combined domestic and international application for the assignment and/or transfer of control of certain ITI

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<sup>1</sup> *Amendment of Parts 1 and 63 of the Commission’s Rules*, 22 FCC Rcd 11398, ¶ 38 (2007) (indicating that asset acquisitions should be treated as assignments under the Commission’s international Section 214 rules); *Implementation of Further Streamlining Measures for Domestic Section 214 Authorizations*, 17 FCC Rcd 5517, ¶ 59 (2002) (finding that asset acquisitions should be treated as transfers of control under the Commission’s domestic Section 214 rules).

assets to DSI-ITI. The Applicants respectfully request streamlined treatment of this Application pursuant to Sections 63.03 and 63.12 of the Commission's rules.

This Application is eligible for streamlined processing pursuant to Section 63.03(b)(2) of the Commission's rules because: (1) the proposed transaction will result in DSI-ITI having a market share in the interstate interexchange market of less than ten percent (10%); (2) DSI-ITI will provide competitive telephone exchange services exclusively in geographic areas served by a dominant local exchange carrier that is not a party to the transaction; and (3) neither the Applicants nor any of their affiliates are regulated as dominant with respect to any service.

This Application also qualifies for streamlined treatment under Section 63.12 of the Commission's rules because: (1) DSI-ITI is not affiliated with a dominant foreign carrier; (2) DSI-ITI's affiliation with foreign carriers meets the requirements of Section 63.12(c)(1). DSI-ITI is affiliated with three (3) foreign carriers through its ownership by Goldman Sachs. However, DSI-ITI satisfies the criteria under Section 63.12(c)(1)(i) for streamlined processing because DSI-ITI qualifies for the presumption of non-dominance under Section 63.10(a)(3).

DSI-ITI's foreign carrier affiliate in Brazil, Mexico, and Colombia, Diveo Broadband Networks, Inc. ("Diveo"), lacks market power in its destination markets.<sup>2</sup> The telecommunications carriers presumed to possess market power in Brazil, Mexico, and Colombia are, respectively, Embratel, Telefonos de Mexico ("TelMex"), and Empresa Nacional de Telecomunicaciones.<sup>3</sup> Diveo lacks a fifty percent (50%) market share in the international transport and the local access markets in Brazil, Mexico, and Colombia. Moreover, Diveo does

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<sup>2</sup> Diveo also has global Section 214 authority to provide international facilities-based and resale services. IB File No. ITC-214-19990908-00506.

<sup>3</sup> *The International Bureau Revises and Reissues the Commission's List of Foreign Telecommunications Carriers that Are Presumed to Possess Market Power in Foreign Telecommunications Markets*, 22 FCC Rcd 945 (rel. Jan. 26, 2007).

not appear on the Commission's List of Foreign Telecommunications Carriers Presumed to Possess Market Power in Foreign Markets.

DSI-ITI's foreign carrier affiliate in Norway, Get A/S, also lacks market power in its destination market. In Norway, the telecommunications carrier presumed to possess market power is Telenor. Get A/S lacks a fifty percent (50%) market share in the international transport and the local access markets in Norway, and does not appear on the Commission's List of Foreign Telecommunications Carriers Presumed to Possess Market Power in Foreign Markets.

DSI-ITI is also affiliated with eMOBILE Ltd., a mobile broadband services provider in Japan without market power in its destination market. The telecommunications carriers presumed to possess market power in Japan are KDDI and Nippon Telegraph & Telephone Corporation (NTT). eMobile Ltd. lacks a fifty percent (50%) market share in the international transport and the local access markets in Japan, and does not appear on the Commission's List of Foreign Telecommunications Carriers Presumed to Possess Market Power in Foreign Markets.

DSI-ITI therefore qualifies for a presumption of non-dominance pursuant to Section 63.10(a)(3) of the Commission's rules, because neither Diveo, eMobile Ltd., nor GET A/S appear on the Commission's List of Foreign Telecommunications Carriers Presumed to Possess Market Power in Foreign Markets. In addition, DSI-ITI satisfies the criteria under Section 63.12(c)(1)(iv) for streamlined processing because the affiliated destination markets are WTO Member countries (Brazil, Mexico, Colombia, Norway, and Japan) and DSI-ITI qualifies for the presumption of non-dominance under Section 63.10(a)(3), for the reasons set forth above.<sup>4</sup>

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<sup>4</sup> DSI-ITI may also be affiliated with foreign carriers engaged in the provision of communications services in the United Kingdom and India through its ownership by The Goldman Sachs Group, Inc. ("Goldman Sachs"). While Goldman Sachs has not been able to confirm whether these foreign companies are authorized to provide international telecommunications services, it is clear that these companies would not be considered dominant foreign carriers under Section 63.10(a)(3) of the Commission's rules.

## **II. APPLICANTS**

### **A. Inmate Telephone, Inc. (FRN: 0018179531)**

ITI is a privately-held Pennsylvania corporation whose principal place of business is located at 500 Sixth Avenue, Suite 1, Altoona, Pennsylvania 16602. ITI has authority to provide interstate and international telecommunications services from the Commission.<sup>5</sup> ITI provides inmate operator services to correctional facilities in the following jurisdictions: Alabama, Arizona, Arkansas, District of Columbia, Florida, Georgia, Illinois, Iowa, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New Mexico, North Carolina, Rhode Island, Tennessee, Texas, Utah, Virginia, and Wisconsin.

### **B. DSI-ITI, LLC (FRN: 0019667583)**

DSI-ITI is a newly formed Delaware corporation with headquarters at 12021 Sunset Hills Road, Suite 100, Reston, Virginia 20190. DSI-ITI has separately filed an application for global Section 214 authority to provide international facilities-based and resale services.<sup>6</sup> DSI-ITI also has registered with the Commission to provide interstate telecommunications services.<sup>7</sup>

## **III. DESCRIPTION OF THE TRANSACTION**

On March 16, 2010, ITI and some of its affiliates (collectively, “Sellers”) entered into an Asset Purchase Agreement (“Agreement”) with DSI-ITI, pursuant to which Sellers agreed to transfer certain assets to DSI-ITI (the “Transaction”). Specifically, Sellers agreed to transfer all assets related to the provision of inmate operator services, including customer agreements and contracts, vendor agreements and contracts, and all advertising and promotional materials (“Assets”) to DSI-ITI. ITI’s interstate and international authority is not included in the Assets to

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<sup>5</sup> IB File No. ITC-214-20081125-00514, 499-A Filer ID No. 827478.

<sup>6</sup> IB File No. ITC-214-ITC-214- 2010001100 (filed April 7, 2010).

<sup>7</sup> 499-A Filer ID No. 828195.

be transferred. Consummation of the Transaction is contingent on, among other things, receipt of the necessary regulatory approvals.

#### **IV. PUBLIC INTEREST STATEMENT**

The proposed Transaction furthers the public interest, convenience, and necessity.

Approval of the Transaction is in the public interest because it will advance economic efficiency by enabling DSI-ITI to expand its own business and achieve economies of scale. These benefits are expected to strengthen DSI-ITI's ability to expand its offerings and services to a broader customer base. The Transaction will enable DSI-ITI to strengthen its competitive position to the benefit of consumers and the telecommunications marketplace.

The Transaction will be conducted in a manner that will be transparent to current customers of ITI. Following consummation of the Transaction, DSI-ITI will provide high-quality communications services to existing ITI customers without interruption and without immediate change in rates, terms or conditions. Applicants will, however, provide any necessary notice to ITI's current customers pursuant to Section 64.1120(e) of the Commission's rules.

The proposed Transaction does not present any anticompetitive issues. After consummation of the Transaction, DSI-ITI's total share of the interstate interexchange market will be less than ten percent (10%). Furthermore, there are many other interexchange carriers, as well as other inmate telephone service providers, operating on a nationwide basis.

#### **V. INFORMATION REQUIRED BY SECTION 63.24(e) OF THE COMMISSION'S RULES FOR ASSIGNMENT OF ASSETS**

In support of this Application, the Applicants submit the following information pursuant to Section 63.24(e) of the Commission's rules, which is the information requested in paragraphs (a)-(d) and (o)-(p) of Section 63.18 for both Applicants and the information requested in paragraphs (h)-(n) of Section 63.18 for DSI-ITI.

**(a) Name, address, and telephone number**

Transferor

Inmate Telephone, Inc.  
5000 Sixth Avenue, Suite 1  
Altoona, Pennsylvania 16602  
888-222-3081 (telephone)  
814-949-3307 (fax)  
FRN: 0018179531

Transferee

DSI-ITI, LLC  
12021 Sunset Hills Road, Suite 100  
Reston, Virginia 20190  
703-955-3915 (telephone)  
703-435-0980 (facsimile)  
FRN: 0019667583

**(b) Citizenship**

ITI is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania. DSI-ITI is a Delaware limited liability company.

**(c) Correspondence concerning this Application should be sent to (Answer to IBFS Main Form Question 10):**

<b>For Inmate Telephone, Inc.:</b>	<b>For DSI-ITI, LLC:</b>
Thomas J. Navin Wiley Rein LLP 1776 K Street NW Washington, DC 20006 202-719-7487 (telephone) 202-719-7049 (facsimile) tnavin@wileyrein.com	Chérie R. Kiser Cahill Gordon & Reindel LLP 1990 K Street, NW, Suite 950 Washington, D.C. 20006 202-862-8950 (telephone) 202-862-8958 (facsimile) ckiser@cgrdc.com

**(d) International Section 214 Authorizations (Answer to IBFS Main Form Question 10)**

ITI holds blanket domestic Section 214 authority and global Section 214 authority to

provide international facilities-based and resale services.<sup>8</sup> DSI-ITI holds blanket domestic 214 authority, and filed an application for global Section 214 authority to provide international facilities-based and resale services on April 7, 2010.<sup>9</sup>

**(h) Ten Percent Greater Interest Holders/Interlocking Directorates (Answer to IBFS Main Form Question 11 and 12).**

The following entities and individuals hold a ten percent (10%) or greater direct or indirect ownership interest in DSI-ITI:

*Global Tel\*Link Corporation.* Global Tel\*Link Corporation (“GTL”), a Delaware corporation whose principal business is providing telecommunications services, owns a one hundred percent (100%) interest in DSI-ITI. GTL has authority to provide interstate and international telecommunications services from the Commission.<sup>10</sup> GTL specializes in the provision of managed inmate communications services and manufactures equipment used in correctional facilities. GTL is wholly owned by GTEL Holdings, Inc. The address for GTL is 2609 Cameron Street, Mobile, Alabama 36607.

*GTEL Holdings, Inc.* GTEL Holdings, Inc., a Delaware corporation whose principal business is telecommunications holdings, owns a one hundred percent (100%) interest in GTL. GTEL Holdings, Inc. is wholly owned by GTEL Acquisition Corp. The address for GTEL Holdings, Inc. is 2609 Cameron Street, Mobile, Alabama 36607.

*GTEL Acquisition Corp.* GTEL Acquisition Corp., a Delaware corporation whose principal business is telecommunications holdings, owns a one hundred percent (100%) interest in GTEL Holdings, Inc. GTEL Acquisition Corp. is wholly owned by GTEL Holding, LLC.

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<sup>8</sup> IB File No. ITC-214-20081125-00514; 499-A Filer ID No. 827478.

<sup>9</sup> IB File No. ITC-214- 2010001100 (filed April 7, 2010); 499-A Filer ID No. 828195.

<sup>10</sup> IB File No. ITC-214-19970128-00044; 499-A Filer ID No. 809240.

The address for GTEL Acquisition Corp. is 590 Madison Avenue, 41<sup>st</sup> Floor, New York, NY 10022.

*GTEL Holding, LLC.* GTEL Holding, LLC, a Delaware limited liability company whose principal business is telecommunications holdings, owns a one hundred percent (100%) interest in GTEL Acquisition Corp. GTEL Holding, LLC is owned by The Veritas Capital Fund III, L.P. and GS Direct, L.L.C. GTEL Holding, LLC is controlled by a board of managers, including GTL's chief executive officer, managers appointed by The Veritas Capital Fund III, L.P., and managers appointed by GS Direct, L.L.C. The address for GTEL Holding, LLC is 590 Madison Avenue, 41<sup>st</sup> Floor, New York, NY 10022.

*The Veritas Capital Fund III, L.P.* The Veritas Capital Fund III, L.P., a private equity investment partnership organized in Delaware, owns an approximately forty-four percent (44%) interest in GTEL Holding, LLC. The Veritas Capital Fund III, L.P.'s sole general partner is Veritas Capital Partners III, L.L.C, a Delaware limited liability company. In addition, investment funds controlled by or affiliated with Credit Suisse Private Equity, Inc. own passive limited partnership interests in The Veritas Capital Fund III, L.P. Robert B. McKeon ("McKeon"), a U.S. citizen, is Veritas Capital Partners III, L.L.C.'s managing member. McKeon also serves as the managing member of Veritas Capital Fund Management, L.L.C. d/b/a Veritas Capital. Veritas Capital is a private equity investment firm headquartered in New York. The address for The Veritas Capital Fund III, L.P. and Veritas Capital Partners III, L.L.C. is 590 Madison Avenue, 41<sup>st</sup> Floor, New York, NY 10022.

*RDV Corporation.* RDV Corporation, a Michigan corporation whose principal offices are located at 126 Ottawa Ave. NW, Suite 500, Grand Rapids, Michigan 49503, is owned by and serves as the family office of the DeVos family. All of the members of the DeVos Family that



own RDV Corporation are U.S. citizens. RDV Corporation indirectly owns a 2.95% interest in GTEL Holding, LLC via its interest in The Veritas Capital Fund III, L.P. RDV Corporation manages 804 Investors LLC, a Michigan limited liability company (“804 Investors”), and GT Group Investors, LLC, a Michigan limited liability company (“GT Investors”). 804 Investors and GT Investors own 6.42% and 3.14% interests, respectively, in GTEL Holding LLC. The owners of 804 Investors are four trusts established by members of the DeVos family. The owners of GT Investors are 804 Investors and certain senior officers of RDV Corporation.

*Credit Suisse Private Equity, Inc.* Credit Suisse Private Equity, Inc., a Delaware corporation whose principal business is managing private equity funds, indirectly owns an approximately fourteen percent (14%) interest in GTEL Holding, LLC via its interest in The Veritas Capital Fund III, L.P. The address for Credit Suisse Private Equity is 11 Madison Avenue, New York, NY 10010.

*GS Direct, L.L.C.* GS Direct, L.L.C., a Delaware limited liability company, indirectly owns an approximately sixteen percent (16%) interest in GTEL Holding, LLC. GS Direct, L.L.C. invests capital primarily alongside corporate and sponsor clients in situations in which access to its or its affiliates’ capital, relationships, or advisory services can enhance the value of the investment. GS Direct L.L.C. is wholly owned by The Goldman Sachs Group, Inc. G.S. Direct, L.L.C.’s sole manager is Goldman, Sachs & Co. The address for GS Direct L.L.C., The Goldman Sachs Group, Inc., and Goldman, Sachs & Co. is 200 West Street, New York, NY 10282.

*The Goldman Sachs Group, Inc.* The Goldman Sachs Group, Inc., a Delaware corporation, provides investment banking, securities, and investment management services primarily to corporations, financial institutions, governments, and high net worth individuals

worldwide. The Goldman Sachs Group, Inc. owns one hundred percent (100%) interest in GS Direct, L.L.C and has the right to the replace Goldman, Sachs & Co. as the sole manager of GS Direct, L.L.C. The Goldman Sachs Group, Inc. indirectly holds an approximately sixteen percent (16%) interest in GTEL Holding, LLC. Goldman, Sachs & Co. is a New York limited partnership which serves as the principal U.S. broker-dealer for The Goldman Sachs Group, Inc. All limited partner equity interests in Goldman, Sachs & Co. are held by The Goldman Sachs Group, Inc., a bank holding company.

Other than as stated in this Application, no other person or entity owns a ten percent (10%) or greater direct or indirect ownership interest in DSI-ITI, LLC.

Other than the interests held in GTL and DSI-ITI, the following ten percent (10%) or greater direct or indirect owners of DSI-ITI, LLC do not hold any interests in telecommunications-related entities: GTEL Holdings, Inc., GTEL Acquisition Corp., The Veritas Capital Fund III, L.P., Veritas Capital Partners III, L.L.C., RDV Corporation, Credit Suisse Private Equity.

In addition to its ownership of GTL and DSI-ITI, GTEL Holding, LLC is affiliated<sup>11</sup> with the following domestic communications companies in which The Goldman Sachs Group, Inc. has the following approximate interests:

- thirty percent (30%) interest in Arcadian Networks, Inc., a wireless broadband services provider;
- thirty percent (30%) interest in Cequel Communications, LLC, and its operating subsidiary, Suddenlink Communications, a communications, video, and broadband services provider; and

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<sup>11</sup> As defined in Section 3 of the Communications Act of 1934, 47 U.S.C. § 153(1).

- thirty-seven percent (37%) interest in Limelight Networks, Inc., a fiber-optic broadband network operator.

Applicants do not have any interlocking directorates with a foreign carrier,<sup>12</sup> nor will DSI-ITI have any such directorates or managers after consummation of the Transaction.

**(i) Foreign Carrier Affiliation Certification (Answer to IBFS Main Form Questions 14-17)**

DSI-ITI certifies that it is not a foreign carrier. GTEL Holding, LLC, through its ownership by The Goldman Sachs Group, Inc., is affiliated with the following foreign carriers: (1) Diveo Broadband Networks, Inc., a company providing local broadband and Internet services infrastructure to corporate customers in Brazil, Mexico, and Colombia; (2) GET A/S, a company providing cable television, broadband, and telephony services in Norway; and (3) eMOBILE Ltd., a mobile broadband services provider in Japan.

The Goldman Sachs Group, Inc. is also affiliated with the following companies, which are foreign entities engaged in the provision of communications services: (1) Shared Access, LLC, a wireless infrastructure operator in the United Kingdom; and (2) Tikona Digital Networks, a wireless broadband provider in India. Goldman Sachs has not be able to confirm whether these companies are authorized to provide international telecommunications services, or able to originate or terminate telecommunications services to or from points outside their home country, but Goldman Sachs is disclosing its ownership interest in these entities out of an abundance of caution.

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<sup>12</sup> As defined by 47 C.F.R. § 63.09(d).

**(j) Foreign Carrier and Destination Countries (Answer to IBFS Main Form Questions 14-17).**

As evidenced by the signatures to this Application, DSI-ITI certifies that upon consummation of the Transaction it will not provide international telecommunications services to any destination country in which: (1) DSI-ITI is a foreign carrier in the destination market; (2) DSI-ITI controls a foreign carrier in the destination market; and (3) two or more foreign carriers (or parties that control foreign carriers) own, in the aggregate, more than twenty-five percent (25%) of DSI-ITI and are not parties to, or the beneficiaries of, a contractual relationship affecting the provision or marketing of international basic telecommunications services in the United States.

**(k) WTO Membership of Destination Countries (Answer to IBFS Main Form Questions 14-17).**

Not applicable.

**(l) International Telecommunications Services (Answer to IBFS Main Form Questions 14-17).**

DSI-ITI will not resell the international switched services of an unaffiliated U.S. carrier for the purpose of providing international telecommunications services to a country where it is a foreign carrier or is affiliated with a foreign carrier.

**(m) Non-dominant Regulatory Classification (Answer to IBFS Main Form Questions 14-17).**

Pursuant to Section 63.10 of the Commission's rules, 47 C.F.R. § 63.10, DSI-ITI qualifies for non-dominant classification on the routes between the United States and all the above-listed countries because the affiliated entities in these countries have no market power on the foreign end of any of these routes. All of the above-listed affiliates lack fifty percent (50%) market share in the international transport and the local access markets in their respective foreign markets and

none are listed on the Commission's List of Foreign Telecommunications Carriers that Are Presumed to Possess Market Power in Foreign Telecommunications Markets. As such, DSI-ITI is presumptively classified as non-dominant on these routes.

**(n) Special Concessions Certification (Answer to IBFS Main Form Question 21).**

As evidenced by the signatures to this Application, DSI-ITI has not agreed to accept special concessions directly or indirectly from any foreign carrier with respect to any U.S. international route where the foreign carrier possesses sufficient market power on the foreign end of the route to adversely affect competition in the U.S. market, and will not enter into such agreements in the future.

**(o) Federal Benefits/Anti-Drug Act of 1988 Certification (Answer to IBFS Main Form Question 25).**

As evidenced by the signatures to this Application, the Applicants certify, pursuant to Sections 1.2001 through 1.2003 of the Commission's rules that they are not subject to a denial of federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988. 21 U.S.C. § 862.

**(p) Eligibility for Streamlined Processing (Answer to IBFS Main Form Question 20).**

Applicants request streamlined processing of this Application pursuant to Section 63.12 of the Commission's rules, 47 C.F.R. § 63.12, for the reasons set forth above.

**VI. INFORMATION REQUIRED BY SECTION 63.04(b) OF THE COMMISSION'S RULES FOR TRANSFER OF CONTROL OF ASSETS**

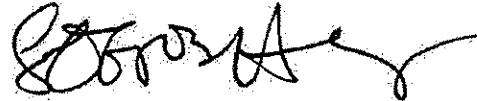
In accordance with the requirements of Section 63.04(b) of the Commission's rules, the additional information required by Section 63.04(b) of the Commission's rules for transfer of control of assets is provided in Exhibit A.

**VII. CONCLUSION**

Based on the foregoing, Applicants respectfully submit that the public interest, convenience, and necessity would be furthered by grant of this Application.

Respectfully submitted,

**DSI-ITI, LLC**



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Jeffrey B. Haidinger  
President of Services  
DSI-ITI, LLC  
12021 Sunset Hills Road, Suite 100  
Reston, VA 20190

Chérie R. Kiser  
Attorney for DSI-ITI, LLC  
Cahill Gordon & Reindel LLP  
1990 K Street, NW, Suite 950  
Washington, D.C. 20006  
202-862-8950 (telephone)  
202-862-8958 (facsimile)  
ckiser@cgrdc.com

Dated: April 15, 2010

**VII. CONCLUSION**

Based on the foregoing, Applicants respectfully submit that the public interest, convenience, and necessity would be furthered by grant of this Application.

Respectfully submitted,

**INMATE TELEPHONE, INC.**



Anthony R. Bambocci  
President

Inmate Telephone, Inc.  
5000 6<sup>th</sup> Avenue  
Altoona, PA 16602

Thomas J. Navin  
Attorney for Inmate Telephone, Inc.  
Wiley Rein LLP  
1776 K Street NW  
Washington, DC 20006  
202-719-7487 (telephone)  
202-719-7049 (facsimile)  
tnavin@wileyrein.com

Dated: April 15, 2010

**Exhibit A**

**INFORMATION FOR TRANSFER OF CONTROL OF ASSETS**

In accordance with the requirements of Section 63.04(b) of the Commission's rules, the Applicants provide the following information in support of their request for authority to transfer control of certain ITI Assets to DSI-ITI.

**63.04(a)(6): Description of the Transaction**

The Transaction is described in Section III of the Application.

**63.04(a)(7): Description of Geographic Service Area and Services in Each Area**

A description of the geographic service areas and services provided in each area is described in Section II of the Application.

**63.04(a)(8): Presumption of Non-Dominance and Qualification for Streamlining**

This Application is eligible for streamlined processing pursuant to Section 63.03(b)(2) of the Commission's rules because: (1) the proposed Transaction will result DSI-ITI having a market share in the interstate interexchange market of less than ten percent (10%); (2) DSI-ITI will provide competitive telephone exchange services or exchange access services exclusively in geographic areas served by a dominant local exchange carrier that is not a party to the Transaction; and (3) neither the Applicants nor any of their affiliates are regulated as dominant with respect to any service.

**63.04(a)(9): Other Pending Commission Applications Concerning the Proposed Transaction**

None.

**63.04(a)(10): Special Considerations**

None.

**63.04(a)(11): Waiver Requests (If Any)**



None.

**63.04(a)(12): Public Interest Statement**

The Transaction is in the public interest for the reasons detailed in Section IV of the Application.

**Exhibit B**

**DSI-ITI, LLC Organizational Chart**

(all percentage interests are entity's approximate direct or indirect interest)

