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Streamlined
A.R.C. NETWORKS, INC.

ITC-T/C-20000908-00526

DUPLICATE

September 8, 2000
FCC/MELLON

SEP 08 2000

DELIVERY VIA COURIER TO MELLON BANK

RECEIVED

Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
The Portals
445 Twelfth Street, S.W.
Washington, D.C. 20554

Telecom Division
International Bureau

SEP 13 2000

Re: A.R.C. Networks, Inc., InfoHighway Communications
Corporation, GTCR Fund VII, L.P. and
GTCR Co-Invest, L.P. Section 214 Application
for Approval of Transfers of Control and Mergers

Dear Ms. Salas:

On behalf of A.R.C. Networks, Inc., InfoHighway Communications Corporation, GTCR Fund VII, L.P., and GTCR Co-Invest, L.P. we hereby submit for filing an original and five copies of a Section 214 Application for approval of transfers of control and mergers.

Pursuant to Section 63.12 of the Commission's Rules, the applicants request streamlined processing of the enclosed Application.

An FCC Form 159 and a \$780.00 check to cover the required filing fee are attached hereto.

Please refer all questions and correspondence regarding this filing directly to the undersigned.

Very truly yours,



Glenn S. Richards
Susan M. Hafeli
Counsel for A.R.C. Networks, Inc.
InfoHighway Communications Corporation
GTCR Fund VII, L.P.
GTCR Co-Invest, L.P.

Enclosures

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

In the Matter of)
)
A.R.C. Networks, Inc.)

Transferor,)

InfoHighway Communications)
Corporation,)

Transferor,)

GTCCR Fund VII, L.P.)

Transferee,)

GTCCR Co-Invest, L.P.)

Transferee,)

Application for Authority Pursuant to)
Section 214 of the Communications Act)
of 1934, as amended, for Approval of)
Transfers of Control and Mergers)

File No. I-T-C-00-_____

RECEIVED

SEP 13 2000

Telecom Division
International Bureau

**APPLICATION FOR APPROVAL OF
TRANSFERS OF CONTROL AND MERGERS**

Pursuant to Section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214, and Section 63.18 of the Commission's Rules, 47 C.F.R. § 63.18, A.R.C. Networks, Inc., ("ARC"), InfoHighway Communications Corporation ("ICC"), GTCCR Fund VII, L.P. ("GTCCR VII") and GTCCR Co-Invest, L.P. ("GTCCR Co-Invest" and, collectively with GTCCR VII,

“GTCR”), by their attorneys, hereby request authority for the following i) the acquisition by GTCR of approximately 71 percent of the outstanding common stock of ICC and; ii) the acquisition of Info-Highway International, Inc. (“IHI”) by ICC.

ARC currently holds Section 214 authority to operate as an international facilities-based and/or resale carrier between the United States and all foreign points. *See* File No. ITC-96-032.

ARC is a wholly-owned subsidiary of Arc Networks, Inc., a Delaware corporation (“ARC-Parent”). ARC-Parent is a wholly-owned subsidiary of ICC. ICC thus currently holds indirect Section 214 authority.

Approval of the proposed transfer will serve the public interest. The acquisition of ICC will promote competition by enabling ARC to have access to additional capital so that it may expand its facilities and international service offerings. In short, ARC will be positioned to become a more effective competitor in the international telecommunications market.

I. Description of the Transaction

The parties propose a multi-step transaction under which GTCR will invest a minimum of \$45 million of capital in ICC in exchange for a majority of ICC’s outstanding common stock.

The transaction proposes, first, the merger of a newly-formed company wholly-owned by ICC management into ICC, with ICC being the surviving entity. ICC management and non-management ICC shareholders will receive stock in the surviving corporation.

Contemporaneously, GTCR will make an initial investment in ICC of \$45 million, structured to include \$43.5 million of Class A cumulative, redeemable preferred stock with an eight percent accruing, compounding dividend and \$1.5 million of common stock. The common stock being acquired by GTCR will consist of 1,512,662 shares of Class A voting common stock of ICC and

19,850,086 shares of Class B non-voting common stock of ICC. The shares of Class B non-voting stock are convertible into shares of Class A voting common stock upon the receipt of the requisite regulatory approvals for GTCR's acquisition of control of ICC. The Class A preferred stock will be redeemable upon the earlier to occur of an initial public offering or a subsequent change in control of ICC. The transaction then proposes the merger of a newly-formed subsidiary of ICC into Info-Highway International, a Texas corporation, with IHI being the surviving entity. One IHI executive will exchange his current shares in IHI for common stock in ICC, while the other IHI executive and non-management IHI shareholders will receive cash in exchange for their shares.¹

At the close of the transaction, the existing management of ICC and IHI will hold approximately 13 percent (with an additional 2 percent received for issuance to new management) of the fully-diluted common stock of ICC, GTCR will hold approximately 71 percent of the fully-diluted common stock of ICC (assuming the conversion of the shares of Class B common stock into shares of Class A common stock), and the original ICC non-management stockholders will own approximately 12.5% of the fully diluted common stock of ICC.

Although the transaction will result in a change in control of ICC, ARC's ultimate parent, it will not involve any change in ARC or in the manner in which services are provided to ARC's customers. After the transaction, ARC will continue to operate under its current name, providing

¹ To minimize the risk that receipt of the preferred stock would be taxable to the recipients, ICC agreed that its stockholders would receive a new class of preferred stock, the Class B Preferred Stock, in lieu of the Class A Preferred Stock. The Class B Preferred Stock is identical to the Class A Preferred Stock except that in certain instances holders of Class B Preferred Stock are denied redemption rights granted to holders of Class A Preferred Stock.

service under its existing tariffs.² In effect, the transaction will be transparent to ARC's customers.

II. Information Required by Section 63.18

Pursuant to Section 63.18(e)(5) of the Commission's Rules, the parties submit the following:

(a) Name and Address of Applicants:

A.R.C. Networks, Inc.
1333 Broadway, Suite 1001
New York, New York 10018

InfoHighway Communications Corporation
1333 Broadway, Suite 1001
New York, New York 10018

GTCR Fund VII, L.P.
6100 Sears Tower
Chicago, Illinois 60606-6402

GTCR Co-Invest, L.P.
6100 Sears Tower
Chicago, Illinois 60606-6402

(b) A.R.C. Networks, Inc. is a corporation organized under the laws of the state of New York. InfoHighway Communications Corporation is a corporation organized under the laws of the state of Delaware. Both GTCR Fund VII, L.P. and GTCR Co-Invest, L.P. are limited partnerships organized under the laws of Delaware.

GTCR Fund VII, L.P. and GTCR Co-Invest, L.P. are managed by GTCR Golder Rauner, LLC, a leading private equity investment firm and long-term strategic partner for outstanding

² At such time as ARC cancels its interstate, domestic, interexchange tariff pursuant to 47 C.F.R. § 61.19, ARC will make information regarding the rates, terms, and conditions of its services publicly available in compliance with 47 C.F.R. §§ 42.10.

management teams. It pioneered the investment strategy of identifying and partnering with exceptional executives to acquire companies in fragmented and growing industries. GTCR Golder Rauner LLC currently manages more than \$4 billion in equity capital invested in a wide range of companies and industries. Its primary industry focus includes information technology services, marketing services, healthcare services, outsourced business services, transaction processing and logistics. Additional information about GTCR Golder Rauner LLC is available on its website, <<www.gtcr.com>>.

- (c) Correspondence concerning this application should be sent to Counsel for the

Applicants:

Glenn S. Richards, Esq.
Shaw Pittman
2300 N Street, N.W.
Washington, D.C. 20037
Telephone: (202) 663-8000
Facsimile: (202) 663-8007

The designated contact for the continuing operations of ARC is:

Joseph Gregori, Executive Vice President
A.R.C. Networks, Inc.
1333 Broadway, Suite 1001
New York, New York 10018
Telephone: (212) 566-2100
Facsimile: (212) 566-2136

(d) ICC's subsidiary, ARC, is authorized to operate as an international facilities-based and resale carrier in accordance with Section 63.18 of the Commission's Rules. See File No. ITC-96-032; *see also* Attachment 1. No other party to the transaction currently possesses a Section 214 authorization.

- (e) Pursuant to this Application, ICC seeks Commission authorization for the

following i) the acquisition by GTCR of approximately 71 percent of the outstanding common stock of ICC and; ii) the acquisition of IHI by ICC.

(f) Not applicable.

(g) Not applicable.

(h) GTCR Fund VII, L.P. certifies that it has no affiliation with a foreign carrier as defined in Section 63.18(h)(1) of the Commission's Rules. GTCR Fund VII, L.P. further certifies that it has no affiliation with any U.S. facilities-based international carrier. GTCR Fund VII, L.P. has no direct or indirect shareholders that hold a ten percent or greater interest.

GTCR Co-Invest, L.P. certifies that it has no affiliation with a foreign carrier as defined in Section 63.18(h)(1) of the Commission's Rules. GTCR Co-Invest, L.P. further certifies that it has no affiliation with any U.S. facilities-based international carrier. GTCR Co-Invest, L.P. has no direct or indirect shareholders that hold a ten percent or greater interest

(i) GTCR Fund VII, L.P. has not agreed to accept special concessions directly or indirectly from any foreign carrier or administration with respect to traffic or revenue flows between the U.S. and any foreign country the company is authorized to serve. GTCR Fund VII, L.P. further certifies it will not enter into such agreements in the future.

GTCR Co-Invest, L.P. has not agreed to accept special concessions directly or indirectly from any foreign carrier or administration with respect to traffic or revenue flows between the U.S. and any foreign country the company is authority to serve. GTCR Co-Invest, L.P. further certifies it will not enter into such agreements in the future.

(j) See attached certifications.

Conclusion

A grant of this Application will serve the public interest, convenience, and necessity because it will promote competition in the provision of international telecommunications services and thereby advance the goals of the Commission's international telecommunications policies. Accordingly, for the reasons stated above, it is respectfully requested that the Commission grant this Application.

Respectfully submitted,

**A.R.C. Networks, Inc.
InfoHighway Communications
Corporation
GTCR Fund VII, L.P.
GTCR Co-Invest, L.P.**



Glenn S. Richards, Esq.
Susan M. Hafeli, Esq.
Shaw Pittman
2300 N Street, N.W.
Washington, D.C. 20037

Their Attorneys

Dated: September 8, 2000

SECTION 1.2001 CERTIFICATION

On behalf of GTCR Fund VII, L.P. and in accordance with Sections 1.2001-1.2003 of the Commission's Rules, 47 C.F.R. "1.2001-1.2003, I hereby certify that GTCR Fund VII, L.P. is not subject to a denial of Federal benefits that includes FCC benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988. See 21 U.S.C. § 853(a).

By: GTCR Fund VII, L.P.

By: GTCR Partners VII, L.P.
Its: General Partner

By: GTCR Golder Rauner, L.L.C.
Its: General Partner

By: 
Name: David A. Domini
Title: Principal

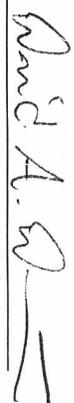
Dated: August 11, 2000

SECTION 1.2001 CERTIFICATION

On behalf of GTCR Co-Invest, L.P., and in accordance with Sections 1.2001-1.2003 of the Commission's Rules, 47 C.F.R. §§ 1.2001-1.2003, I hereby certify that GTCR Co-Invest, L.P. is not subject to a denial of Federal benefits that includes FCC benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988. See 21 U.S.C. § 853(a).

By: GTCR CO-INVEST, L.P.

By: GTCR Golder Rauner, L.L.C
Its: General Partner

By: 
Name: David A. Donnini
Title: Principal
Date: 9/5/00

VERIFICATION

I am authorized to represent A.R.C. Networks, Inc. and to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters, I believe them to be true. I declare under penalty of perjury that the foregoing is true and correct.

By: 

Name: Peter Parrinello

Title: President

Date: 7/17/00

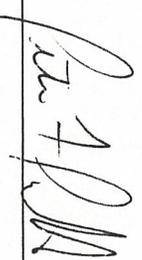
Sworn and subscribed to before me this 17th
day of July, 2000.


Notary Public

LYNN M. SEIFFERT
Notary Public, State of New York
No. 4881434
Qualified in Nassau & New York Co.
Commission Expires June 9, ~~2000~~ 2002
My Commission expires _____

VERIFICATION

I am authorized to represent InfoHighway Communications Corporation and to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters, I believe them to be true. I declare under penalty of perjury that the foregoing is true and correct.

By: 

Name: Peter Parrinello

Title: President

Date: 7/17/00

Sworn and subscribed to before me this 17th
day of July, 2000.


Notary Public

LYNN M. SEIBERT
Notary Public, State of New York
No. 4861434
Qualified in Nassau & New York Co.
Commission Expires June 9, ~~2000~~ 2002

My Commission expires _____

VERIFICATION

I am authorized to represent Info-Highway International, Inc. and to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters, I believe them to be true. I declare under penalty of perjury that the foregoing is true and correct.

By: *Glenn Kramer*

Name: Glenn Kramer

Title: President

Date: 7/14/00

Sworn and subscribed to before me this 18

day of July, 2000.

Danette Crocker
Notary Public



My Commission expires 11-26-00

VERIFICATION

I am authorized to represent GTCR Fund VII, L.P., and to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters, I believe them to be true. I declare under penalty of perjury that the foregoing is true and correct.

By: GTCR Fund VII, L.P.

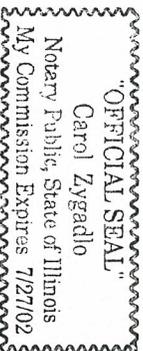
By: GTCR Partners VII, L.P.
Its: General Partner

By: GTCR Golder Rauner, L.L.C.
Its: General Partner

By: David A. Donnini
Name: David A. Donnini
Title: Principal
Date: _____

Sworn and subscribed to before me this
11th day of August, 2000.

Carol Zygodlo
Notary Public



My Commission expires 7-27-02

VERIFICATION

I am authorized to represent GTCR Co-Invest, L.P., and to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters, I believe them to be true. I declare under penalty of perjury that the foregoing is true and correct.

By: GTCR CO-INVEST, L.P.

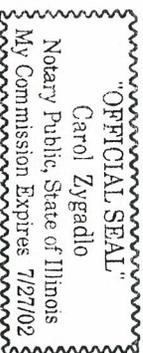
By: GTCR Golder Rauner, L.L.C
Its: General Partner

By: David A. Donini
Name: David A. Donini
Title: Principal

Dated: 9/5/00

Sworn and subscribed to before me this 5th
day of September, 2000.

Carol Zygaadlo
Notary Public



My Commission expires 7-27-02

Attachment 1

Grant of ARC Networks, Inc.'s Authority to Operate as an
International Facilities-Based and Resale Carrier

APC
60180250
52841



PUBLIC NOTICE

FEDERAL COMMUNICATIONS COMMISSION

1919 M STREET N.W.
WASHINGTON, D.C. 20554

News Media Information 202 418-0500. Recorded listing of reverses and texts 202 418-2222

REPORT # I-8155

14 March 1996

OVERSEAS COMMON CARRIER SECTION 214 APPLICATION
ACTIONS TAKEN
(Formal Section 63.01)

The following applications for international section 214 certification have been granted effective March 8, 1996 pursuant to the Commission's streamlined processing procedures set forth in Section 63.12 of the Commission's Rules, 47 C.F.R. (All are resale of public switched service).

<u>ITC File</u>	<u>No.Applicant</u>
ITC-96-013	MCI Telecommunications Corporation
ITC-96-014	Omnitel, Inc.
ITC-96-015	The MMC Interactive Exchange
ITC-96-016	Atmuri Telecom, Inc.
ITC-96-017	American's New Beginning, Inc.
ITC-96-018	Trans Global Communications, Inc.
ITC-96-019	Granite State Long Distance, Inc.

The following applications for international section 214 certification have been granted effective March 11, 1996 pursuant to the Commission's streamlined processing procedures set forth in Section 63.12 of the Commission's Rules, 47 C.F.R. (All are resale of public switched service).

<u>ITC File</u>	<u>No.Applicant</u>
ITC-96-022	International Voice & Data, Inc.
ITC-96-023	Fox Telecommunications, Inc.
ITC-96-024	Utopia Communications Corporation
ITC-96-025	ARYA International Communications Corp.
ITC-96-027	Development Ventures International, Inc.
ITC-96-028	Five Star Telecom, Inc.
ITC-96-029	Gillette Global Network, Inc.
ITC-96-030	International Telephone Group, Inc.

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ITC-96-031 INTER ACCESS, INC.
ITC-96-032 A.R.C. NETWORKS, INC.
ITC-96-033 UNICOM, Inc.
ITC-96-034 Western Union Communications, Inc.
ITC-96-035 SunTel Communications, Inc.
ITC-96-036 PTT Telekom, Inc.
ITC-96-037 BHC Telenet, Inc.
ITC-96-038 Lone Star Long Distance, Inc.
ITC-96-042 Centurion InTelNet
ITC-96-043 Voice Telephone Company

The applicants listed above are authorized to provide international switched services by reselling the international switched services of other carriers as listed in their application and only in accordance with all rules, regulations and policies of the Commission.

CORRECTION:

ITC-96-064 Telefonica Larga Distancia de Puerto Rico, Inc. Appearing in Public Notice, Reported # 1-8141 dated 2Feb96 as Streamline. It should be Non-Streamline.

December 1999 for Sweden. See FONOROLA/EMI, Order on Reconsideration, 9 FCC Rcd 4066, 4070 (1994); ACC Global Corp., 9 FCC Rcd 6240 (1994); and Cable & Wirelless, Inc. et al. DA 96-17, Released January 16, 1996. These semi-annual reports shall be filed with the Commission not later than September 30 for the first six-month calendar period, and March 31 for the second six-month calendar period. This policy does not affect the requirement that dominant international private line resellers are required to file with the Commission quarterly traffic reports.

Further, applicants or any persons or companies directly or indirectly controlling them or controlled by them, or under direct or indirect common control with them, shall not acquire or enjoy any right, for the purposes of handling or interchanging traffic to or from the United States, its territories or possessions which is denied to any other United States carrier by reason of any concession, contract, understanding, or working arrangement to which the applicants or any such persons or companies controlling or controlled by the applicants are parties.

All of the applicants listed in this public notice shall file a tariff pursuant to Section 203 of the Communications Act of 1934, as amended, 47 U.S.C. Section 203, and Part 61 of the Commission's Rules, 47 C.F.R. Part 61, for the services requested in their application. The applicants shall file the annual reports of overseas telecommunications traffic required by Section 43.61. Further, the grant of these applications shall not be construed to include authorization for the transmission of money in connection with the services the applicants have been given authority to provide. The transmission of money is not considered to be a common carrier service.

If any applicant is reselling service obtained pursuant to a contract, the applicant shall file publicly any contracts entered into with other carriers or a contract summary in accordance with Section 203 of the Communications Act, 47 U.S.C. § 203, and Competition in the Interstate Interexchange Marketplace, 6 FCC Rcd 5880, 5902 (1991). In addition, the services obtained by contract shall be made generally available to similarly situated customers at the same terms, conditions and rates.

To the extent that any of the above-listed U.S. carriers intend to provide international call-back services through the use of uncompleted call signaling, their authorization to resell international switched voice and/or data services to provide these services is expressly subject to the conditions listed in VIA USA Ltd. et al., 9 FCC Rcd 2288 (1994), affirmed in Order on Reconsideration, 10 FCC Rcd 9540 (1995).

Petitions for reconsideration under Section 1.106 or applications for review under Section 1.115 of the Commission's Rules in regard to the grant of any of these applications may be filed within 30 days of this public notice (see Section 1.4 (b) (2)).

For additional information concerning this matter, please contact Mary Cobbs (202) 418-1492 or Rudy Bandonj (202) 418-1493.

Applicants shall file annual reports of circuit additions in accordance with the requirements set forth in Rules for Filing of International Circuit Status Reports, CC Docket No. 93-157, Report and Order, 10 FCC Rcd 8605 (1995). Applicants also shall file with the Commission a copy of any operating agreement entered into with its foreign correspondents within thirty (30) days of its execution, and shall otherwise comply with the filing requirements contained in Section 4.3.51 of the Commission's Rules. In addition, those applicants reselling international interconnected private lines to Canada, Sweden and the United Kingdom shall file all arrangements for private line interconnection to the United States public switched network pursuant to this section.

Those applicants reselling international private lines for the provision of non-interconnected private line service are limited to the provision of such private line service only between the United States and those points listed in their application - - that is, private lines which originate in the United States and terminate in one of the points listed in their application, or which originate in one of the points listed in their application and terminate in the United States. In addition, applicants may not - - and the applicants' tariffs must state that the applicants' customers may not - - connect private lines provided over these facilities to the public switched network at either the U.S. or foreign end, or both, for the provision of international basic telecommunications services, including switched voice services, unless authorized to do so by the Commission upon a finding that the foreign administration affords resale opportunities equivalent to those available under U.S. law, in accordance with Regulation of International Accounting Rates, Phase II, First Report and Order, 7 FCC Rcd 559 (1991), Order on Reconsideration and Third Further Notice of Proposed Rulemaking, 7 FCC Rcd 7927 (1992), petition for reconsideration pending.

In addition, applicants authorized to resell international private lines for the provision of switched services between the United States and Canada or Sweden or the United Kingdom are limited to the provision of such services between the United States and Canada or Sweden or the United Kingdom -- that is, private lines which carry traffic that originates in the United States, and terminates in Canada or Sweden or the United Kingdom, or traffic that originates in Canada or Sweden or the United Kingdom, that terminates in the United States.

Grant of applications to resell international private lines for the provision of switched services and interconnected private line services between the United States and Canada, Sweden and/or the United Kingdom is conditioned upon Canada Sweden and/or the United Kingdom continuing to afford resale opportunities equivalent to those available under U.S. law. In addition, all such non-dominant private line resellers are required to file with the Commission on a semi-annual basis the information contained in the annual traffic reports required by Section 4.3.61 of the Commission's Rules. This reporting requirement applies to traffic carried through December 1995 for Canada, December 1997 for the United Kingdom, and