# BINGHAM

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June 10, 2010

#### Via Electronic Filing

Marlene H. Dortch, Secretary Federal Communications Commission International Bureau Applications P.O. Box 979093 St. Louis, MO 63197-9700

Re: In the Matter of the Joint Application of MegaPath Inc., DSLnet Communications, LLC, DSLnet Communications VA, Inc., CCGI Holding Corporation, Platinum Equity, LLC, Covad Communications Company and DIECA Communications, Inc for Grant of Authority Pursuant to Section 214 of the Communications Act of 1934, as Amended, and Sections 63.04 and 63.24 of the Commission's Rules to Complete a Transaction Between MegaPath Inc. and CCGI Holding Corporation That Will Result in the Transfer of Indirect Control of the DSLnet-Licensees (defined below) and the Change of Indirect Control of the Covad-Licensees (defined below)

Dear Ms. Dortch:

On behalf of MegaPath Inc. ("MegaPath"), DSLnet Communications, LLC ("DSLnet"), DSLnet Communications Virginia, Inc. ("DSLnet-VA" and together with DSLnet, the "DSLnet-Licensees"), CCGI Holding Corporation ("CCGI"), Platinum Equity ("Platinum"), Covad Communications Company ("CCC") and DIECA Communications, Inc. ("DIECA" and together with CCC, the "Covad-Licensees") (Mega-Path, DSLnet-Licensees, CCGI, Platinum and Covad-Licensees collectively, the "Applicants"), enclosed please find an application for approval to complete a transaction whereby: (1) CCGI and Platinum will acquire indirect control of DSLnet-Licensees¹ when MegaPath, DSLnet-Licensees' direct parent company, becomes a direct subsidiary of CCGI, and (2) Platinum will relinquish indirect *de facto* control of the Covad-Licensees as a result of changes to the Board of Directors of CCGI, which indirectly wholly owns the Covad-Licensees. Pursuant to Section 63.04(b) of the Commission's rules, Applicants submit this filing as a combined domestic section 214 assignment application and international section 214 assignment application ("Combined Application").

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Of the DSLnet-Licensees, only DSLnet holds an international Section 214 authorization.

Marlene H. Dortch, Secretary June 10, 2010 Page 2

This filing and the applicable credit card payment in the amount of \$1,015.00, which satisfies the filing fee required for this application under line 2.b of Section 1.1105 of the Commission's rules, are being submitted electronically through the MyIBFS for each of the three international Section 214 authorization holders. Applicants are simultaneously filing the Application with the Wireline Competition Bureau, in accordance with the Commission's rules.

Please direct any questions regarding this filing to the undersigned.

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Respectfully submitted,

Jean L. Kiddoo

Russell M. Blau

Brett P. Ferenchak

Jeffrey Strenkowski

Counsel for Applicants

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

In the Matter of the Joint Application of	) )
MegaPath Inc., DSLnet-Transferor	) ) )
DSLnet Communications, LLC and DSLnet Communications VA, Inc. DSLnet-Licensees,	) ) ) )
and	) WC Docket No. 10
CCGI Holding Corporation, DSLnet-Transferee,	) )
Platinum Equity, LLC Covad-Transferor,	) ) )
Covad Communications Company and DIECA Communications, Inc. Covad-Licensees	) File Nos. ITC-T/C-2010
For Grant of Authority Pursuant to Section 214 of the Communications Act of 1934, as Amended, and Sections 63.04 and 63.24 of the Commission's Rules to Complete a Transaction Between MegaPath Inc. and CCGI Holding Corporation That Will Result in the Transfer of Indirect Control of the DSLnet-Licensees and the Change of Indirect Control of the Covad-Licensees	) ) ) ) ) ) ) ) ) ) ) ) ) )

# **JOINT APPLICATION**

MegaPath Inc. ("MegaPath" or "DSLnet-Transferor"), DSLnet Communications, LLC ("DSLnet"), DSLnet Communications Virginia, Inc. ("DSLnet-VA" and together with DSLnet, the "DSLnet-Licensees"), CCGI Holding Corporation ("CCGI" or "DSLnet-Transferee"),

Platinum Equity ("Platinum" or "Covad-Transferor"), Covad Communications Company ("CCC") and DIECA Communications, Inc. ("DIECA" and together with CCC, the "Covad-Licensees") (the DSLnet-Licensees and Covad-Licensees collectively, the Licensees) (Mega-Path, DSLnet-Licensees, CCGI, Platinum and Covad Licensees collectively, the "Applicants"), through their undersigned counsel and pursuant to Section 214 of the Communications Act, as amended, 47 U.S.C. § 214, and Sections 63.04 and 63.24 of the Commission's Rules, 47 C.F.R. §§ 63.04, 63.24, respectfully request Commission approval, to the extent necessary, to complete a transaction whereby: (1) CCGI and Platinum will acquire indirect control of DSLnet-Licensees when MegaPath, DSLnet-Licensees' direct parent company, becomes a direct subsidiary of CCGI, and (2) Platinum will relinquish indirect *de facto* control of the Covad-Licensees as a result of changes to the Board of Directors ("Board") of CCGI, which indirectly wholly owns the Covad-Licensees.

Although the proposed transaction will result in a change in the ultimate ownership of the DSLnet-Licensees and ultimate control of the Covad-Licensees, no transfer of authorizations, assets or customers will occur as an immediate consequence of the proposed transaction. The Licensees will continue to provide service to their existing customers pursuant to their authorizations under the same rates, terms and conditions. Accordingly, this transaction will have no effect on the rates, terms and conditions of service to the customers of Licensees.

# B. Request for Streamlined Processing

Applicants respectfully submit that this Application is eligible for streamlined processing pursuant to Sections 63.03 of the Commission's Rules, 47 C.F.R. § 63.03. In particular, this Application is eligible for streamlined processing pursuant to Section 63.03(b)(2)(i) because, immediately following the transaction, Applicants (and their Affiliates) will have a market share

in the interstate, interexchange market of less than 10 percent, and Applicants (and their Affiliates) will provide competitive telephone exchange services or exchange access services (if at all) exclusively in geographic areas served by a dominant local exchange carrier that is not a party to the transaction, and none of the Applicants (or their Affiliates) are dominant with respect to any service.

With respect to international authority, this Application is eligible for streamlined processing pursuant to Section 63.12(a)-(b) of the Commission's Rules, 47 C.F.R. § 63.12(a)-(b). In particular, Applicants qualify for a presumption of non-dominance under Section 63.10(a)(1) and (3) of the Commission's rules, 47 C.F.R. § 63.10(a)(1,3), because they are not foreign carriers and, as demonstrated below in Section V(k), their only foreign carrier affiliation is with non-dominant carriers in a country that is a Member of the WTO.

In support of this Application, Applicants provide the following information:

# II. <u>DESCRIPTION OF THE APPLICANTS</u>

# A. MegaPath and DSLnet-Licensees

MegaPath Inc. is a Delaware corporation with its principal office located at 555 Anton Boulevard, Suite 200, Costa Mesa, CA 92626. MegaPath is the direct parent company of DSLnet and DSLnet-VA. MegaPath is a provider of a variety of managed Internet Protocol ("IP") services including cable and satellite system broadband Internet access, mobility services such as digital certificates, global remote access, personal firewalls, and remote access virtual private networks ("VPN"), and security services. MegaPath does not currently offer any regulated telecommunications services and therefore does not hold any telecommunications authorizations from the FCC or any state regulatory authority.

DSLnet Communications, LLC is a Delaware limited liability company. DSLnet Communications VA, Inc. is a Virginia corporation. DSLnet-Licensees have principal offices located at 50 Barnes Park North, Suite 104, Wallingford, Connecticut 06492. DSLnet-Licensees provide high speed access to the Internet services. DSLnet is authorized to provide intrastate telecommunications services in forty-seven (47) states and the District of Columbia, and DSLnet-VA is authorized to provide intrastate telecommunications services in Virginia. DSLnet is authorized by the Commission to provide international and domestic interstate telecommunications services as a non-dominant carrier; DSLnet-VA is authorized by the Commission to provide domestic interstate telecommunications services as a non-dominant carrier.

# B. CCGI, Platinum and Covad-Licensees

CCGI Holding Corporation is a Delaware corporation with offices located at 360 North Crescent Drive, Beverly Hills, California 90210. CCGI is the parent company of Covad Communications Group, Inc. ("Covad"), a Delaware corporation that owns Covad Communications Company, a California corporation, and DIECA Communications, Inc., a Virginia corporation. Covad and Covad-Licensees have principal offices located at 2220 O'Toole Avenue, San Jose, California 95131. Covad is a leading nationwide provider of integrated voice and data communications. Through its operating companies (Covad-Licensees), the company offers DSL, Voice Over IP, T1, Ethernet, Web hosting, managed security, IP and dial-up, wireless broadband, and bundled voice and data services directly through Covad's network and through Internet Service Providers, value-added resellers, telecommunications carriers and affinity groups to small and medium-sized businesses and home users. Covad broadband services are currently available across the nation in 44 states and 235 Metropolitan Statistical Areas ("MSAs") and can be purchased by more than 57 million homes and businesses, which represent over 50 percent of all

US homes and businesses. Covad-Licensees are authorized by the Commission to provide international and domestic interstate telecommunications services as non-dominant carriers.

Currently, Platinum Equity LLC ultimately wholly controls CCGI. Neither CCGI nor Platinum offer any regulated telecommunications services. Platinum is a privately-held Delaware limited liability company with offices located at 360 North Crescent Drive, Beverly Hills, California 90210. Platinum is a global firm specializing in the merger, acquisition and operation of companies that provide services and solutions to customers in a broad range of business markets, including information technology, telecommunications, logistics, manufacturing, and entertainment distribution.

Platinum indirectly controls two other telecommunications carriers: Matrix Telecom, Inc. ("Matrix"); and Americatel Corporation ("Americatel"). Matrix (and its wholly owned subsidiary, Matrix Telecom of Virginia, Inc. ("Matrix-VA") provides integrated communications services including local, 1+ long distance and toll-free voice services plus a wide range of data services, such as dedicated Internet access, frame relay and point-to-point transmission services, chiefly to enterprise customers. Matrix provides intrastate, interstate and international services throughout the United States, and Matrix-VA provides, either directly or indirectly through Matrix, intrastate, interstate and international long distance services in Virginia. Americatel provides international and domestic facilities-based and resold long distance services, including "dial around" casual calling (i.e., 1010XXX) service and presubscribed 1+ calling services, in each of the 48 contiguous states, with a particular emphasis on serving the needs of United States customers with connections to Latin America and the Caribbean.

Matrix is currently in the process of acquiring substantially all of the assets of Comtel Telcom Assets LP. *See* WB Docket No. 10-82 and IB File No. ITC-ASG-20100319-00120.

# III. DESCRIPTION OF THE TRANSACTION

CCGI and MegaPath entered into an Agreement and Plan of Merger dated as of March 26, 2010 (the "Agreement"). Pursuant the Agreement, a subsidiary of CCGI created specifically for this transaction, TMAC Merger Corporation, will merge with MegaPath, with MegaPath surviving. As a result, MegaPath will become a wholly owned, direct subsidiary of CCGI and CCGI will acquire indirect control of DSLnet-Licensees. Applicants therefore request authority to transfer indirect control of DSLnet-Licensees to CCGI, and ultimately to Platinum. For the Commission's convenience, pre- and post-transaction corporate organizational structure charts are provided as Exhibit A.

In addition, as a result of the transaction, Platinum will relinquish sole control of the Board of Directors ("Board") of CCGI. Upon completion of the transaction, Platinum will no longer control a majority of the Board of CCGI.<sup>2</sup> As a result, there will be a change in indirect control of the Covad-Licensees.

#### IV. PUBLIC INTEREST STATEMENT

Applicants respectfully submit that the proposed transaction serves the public interest. In particular, Applicants submit that: (1) the proposed transaction will increase competition in the United States telecommunications market by reinforcing the status of Licensees as viable competitors and (2) the proposed transaction will be virtually transparent to consumers. Immediately following the consummation of the proposed transaction, Licensees will continue to offer service with no change in the rates or terms and conditions of service. Further, Licensees will continue to

Currently, Platinum is expected to control three (3) of the seven (7) seats on the Board of CCGI. MegaPath's current shareholders are expected to control two (2) seats on the Board of CCGI. The parties are currently determining the allocation of the other two (2) seats, but they will not be controlled by Platinum or MegaPath. As a result, Platinum will relinquish sole control of CCGI and its indirect subsidiaries, CCC and DIECA, and as such, Commission approval is requested for this transfer of control.

provide service to its customers under the same name, and will continue to be led by experienced management teams. Therefore, the transfer of control of DSLnet-Licensees and the change in control of the Covad-Licensees will be seamless and virtually transparent to consumers.

Given the increasingly complex and competitive nature of the telecommunications and capital markets and for other business reasons, Applicants seek to complete the proposed Transaction as soon as possible. Accordingly, Applicants respectfully request that the Commission process, consider, and approve this Application as expeditiously as possible.

# V. INFORMATION REQUIRED BY SECTION 63.24(e)

Pursuant to Section 63.24(e)(3) of the Commission's Rules, the Applicants submit the following information requested in Section 63.18 (a)-(d) and (h)-(p) in support of this Application:

# (a) Name, address and telephone number of each Applicant:

## **DSLnet Transferor**:

MegaPath Inc. 555 Anton Boulevard Suite 200 Costa Mesa, CA 92626 FRN 0018105601

# **DSLnet-Licensees**:

DSLnet Communications LLC DSLnet Communications VA Inc. 50 Barnes Park North Suite 104 Wallingford, Connecticut 06492 FRN 0004324851 FRN 0015540230

#### Covad-Licensees:

Covad Communications Company DIECA Communications, Inc. 2220 O'Toole Avenue San Jose, CA 95131 FRN 0003753753 FRN 0003753787

## DSLnet Transferee and Covad Transferor:

CCGI Holding Corporation Platinum Equity, LLC 360 North Crescent Drive, South Building Beverly Hills, CA 90210 FRN 0017234758 FRN 0014921878

# (b) Jurisdiction of Organizations:

<u>DSLnet Transferor</u>: MegaPath is a Delaware corporation.

DSLnet-Licensees: DSLnet is a Delaware limited liability company

DSLnet-VA is a Virginia corporation.

<u>DSLnet Transferee</u>: CCGI is a Delaware corporation.

<u>Covad-Licensees</u>: CCC is a California corporation.

DIECA is a Virginia corporation.

<u>Covad Transferor:</u> Platinum is a Delaware corporation.

(c) (Answer to Question 10) Correspondence concerning this Application should be

#### sent to:

#### For Applicants:

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#### For CCGI and Platinum:

# For CCGI and Covad-Licensees:

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Executive Vice President, General

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and:

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Schula Hobbs Regulatory Affairs

DSLnet Communications, LLC 50 Barnes Park North, Suite # 104

Wallingford, CT 06492 203-284-6205 (fax) shobbs@megapath.com

# (d) Section 214 Authorizations

DSLnet Transferor: MegaPath does not hold any domestic or international Sec-

tion 214 authorizations, but controls DSLnet-Licensees,

two entities that hold Section 214 authorizations.

DSLnet-Licensees: DSLnet holds Section 214 authority to provide global fa-

cilities-based and resold services pursuant to authority granted by the Commission in File Nos. ITC-214-19990716-00434 and ITC-ASG-20030611-00290. DSLnet also holds blanket domestic Section 214 authority to pro-

vide interstate telecommunications services.

DSLnet-VA holds blanket domestic Section 214 authority, but does provide international telecommunications services

and does not hold international Section 214 authority.

DSLnet Transferee: CCGI does not hold any domestic or international Section

214 authorizations, but controls CCC and DIECA, two enti-

ties that hold Section 214 authorizations.

Covad-Licensees: CCC and DIECA hold blanket domestic authority to pro-

vide interstate services. 47 C.F.R. § 63.01. CCC and DIECA each also hold global facilities based and resale

Section 214 authority to provide international services pur-

suant to authority granted in FCC File Nos. ITC-214-20021118-00544 (CCC) and ITC-214-20021126-00558 (DIECA).

#### Covad-Transferor:

Platinum does not hold domestic or international Section 214 authorizations. In addition to controlling Covad-Licensees, Platinum also controls other entities that hold Section 214 authorizations. Specifically, Matrix and Matrix-VA hold blanket domestic authority to provide interstate services pursuant to 47 C.F.R. § 63.01. Matrix also holds global facilities-based and resale Section 214 authority to provide international services pursuant to authority granted in FCC File No. ITC-214-19980915-00644. To the extent Matrix-VA provides international services, it does so pursuant to the international Section 214 authority of its parent company, Matrix. In addition, Americatel holds blanket domestic authority to provide interstate services pursuant to 47 C.F.R. § 63.01. Americatel also holds authority under Section 214 of the Act to provide global facilities-based and resale services (FCC File Nos. ITC-214-19920512-00044, ITC-214-19920512-00045, ITC-93-160-TC, ITC-214-19940517-00162, ITC-21419940922-00294, ITC-214-19960423-00165, ITC-214-19970312-00146, ITC-214-19970421-00220, ITC-214-19941020-00007 (assignment of FCC File No. ITC-214-19941020-00007 from AmericaSky Corporation to Americatel approved in File No. ITC-ASG-20060420-00252), and ITC-214-19890331-00002 and ITC-214-19970627-00354 (assigned from Startec Global Operating Company in File No. ITC-ASG-20090507-00203).

(h) (Answer to Questions 11 & 12) The following entities hold, directly or indirectly, a 10% or greater interest<sup>3</sup> in Applicants as calculated pursuant to the Commission's ownership attribution rules for wireline and international telecommunications carriers:<sup>4</sup>

# Pre- and Post-Transaction Direct Ownership of DSLnet-Licensees

The following entity currently has and, upon completion of the transaction, will continue to have a 10% or greater direct interest in **DSLnet Communications**, **LLC** and **DSLnet Communications VA**, **Inc.** 

Name: MegaPath, Inc.

Address: 555 Anton Boulevard, Suite 200

Costa Mesa, California 92626

Ownership Interest: 100% (directly in DSLnet and DSLnet-VA)

Citizenship: U.S

Principal Business: Managed IP Communications Services Provider

# Pre-Transaction Ownership of MegaPath

The following entities currently have a 10% or greater direct or indirect interest in **MegaPath Inc.**:

Name: Northern Neck Investors LLC ("Northern Neck")

Address: c/o Volition Capital LLC in its capacity as sub-

advisor to Northern Neck Investors LLC

111 Huntington Avenue Suite 2700

Boston, MA 02199

Ownership Interest: Approx. 19% (indirectly in MegaPath as the general

partner of the general partners of various investment

funds)<sup>5</sup>

Citizenship: U.S

Principal Business: Venture Capital

Unless otherwise indicated, the ownership interests provided herein represent both equity and voting interests.

While the Commission's rules for combined domestic and international applications require this information only for the transferee, *see* 47 C.F.R. §§ 63.04(b), 63.24(3)(2), Applicants are providing ownership information for both parties.

None of the funds or their general partners controlled by Northern Neck hold a 10% or greater interest in MegaPath.

Name:

US Venture Partners 2735 Sand Hill Road

Address:

Menlo Park, CA 94025

Ownership Interest:

10.5% (directly in MegaPath)

Citizenship:

U.S.

Principal Business:

Venture Capital

To the best of Applicant's knowledge, no other person or entity currently holds a 10% or greater direct or indirect interest in MegaPath or DSLnet-Licensees.

# Post-Transaction Ownership of MegaPath

Upon completion of the transaction, the following entity will have a 10% or greater direct interest in **MegaPath Inc.**:

Name:

**CCGI Holding Corporation** 

Address:

360 North Crescent Drive, South Building

Beverly Hills, CA 90210

Ownership Interest:

Citizenship:

100% U.S

Principal Business:

**Holding Company** 

# Pre- and Post-Transaction Direct Ownership of Covad-Licensees

The following entities currently have and, upon completion of the transaction, will continue to have a 10% or greater direct interest in Covad Communications Company and DIECA Communications, Inc.

Name:

Covad Communications Group, Inc.

Address:

2220 O'Toole Avenue

San Jose, California 95131

Ownership Interest:

100% (directly in CCC and DIECA)

Citizenship:

U.S

Principal Business:

Holding Company

Name:

CCGI Holding Corporation

Address:

360 North Crescent Drive, South Building

Beverly Hills, CA 90210

Ownership Interest:

100% (indirectly in CCC and DIECA as 100%

owner of Covad)

Citizenship:

U.S

Principal Business:

Holding Company

# Pre-Transaction Ownership of CCGI

CCGI Holding Corporation is ultimately controlled by Platinum Equity, LLC. Three private equity funds and one investment entity, all of which are ultimately

controlled by Platinum and Tom Gores, hold direct equity interests totaling 100% in CCGI. The three private equity funds are: (a) Platinum Equity Capital Partners II, L.P. ("PECP"); (b) Platinum Equity Capital Partners-A II, L.P. ("PECP-A"); and (c) Platinum Equity Capital Partners-PF II, L.P. ("PECP-PF"); and the investment entity is Platinum Blackberry Principals, LLC ("PBP") (PECP, PECP-A, PECP-PF and PBP collectively, the "CCGI Holding Shareholders"). The names, addresses, citizenship, primary business, and equity interest in **CCGI** of each of the CCGI Holding Shareholders is as follows:

Name: Platinum Equity Capital Partners II, L.P.

Address: 360 North Crescent Drive, South Building

Beverly Hills, California 90210

Citizenship: Delaware

Principal Business: Private equity investments

Ownership Interest: 60.58% direct ownership of CCGI<sup>6</sup>

Name: Platinum Equity Capital Partners-A II, L.P.

Address: 360 North Crescent Drive, South Building

Beverly Hills, California 90210

Citizenship: Delaware

Primary Business: Private equity investments

Ownership Interest: 9.6% direct ownership of CCGI<sup>7</sup>

Name: Platinum Equity Capital Partners-PF II, L.P.

Address: 360 North Crescent Drive, South Building

Beverly Hills, California 90210

Citizenship: Delaware

Primary Business: Private equity investments

Ownership Interest: 9.82% direct ownership of CCGI<sup>8</sup>

The limited partnership interests in PECP are held by institutional investors and Platinum Equity Investment Holdings II, LLC ("PEIH"), a Delaware limited liability company. With the exception of PEIH II, these limited partners have no control over the day-to-day business operations, activities, or decisions of PECP or CCGI. With the exception of PEIH, none of these limited partners ultimately holds equity interests in CCGI greater than 10%. The sole general partner of PECP is Platinum Equity Partners II, LLC ("PEP"), a Delaware limited liability company. The senior managing member and controlling entity of PEP is PEIH, the sole member of which is Platinum. PEP, PEIH and Platinum are described more fully below.

The sole general partner of PECP-A is PEP. The senior managing member and controlling entity of PEP is PEIH, the sole member of which is Platinum. PEP, PEIH and Platinum are described more fully below.

The limited partnership interests in PECP-PF are held by institutional investors. These limited partners have no control over the day-to-day business operations, activities, or decisions of PECP-PF or CCGI. None of these limited partners ultimately holds equity interests in CCGI greater than 10%. The sole general partner of PECP-PF is PEP. The senior managing member

Name:

Platinum Blackberry Principals, LLC 360 North Crescent Drive, South Building

Address:

Beverly Hills, California 90210

Citizenship:

Delaware

Primary Business:

Private equity investments

Ownership Interest:

20% direct ownership of CCGI<sup>9</sup>

The following entity currently has a 10% or greater direct interest in PECP, PECP-A, and PECP-PF:

Name:

Platinum Equity Partners II, LLC ("PEP")

Address:

360 North Crescent Drive, South Building

Beverly Hills, California 90210

Citizenship:

Delaware

Primary Business:

Private equity investments

Ownership Interests: Through its interests in PECP, PECP-A, and PECP-

PF (as sole general partner of those entities), PEP indirectly and ultimately controls 80% of the voting

interests of CCGI. 10

and controlling entity of PEP is PEIH, the sole member of which is Platinum. PEP, PEIH and Platinum are described more fully below.

The senior managing member of PBP is PEIH. The remaining membership interests in PBP are held by Platinum principals. With the exception of Tom Gores, these members have no control over the day-to-day business operations, activities, or decisions of PECP or CCGI. With the exception of Tom Gores and PEIH, none of these members ultimately holds equity interests in CCGI greater than 10%. The sole member of PEIH is Platinum. PEIH, Platinum and Tom Gores are described more fully below.

The senior managing member and controlling entity of PEP is PEIH. The remaining membership interests in PEP are held by Platinum principals. With the exception of Tom Gores, these members have no control over the day-to-day business operations, activities, or decisions of PECP or CCGI Holding. With the exception of Tom Gores and PEIH, none of these members ultimately holds equity interests in CCGI greater than 10%. The sole member of PEIH is Platinum. PEIH and Platinum are described more fully below.

The following entity currently has a 10% or greater direct interest in PEP and PBP:

Name:

Platinum Equity Investment Holdings II, LLC

Address:

360 North Crescent Drive, South Building

Beverly Hills, California 90210

Citizenship:

Delaware

**Primary Business:** 

Private equity investments

Ownership Interests: Through its interests in PBP and PEP (as senior managing member and controlling entity), PEIH in-

directly and ultimately controls 100% of the voting

interests of CCGI.<sup>11</sup>

The following entity currently has a 10% or greater direct interest in PEIH:

Name:

Platinum Equity, LLC

Address:

360 North Crescent Drive, South Building

Beverly Hills, California 90210

Citizenship:

Delaware

Primary Business:

Mergers & Acquisitions

Ownership Interests: Through its interests in PEIH (as sole member),

Platinum indirectly and ultimately controls 100% of

the voting interests of CCGI.<sup>12</sup>

# Post-Transaction Ownership of CCGI

Upon completion of the transaction, the following entities will have a 10% or greater direct or indirect interest in CCGI:

Name:

Platinum Equity Capital Partners II, L.P.

Address:

360 North Crescent Drive, South Building

Beverly Hills, California 90210

Citizenship:

Delaware

Principal Business:

Private equity investments

Ownership Interest:

40.4% direct ownership of CCGI.

Name:

Platinum Blackberry Principals, LLC

Address:

360 North Crescent Drive, South Building

Beverly Hills, California 90210

Citizenship:

Delaware

Primary Business:

Private equity investments

Ownership Interest:

13.3% direct ownership of CCGI.

<sup>11</sup> The sole member of PEIH II is Platinum. Platinum is described more fully below.

<sup>12</sup> Platinum is the sole member of PEIH II, which holds indirect or direct interests in each of the CCGI Holding Shareholders, as outlined above.

The following entity will have a 10% or greater direct interest in **PECP**:

Name:

Platinum Equity Partners II, LLC

Address:

360 North Crescent Drive, South Building

Beverly Hills, California 90210

Citizenship:

Delaware

Primary Business:

Private equity investments

Ownership Interests: Through its interests in PECP, PECP-A, and PECP-PF (as sole general partner of those entities), PEP

will indirectly ultimately control 53.3% of the vot-

ing interests of CCGI.

The following entity will have a 10% or greater direct interest in **PEP** and **PBP**:

Name:

Platinum Equity Investment Holdings II, LLC

Address:

360 North Crescent Drive, South Building

Beverly Hills, California 90210

Citizenship:

Delaware

Primary Business:

Private equity investments

Ownership Interests: Through its interests in PBP and PEP (as senior

managing member and controlling entity), PEIH will indirectly ultimately control 66.6% of the vot-

ing interests of CCGI.

The following entity currently has a 10% or greater direct interest in **PEIH**:

Name:

Platinum Equity, LLC

Address:

360 North Crescent Drive, South Building

Beverly Hills, California 90210

Citizenship:

Delaware

Primary Business:

Mergers & Acquisitions

Ownership Interests: Through its interests in PEIH (as sole member),

Platinum will indirectly ultimately control 66.6% of

the voting interests of CCGI.

# Pre- and Post-Transaction Ownership of Platinum

The following individual ultimately currently owns or controls and, upon completion of the transaction, will continue to own or control 100 percent of the membership units (equity and voting interest) in Platinum Equity, LLC:

Name:

Tom T. Gores.

Address:

360 North Crescent Drive, South Building

Beverly Hills, CA 90210

Citizenship:

U.S.

Principal Business:

Individual

To the best of Applicants' knowledge, no other person or entity currently holds or, upon completion of the transaction, will hold a ten percent (10%) or greater interest in Applicants.

DSLnet and DSLnet-VA do not currently have any interlocking directorates with any foreign-carrier affiliates. Upon completion of the transaction, DSLnet-Licensees may have interlocking directorates with their foreign carrier affiliates described below for CCC and DIECA.

CCC and DIECA do not have any interlocking directorates except with their foreign-carrier affiliates described below. The interlocking officers and directors are:

Eva M. Kalawski (Director, Vice President and Secretary)
Robert J. Joubran (Vice President and Treasurer)
Mary Ann Sigler (Vice President)
Stephen T. Zollo (Vice President)
Sally A. Ward (Assistant Secretary)
Dawn Walloch (Assistant Treasurer)

(i) (Answer to Question 14) Applicants are not foreign carriers. Through Platinum, Applicants are or, upon completion of the transaction, will be affiliated with the following foreign carriers:

Americatel Corporation ("Americatel") is an American company that holds a Class B License in Canada. Vancouver Telephone Company Limited ("Vancouver") is a subsidiary of Americatel Corporation, and holds a Class A License in Canada.

- (j) (<u>Answer to Question 15</u>) Applicants certify that, through the transaction, Applicants do not seek to provide international telecommunications services to any destination country where:
  - (1) Applicants are a foreign carrier in that country; or
  - (2) Two or more foreign carriers (or parties that control foreign carriers) own, in the aggregate more than 25 percent of Applicants and are parties to, or the beneficiaries of, a contractual relation affecting the provision or marketing or international basic telecommunications services in the United States.

However, Applicants certify that they are, or in the case of MegaPath and DSLnet-Licensees will become, affiliated with two foreign carriers, Americatel and Vancouver. Americatel and Vancouver provide telecommunications services in Canada.

- (k) Applicants certify that Canada, the country referenced in paragraph (j) above, is a Member of the World Trade Organization ("WTO"). Americated and Vancouver, the foreign carriers listed in paragraph (j), are not on the Commission's List of Foreign Telecommunications Carriers that are presumed to Possess Market Power in Foreign Telecommunications Markets, released on January 26, 2007. In addition, Americated and Vancouver, the foreign carriers listed in paragraph (j), offer services in competition with dominant foreign carriers and others.
- (I) Licensees may resell international switched services of unaffiliated U.S. carriers in order to provide telecommunications services to countries where they have a foreign carrier affiliation. As demonstrated above and because Americatel and Vancouver lack 50 percent market share in the international transport and the local access markets on the foreign end of the route, Licensees should be presumptively found to be non-dominant pursuant to Section 63.10(a)(3) of the Commission's rules, 47 C.F.R. § 63.10(a)(3).
- (m) Licensees qualify for a presumption of non-dominance under Section 63.10(a)(1) and (3) of the Commission's rules, 47 C.F.R. § 63.10(a)(1,3), because they are not foreign carriers and, as demonstrated above in paragraph (k), their affiliation is with non-dominant foreign carriers in a country that is a Member of the WTO.
- (n) Applicants certify that they have 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 market power on the foreign end of the route and will not enter into such agreements in the future.

- (o) Applicants certify that they are not subject to denial of federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1998. See 21 U.S.C. § 853a; see also 47 C.F.R. §§ 1.2001-1.2003.
- (p) Applicants respectfully submit that this Application is eligible for streamlined processing pursuant to Section 63.12(a)-(b) of the Commission's Rules, 47 C.F.R. §63.12(a)-(b). Applicants are or will be affiliated with foreign carriers that provides telecommunications services in Canada. Nevertheless, Applicants qualify for streamlined treatment under Section 63.12(c) because Applicants qualify for a presumption of non-dominance under Section 63.10(a)(1) and (3) for the reasons detailed in response to paragraphs (k) and (m) above.

# VI. INFORMATION REQUIRED BY SECTION 63.04

In lieu of an attachment, pursuant to Commission Rule 63.04(b), 47 C.F.R. § 63.04(b), Applicants submit the following information in support of their request for domestic Section 214 authority in order to address the requirements set forth in Commission Rule 63.04(a)(6)-(12), 47 C.F.R. § 63.04(a)(6)-(12):

- (a)(6) A description of the proposed Transaction is set forth in Section III above.
- (a)(7) The Applicants and their affiliates offer domestic telecommunications services in the United States as follows:
- (i) DSLnet provides domestic telecommunications services in the District of Columbia and all states except Alaska, Mississippi and Virginia. DSLnet-VA provides domestic telecommunications services in Virginia. Specifically, the DSLnet-Licensees provide highspeed access to the Internet services.
- (ii) Together, the Covad-Licensees offer telecommunications service in the following jurisdictions: Alabama, Arizona, California, Colorado, Connecticut, Delaware, District of

Columbia, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, Wisconsin, and Wyoming. Specifically, the Covad-Licensees provide integrated voice and data wireline communications services.

(iii) As stated above, Platinum controls other entities that provide telecommunications services: Matrix, Matrix-VA and Americatel. Matrix and Matrix-VA, jointly offer domestic (local and/or long distance) telecommunications services in all fifty (50) states and the District of Columbia. Matrix and Matrix-VA are competitive providers of integrated communications services including local, 1+ long distance and toll-free voice services plus a wide range of data services, such as dedicated Internet access, frame relay and point-to-point transmission services, chiefly to enterprise customers.

In addition, Americatel offers telecommunications service in all fifty (50) states and the District of Columbia, except Alaska. Americatel provides international and domestic facilities-based and resold long distance services, including "dial around" casual calling (i.e., 1010XXX) service and presubscribed 1+ calling services.

(a)(8) Applicants respectfully submit that this Application is eligible for streamlined processing pursuant to Sections 63.03 of the Commission's Rules, 47 C.F.R. §63.03. In particular, this Application is eligible for streamlined processing pursuant to Section 63.03(b)(2)(i) because, immediately following the transaction, Applicants (and their Affiliates) will have a market share in the interstate, interexchange market of less than 10 percent, and the Applicants (and their Affiliates) will provide competitive telephone exchange services or exchange access services (if at all) exclu-

sively in geographic areas served by a dominant local exchange carrier that is not a party to the transaction, and none of the Applicants (or their Affiliates) are dominant with respect to any service.

- (a)(9) By this Application, Applicants seek authority with respect to both international and domestic Section 214 authorizations (this Application is being separately and concurrently filed with respect to both types of authorities in compliance with Commission Rule 63.04(b), 47 C.F.R. § 63.04(b)). Covad, through its subsidiary NextWeb, Inc., is also filing applications with the Wireless Bureau in connection with the change in control of CCGI described above.
- (a)(10) Prompt completion of the proposed transaction is critical to ensure that Applicants can obtain the benefits described in the foregoing application. Accordingly, Applicants respectfully request that the Commission approve this Application expeditiously in order to allow Applicants to consummate the proposed transaction as soon as possible. No party, however, is requesting special consideration because it is facing imminent business failure.
  - (a)(11) Not applicable.
- (a)(12) A statement showing how grant of the application will serve the public interest, convenience and necessity is provided in **Section IV** above.

# VII. <u>CONCLUSION</u>

For the reasons stated above, Applicants respectfully submit that the public interest, convenience, and necessity would be furthered by a grant of this Application. Indeed, failure to grant it would directly harm the public interest. In light of the particular need to ensure continuity of service to existing customers, Applicants respectfully request expedited treatment to permit Applicants to complete the Transactions as soon as possible.

Respectfully submitted,

Beett P Ferender
Jean L. Kiddoo

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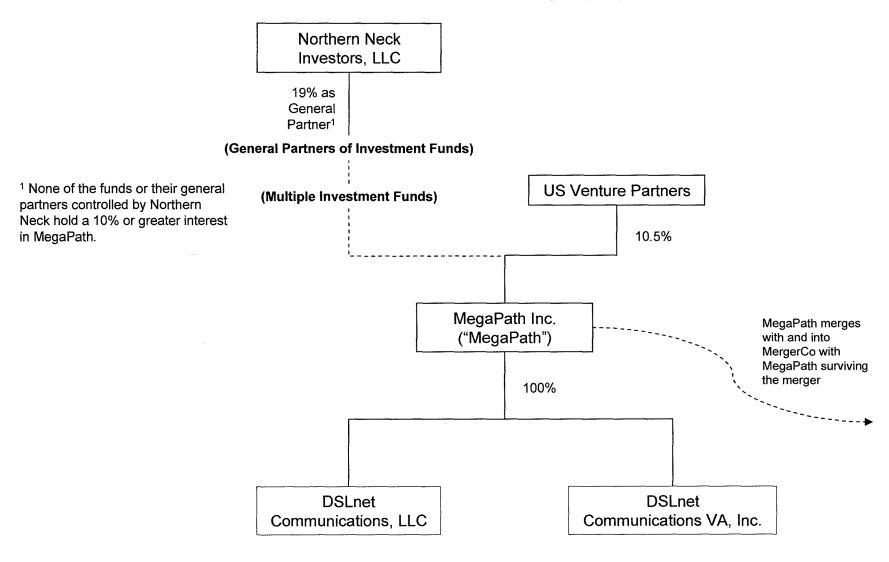
Counsel to Applicants

Dated: June 10, 2010

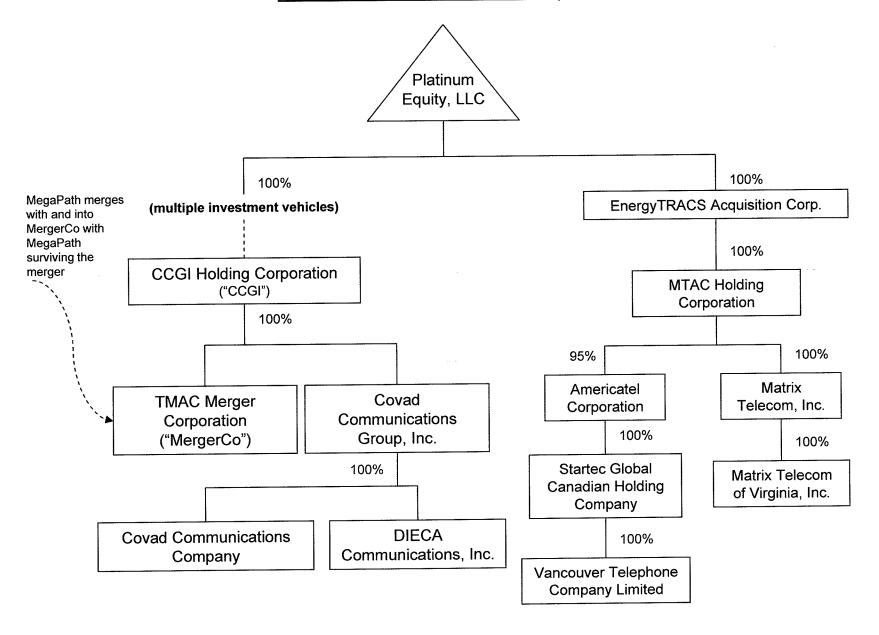
# EXHIBIT A

Illustrative Chart of Transaction and Ownership

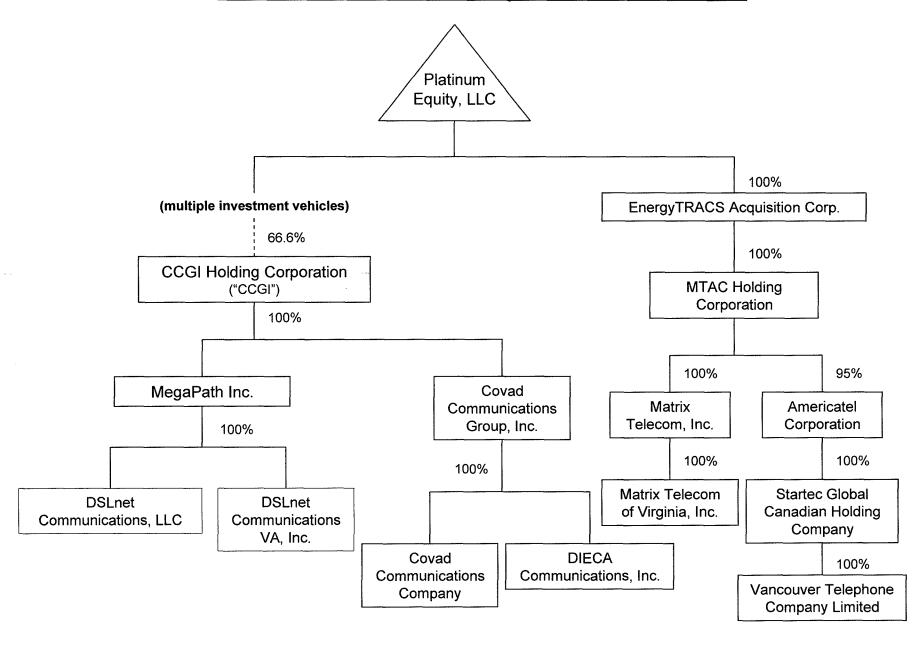
# Pre-Transaction Ownership of DSLnet



# Pre-Transaction Ownership of CCGI



# Post-Transaction Ownership of DSLnet and CCGI



# **VERIFICATIONS**

#### VERIFICATION

I, Steven B. Chisholm, state that I am the Senior Vice President, of MegaPath Inc. and DSLnet Communications, LLC (the "Company"); that I am authorized to make this Verification on behalf of the Company; that the foregoing filing was prepared under my direction and supervision; and that the contents are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct. Executed this

June \_\_day of April, 2010.

> Steven B. Chisholm Senior Vice President

MegaPath Inc. and DSLnet Communications, LLC

**COUNTY OF LOS ANGELES** 

§ ss: §

#### **VERIFICATION**

I, Eva M. Kalawski, being duly sworn, deposes and say that I am Executive Vice President, Secretary and General Counsel of Platinum Equity, LLC, and Vice President and Secretary of CCGI Holding Corporation, DIECA Communications, Inc., and Covad Communications Company (the "Companies"); that I am authorized to make this Verification on behalf of the Companies; that the foregoing filing was prepared under my direction and supervision; and that the contents are true and correct to the best of my knowledge, information, and belief.

Eva M. Kalawski
Platinum Equity, LLC
CCGI Holding Corporation
DIECA Communications, Inc.
Covad Communications Company

#### CERTIFICATE OF ACKNOWLEDGMENT OF NOTARY PUBLIC

State of California County of Los Angeles

On <u>June 9, 2010</u>, before me, the undersigned notary public, personally appeared Eva M. Kalawski, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

[Notary Seal, if any]:

Signature of Notarial Officer)

DORIE L. KELLY
Commission # 1822428
Notary Public - California
Los Angeles County
My Comm. Expires Nov 11, 2012

Notary for the State of California

My commission expires: November 11, 2012

A/73385348.1