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

In the Matter of	)	
Application of	)	
Block Line Systems, LLC Buckeye TeleSystem, Inc.	) ) )	
Licensees	)	
A. Block, J. Block, Block Family Trusts as Stockholders	) ) ) File No.	
Transferors	)	
and	)	
A. Block, J. Block, Block Family Trusts as Stockholders	) ) )	
Transferees.	)	
Application for Consent to Transfer Control of International Authority Pursuant to Section 214 of the Communications Act of 1934, as amended	)	

# APPLICATION FOR CONSENT TO PRO FORMA TRANSFER OF CONTROL OF INTERNATIONAL AUTHORITY PURSUANT TO SECTION 214 OF THE COMMUNICATIONS ACT OF 1934, AS AMENDED

Pursuant to Section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214, and Sections 63.03, 63.04 and 63.24 of the Commission's Rules, 47 C.F.R. §§ 63.03, 63.04, 63.24, A. Block, J. Block, Block Family Trusts as Stockholders ("Transferors") and A. Block, J. Block, Block Family Trusts as Stockholders ("Transferees") hereby request consent to the *pro forma* transfer of control of Block Line Systems, LLC ("BLS") and Buckeye TeleSystem, Inc.

("Buckeye", and together with Transferors, Transferees, and Buckeye, "Applicants") from Transferors to Transferees (the application for such consent, the "Application").

In support of this Application, the Applicants respectfully submit the following information:

#### I. Description of the Transaction and the Applicants

Attachment 1 provides a description of the ownership and corporate governance issues that form the basis for this Application.<sup>2</sup>

BLS and Buckeye have been and will continue to be direct wholly-owned subsidiaries of BCI. Both companies are operated under the common brand of Telesystem, which has two functional divisions, the mid-west, comprised of customers served by Buckeye, and the mid-Atlantic, comprised of customers served by BLS. BLS and Buckeye target small, medium, and enterprise business customers, as well as schools, state agencies, and local governments in the mid-Atlantic region, Northwest and North-Central Ohio, and Southeast Michigan. As of September 30, 2019, the consolidated telecommunications operation serves approximately

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<sup>&</sup>lt;sup>1</sup> The Commission recently approved applications filed by other wholly-owned affiliates of Block Communications, Inc. ("BCI") for authorization for the transfer of control of the company's broadcast television and wireless radio licenses. See Public Notice, Broadcast Actions, Rep. No. 49732 (rel. May 6, 2020) (reporting grant of Applications of Independence Television Co., File No. BTCCDT-20200221AAG; and Application of West Central Broadcasting, Inc., File No. BTCCDT-20200251AAH); Public Notice, Broadcast Actions, Rep. No. 49733 (rel. May 7, 2020) (reporting grants of Application of Lima Communications Corporation, File No. BTCCDT-20200221AAI; Application of WAND-TV Partnership, File No. BTCCDT-20200221AAJ; Application of WAND-TV Partnership, File No. BTCCDT-20200221AAK; Application of WAND-TV Partnership, File No. BTCCDT-20200221AAL; Application of WAND-TV Partnership, File No. BTCCDT-20200221AAM; Application of West Central Ohio Broadcasting, Inc., File No. BTCCDT-20200221AAS; Application of West Central Ohio Broadcasting, Inc., File No. BTCCDT-20200221AAT; and Application of West Central Ohio Broadcasting, Inc., File No. BTCCDT-20200221AAU); Application of Block Communications, Inc., File No. 0008984201 (granted May 11, 2020); Application of Buckeye Cablevision, Inc., File No. 0008984198 (granted May 11, 2020); Application of CARS Holding, Inc. File No. 0008984186 (granted May 11, 2020); Application of Independence Television Co., File No. 0008984159 (granted May 11, 2020); Application of Lima Communications Corporation, File No. 0008984168 (granted May 11, 2020).

<sup>&</sup>lt;sup>2</sup> See Attachment 1 at 2-3.

14,800 customer locations. Both BLS and Buckeye hold domestic and international Section 214 authorizations.<sup>3</sup>

Transferors and transferees are shareholders of BCI:

- Allan J. Block (as an individual voting a 25% interest);
- John R. Block (as an individual voting a 25% interest);
- The William Block Family Trust No. 2 (the "Family Trust") with Donald G. Block as chairperson of the trustees and as an individual trustee of the Family Trust with Diana E. Block and Emily E. Escalante and Erin C. Ruscoe as additional trustees and with W. Thomas McGough, Jr., as Independent Trustee (with the trust voting a 25% interest); and
- Eight (8) family Remainder Trusts (the "Remainder Trusts") that collectively vote a 25% interest, and each of which names Karen D. Johnese as Voting Trustee and W. Thomas McGough, Jr. as Independent Trustee.<sup>4</sup>

As described in Attachment 1, this application is filed following the termination of a previous closed corporation agreement among the shareholders and its replacement with a

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<sup>&</sup>lt;sup>3</sup> BLS holds international Section 214 authorizations originally granted to Line Systems, Inc. in 2000, to Magellan Hill Technologies, LLC in 2006, and to Infinite Communications, LLC in 2007, and subsequently assigned to BLS in 2014. See Public Notice, International Authorizations Granted, Rep. No. TEL-00219, (rel. Aug. 12, 2004) (granting initial authorization to Line Systems under File No. ITC-214-20000301-00170), Public Notice, International Authorizations Granted, DA No. 06-642, Rep. No. TEL-01008, (rel. Mar. 23, 2006) (granting initial authorization to Magellan Hill Technologies under File No. ITC-214-20060228-00127), Public Notice, International Authorizations Granted, DA No. 07-2368, Rep. No. TEL-01155 (rel. Jun. 7, 2007) (granting initial authorization to Infinite Communications under File No. ITC-214-20070511-00186), Public Notice, International Authorizations Granted, DA No. 14-1212, Rep. No. TEL-01687 (rel. Aug.8, 2014) (approving assignment to BLS under File No. ITC-ASG-20140714-00212). BLS also holds domestic Section 214 authorization pursuant to the blanket authorization under Section 63.01 of the Commission's Rules, and assignment of the authorizations held by Line Systems, Magellan Hill Technologies, and Infinite Communications. See Public Notice, Notice of Domestic Section 214 Authorizations Granted, DA 14-1225, WC Docket No. 14-106 (rel. Aug. 25, 2014). Buckeye holds an international Section 214 authorization originally granted in 1998. See Public Notice, Overseas Common Carrier Section 214 Applications and Section 310(b)(4) Actions Taken, DA No. 99-113, Rep. No. TEL-00052 (rel. Jan. 7, 1999) (granting initial authorization under File No. ITC-214-19981117-00803), Public Notice, International Authorizations Granted, DA No. 04-2520, Rep. No. TEL-00821 (rel. Aug. 12, 2004) (granting assignment of authorization under File No. ITC-ASG-20040715-00316), Public Notice, International Authorizations Granted, DA No. 12-1193, Rep. No. TEL-01570 (rel. Jul. 26, 2012) (granting pro forma transfer of control under File No. ITC-T/C-20120621-00166). Buckeye also holds domestic Section 214 authority pursuant to the blanket authorization under Section 63.01 of the Commission's Rules. No application is being filed as to the transfer of the domestic Section 214 authorizations held by BLS and Buckeye because the rules do not require approval of pro forma transfers of control of domestic Section 214 authorizations. 47 C.F.R. §§ 63.01, 63.03.

<sup>&</sup>lt;sup>4</sup> None of the individual Remainder Trusts has a voting or equity interest of ten percent or more in BCI. However, the beneficiaries of the Remainder Trusts are Allan J. Block, John R. Block, Donald G. Block and Karen Johnese, each of whom has a reportable interest by virtue of direct stock ownership or a position as a trustee of a reportable trust. The specific holdings are described in more detail below.

traditional shareholder agreement. This change was not accompanied by any changes in the shareholders or their holdings. As such, upon the advice of FCC staff, Applicants assert that the changes in control of BLS and Buckeye are *pro forma* in nature for Section 214 purposes because the identities and interests of the companies' ultimate shareholders are not changing; all that is changing is the contractual vehicle by which the shareholders exercise their control.

Both BLS and Buckeye are nondominant carriers in all of the markets they serve.

#### **II.** Public Interest Benefits

Applicants respectfully submit that the proposed transaction will serve the public interest.

Approval will ensure that the Commission has authorized the going-forward ownership and governance structure of BCI, BLS, and Buckeye, and that BLS and Buckeye will be able to provide uninterrupted service to their customers.

#### III. Qualification of the Transaction for Streamlined Treatment

This transaction qualifies for streamlined treatment under Section 63.03 of the Commission's rules. 47 C.F.R. § 63.03. The Application is eligible for streamlined processing under Section 63.03(b)(2)(i) of the Commission's rules, 47 C.F.R. § 63.03(b)(2)(i), because, immediately following the transaction, (a) the Applicants and their affiliates (as defined in Section 3(1) of the Communications Act), will have a combined share of the interstate, interexchange market of less than 10 percent; (b) Applicants and their affiliates will provide local exchange service only in areas also served by a dominant local exchange carrier not a party to the proposed transaction; and (c) none of the Applicants is dominant with respect to any service.

Further, given the nature of changes described above, approval of the application will cause no harm to competition because there is no change in the parties that own the voting stock

that ultimately controls BLS and Buckeye. In the absence of any potential harm to competition, streamlined processing is warranted.

Consequently, the Application should be granted streamlined processing.

#### IV. Information Required by Section 63.24 of the Commission's Rules

The following information is provided to address the requirements of Section 63.24:

(1) Name, address and telephone number of each Applicant (Section 63.18(a))

#### **BLS**:

Block Line Systems, LLC 405 Madison Avenue Suite 2100 Toledo, Ohio 43604 (419) 724-3860

#### **Buckeye:**

Buckeye TeleSystem, Inc. 5555 Airport Highway Suite 110 Toledo, Ohio 43615 (419) 724-9802

#### **Transferors:**

A. Block, J. Block, Block Family Trusts as Stockholders 405 Madison Avenue Suite 2100 Toledo, Ohio 43604 (419) 724-6212

#### **Transferees:**

A. Block, J. Block, Block Family Trusts as Stockholders 405 Madison Avenue Suite 2100 Toledo, Ohio 43604 (419) 724-6212

(2) Government, state or territory under the laws of which each corporate or partnership Applicant is organized (Section 63.18(b))

BLS is an Ohio limited liability company.

Buckeye is an Ohio corporation.

BCI is an Ohio corporation.

Each of the trusts that holds stock in BCI is organized in Ohio.

(3) Name, title, post office address, and telephone number of the officer or contact point of each Applicant to whom correspondence concerning the Application is to be addressed (Section 63.18(c))

For BLS, Buckeye, Transferors and Transferees:

J.G. Harrington
Cooley LLP
1299 Pennsylvania Avenue, NW
Suite 700
Washington, DC 20004
Tel. (202) 776-2818
Fax (202) 842-7899
Email jgharrington@cooley.com

# (4) Statement as to whether the applicant has previously received authority under Section 214 of the Act (Section 63.18(d))

BLS holds international Section 214 under File Nos. ITC-214-20000301-00170 (granted to Line Systems, Inc. in 2000), ITC-214-20060228-00127 (granted to Magellan Hill Technologies, LLC in 2006), and ITC-214-20070511-00186 (granted to Infinite Communications, LLC in 2007. These authorizations were assigned to BLS in 2014 under File No. ITC-ASG-20140714-00212. BLS also holds domestic Section 214 authorization pursuant to the blanket authorization under Section 63.01 of the Commission's Rules, and assignment of the authorizations held by Line Systems, Magellan Hill Technologies, and Infinite Communications. *See* Public Notice, Notice of Domestic Section 214 Authorizations Granted, DA 14-1225, WC Docket No. 14-106 (rel. Aug. 25, 2014).

Buckeye holds an international Section 214 authorization under File Nos. ITC-214-19981117-00803, ITC-ASG-20040715-00316, and ITC-T/C-20120621-00166). Buckeye also holds domestic Section 214 authority pursuant the blanket authorization under Section 63.01 of the Commission's Rules.

BCI does not hold any Section 214 authorizations.

# (5) Name, address, citizenship and principal business of any person or entity that directly or indirectly owns at least ten percent of the equity of the Transferor or Transferee (Section 63.18(h))

### **Transferors:**

BLS and Buckeye each are wholly-owned subsidiaries of BCI, which is an Ohio corporation with a principal business of providing communications services. The following is information concerning the ownership of BCI.<sup>5</sup>

Name and Address	<u>Ownership</u>	Citizenship	Principal Business
Alan J. Block 405 Madison Avenue Suite 2100 Toledo, Ohio 43604	25%	U.S.	Communications
John R. Block 405 Madison Avenue Suite 2100 Toledo, Ohio 43604	25%	U.S.	Investments
William Block Family Trust No. 2 405 Madison Avenue Suite 2100 Toledo, Ohio 43604	25%	Ohio	Trust
Remainder Trusts 405 Madison Avenue Suite 2100 Toledo, Ohio 43604	25%	Ohio	Trusts

<sup>&</sup>lt;sup>5</sup> A chart showing the corporate structure described herein is attached as Attachment 2.

The trustees of the Family Trust are as follows:

Name and Address	<u>Citizenship</u>	Principal Business
Donald G. Block 405 Madison Avenue Suite 2100 Toledo, Ohio 43604	U.S.	Investment
Diana E. Block 405 Madison Avenue Suite 2100 Toledo, Ohio 43604	U.S.	Investment
Emily E. Escalante 405 Madison Avenue Suite 2100 Toledo, Ohio 43604	U.S.	Investment
Eric C. Ruscoe 405 Madison Avenue Suite 2100 Toledo, Ohio 43604	U.S.	Investment
W. Thomas McGough, Jr. Chief Legal Officer UPMC (Univ. of Pittsburgh Medical Center) 200 Lothrop St. Pittsburgh, PA 15213	U.S.	Law

Mr. McGough serves as the Independent Trustee of the Family Trust, and is prohibited from having any interest or expectation of any interest in the Family Trust. The Family Trust grants the Independent Trustee the authority (1) to establish so-called "Separate Trusts" for the benefit of some or all of the beneficiaries of the Family Trust (the issue of William Block, Sr., deceased), and to specify the trustees of such trusts, (2) to distribute voting shares of BCI out of trust to any one or more of the beneficiaries of the Family Trust; (3) to distribute the income and principal of the Family Trust to the beneficiaries thereof, (4) if any Separate Trust is created, to give any beneficiary thereof a power to appoint the assets remaining in such trust at his or her death to any person, including a person outside of the Block family, and (5) to break any deadlock in voting among the trustees.

There are eight Remainder Trusts. As the following chart indicates, each child of William Block, Sr. is the primary beneficiary of two of the eight trusts, with one trust exempt from the

federal generation skipping tax (an "Exempt Remainder Trust") and one trust not exempt (a "Non-Exempt Remainder Trust"):

Name and Address	<u>Ownership</u>	Citizenship	Principal Business
William Block Jr. Exempt Remainder Trust 405 Madison Avenue Suite 2100 Toledo, Ohio 43604	1.09%	Ohio	Trust
Karen D. Johnese Exempt Remainder Trust 405 Madison Avenue Suite 2100 Toledo, Ohio 43604	1.09%	Ohio	Trust
Barbara L. Block Exempt Remainder Trust 405 Madison Avenue Suite 2100 Toledo, Ohio 43604	1.09%	Ohio	Trust
Donald G. Block Exempt Remainder Trust 405 Madison Avenue Suite 2100 Toledo, Ohio 43604	1.9%	Ohio	Trust
William Block Jr. Non-Exempt Remainder Trust 405 Madison Avenue Suite 2100 Toledo, Ohio 43604	5.16%	Ohio	Trust
Karen D. Johnese Non-Exempt Remainder Trust 405 Madison Avenue Suite 2100 Toledo, Ohio 43604	5.16%	Ohio	Trust
Barbara L. Block Non-Exempt Remainder Trust 405 Madison Avenue Suite 2100 Toledo, Ohio 43604	5.16%	Ohio	Trust

Name and Address	Ownership	Citizenship	Principal Business
Donald G. Block Non-Exempt Remainder Trust 405 Madison Avenue Suite 2100 Toledo, Ohio 43604	5.16%	Ohio	Trust

The voting interests in BCI held by the Remainder Trusts are currently voted exclusively by Karen D. Johnese as Voting Trustee of each trust. In addition to the Voting Trustee described above, each child of William Block, Sr. who is the beneficiary of a Remainder Trust is also serving as a trustee of the Remainder Trust established for his or her benefit. The trust agreement also appoints, as additional fiduciaries, an Independent Trustee, and a Chairperson of the Trustees. The child who is the beneficiary of a Remainder Trust may appoint additional trustees for that Remainder Trust, so long as the total number of trustees for that Remainder Trust does not exceed five.

W. Thomas McGough, Jr., is currently serving as the Independent Trustee of all the Remainder Trusts. The Independent Trustee has the authority to establish one or more sub-trusts for the benefit of some or all of the beneficiaries of each Remainder Trust (that is, the direct descendants of William Block, Sr.), and may specify the trustees of such trusts. Like any sub-trusts created under the Family Trust, any sub-trusts created under the Remainder Trusts are called "Separate Trusts." In addition, the Independent Trustee has the exclusive authority (1) to distribute the income and principal of each Remainder Trust, (2) to distribute the voting shares of BCI out of trust to any of the beneficiaries of such Remainder Trust, (3) if a Separate Trust should be created, to give any beneficiary thereof a power to appoint the assets of such trust (including all voting shares of BCI) to any person or entity, and (4) to break any deadlock in voting among the trustees of any Remainder Trust with respect to any issue unrelated to the voting of any BCI stock. If the trustees of any of the Remainder Trusts or of any Separate Trust subsequently created should propose to sell any voting shares of BCI and the Voting Trustee consents to the sale, then each of the four children of William Block, Sr. would have a right of first refusal to purchase those voting shares proposed to be sold.

The following is information on the trustees of the Remainder Trusts:

Name and Address	<u>Citizenship</u>	Principal Business
Karen D. Johnese <sup>6</sup> 405 Madison Avenue Suite 2100 Toledo, Ohio 43604	U.S.	Investment
W. Thomas McGough, Jr. <sup>7</sup> Chief Legal Officer UPMC (Univ. of Pittsburgh Medical Center) 200 Lothrop St. Pittsburgh, PA 15213	U.S.	Law
William Block, Jr. <sup>8</sup> 405 Madison Avenue Suite 2100 Toledo, Ohio 43604	U.S.	Investment
Barbara L. Block <sup>9</sup> 405 Madison Avenue Suite 2100 Toledo, Ohio 43604	U.S.	Investment
Donald G. Block <sup>10</sup> 405 Madison Avenue Suite 2100 Toledo, Ohio 43604	U.S.	Investment

No other individual or entity holds an interest of ten percent (10%) or more in BCI, BLS, or Buckeye.

#### Transferees:

The ownership information for Transferees is the same as the ownership information provided above for the Transferors. The basis for this Application is described in Attachment 1.

<sup>6</sup> Voting Trustee for all Remainder Trusts and Trustee of the Karen D. Johnese Exempt Remainder Trust and the Karen D. Johnese Non-Exempt Remainder Trust.

<sup>&</sup>lt;sup>7</sup> Independent Trustee for all Remainder Trusts.

<sup>&</sup>lt;sup>8</sup> Trustee of the William Block, Jr. Exempt Remainder Trust and the William Block, Jr. Non-Exempt Remainder Trust.

Trustee of the Barbara L. Block Exempt Remainder Trust and the Barbara L. Block Non-Exempt Remainder Trust.

#### (6) Certification as to nature of the transaction. (Section 64.24(f)(2)(ii))

Based upon the advice of FCC staff, the parties certify that the transfer of control described herein was pro forma and that, together with all previous pro forma transactions, the changes do not result in a change in the actual controlling party. *See* Attachment 3.

(7) Certification by Transferee pursuant to 47 C.F.R. §§ 1.2001-1.2003 that no party to the Application is subject to denial of federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 583

The parties hereby certify, pursuant to 47 C.F.R. §§ 1.2001-1.2003, that to the best of their knowledge, information, and belief, no party to this Application is subject to denial of federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 583. *See* Attachment 3.

#### **Conclusion**

For the foregoing reasons, the Applicants respectfully submit that grant by the Commission of this *pro forma* transfer of control of the international and domestic Section 214 authorization held by Block Line Systems, LLC and Buckeye TeleSystem, Inc. would serve the public interest, convenience and necessity.

Respectfully submitted,

Buckeye TeleSystem, Inc. Block Line Systems, LLC A. Block, J. Block, Block Family Trusts as Stockholders

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Date: May 20, 2020

# **ATTACHMENT 1**

**Comprehensive Exhibit** 

# **COMPREHENSIVE EXHIBIT**

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#### COMPREHENSIVE EXHIBIT

#### I. Description of Transaction

Block Communications, Inc. ("BCI") is a closely held corporation owned and controlled by the descendants of Paul Block, who founded the company nearly 118 years ago. BCI operates full-service television stations, low-power television stations, newspapers, and broadband cable systems. No one person or entity holds or has held a controlling interest in BCI. Members of the Block family or trusts created for the benefit of members of the Block family vote all the voting stock of BCI.<sup>1</sup>

As of the date of this application, persons approved in the most recent long-form application for BCI itself, granted and consummated in 1988, continue to hold direct or indirect beneficial interests in the voting stock of BCI constituting in the aggregate a controlling interest. Moreover, the identity and structure of the family trusts holding in the aggregate fifty percent of the voting rights in BCI remain unchanged since a *pro forma* transfer application granted in 2010 approved the restructuring of those trusts consummated in 2012.

Grant of BCI's 2010 *pro forma* transfer application approved the restructuring of the family trusts that hold BCI stock (amounting to fifty percent of the voting rights in BCI) into the Family Trust and eight Remainder Trusts described below. As of the date of that application, BCI had three principals whom the Commission previously had approved in a long-form application: Allan J. Block and John R. Block, each of whom directly held a 25 percent voting interest in BCI, and William Block, Jr., who then served as Chairperson and a trustee of the Family Trust and, along with Allan J. Block and John R. Block, served as one of four members of the BCI Administrative Committee under BCI's close corporation agreement.<sup>2</sup>

Since the grant of BCI's 2010 pro forma application, William Block, Jr. has retired as Chairperson of the Family Trust and, more recently, the BCI stockholders have declined to renew the close corporation agreement under which the three BCI principals previously approved in a long form transfer application jointly exercised authority through the BCI Administrative Committee. BCI's shareholders have replaced the close corporation agreement with a more traditional shareholder agreement. Under that agreement, the BCI board of directors, with members elected by identified sectors of Block family ownership, now addresses corporate affairs without the intermediary of the former Administrative Committee. Allan J. Block and

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<sup>&</sup>lt;sup>1</sup> In addition to its voting common stock, BCI has two classes of non-voting stock, Non-Voting Common and Non-Voting Class A stock. No additional parties have an attributable interest in BCI by reason of the Commission's equity-debt-plus rule.

<sup>&</sup>lt;sup>2</sup> By close corporation agreements, shareholders agree to dispense with some corporate formalities unnecessary because of their structure and the relationships among the stockholders. Under the BCI close corporation agreement, the Administrative Committee exercised the functions of a chief executive officer and some functions of a board of directors and generally had the ability to exercise control over the day-to-day business operations of BCI.

John R. Block each continue to hold a twenty-five percent interest in BCI's voting stock and William Block, Jr. continues to hold a position as trustee of two of the Remainder Trusts and an interest in BCI's stock as beneficiary of family trusts. And, indeed, the change from the close corporation agreement to the current shareholder agreement was not accompanied by any change in the shareholders of BCI or in the corporate structure of BCI, any of its subsidiary companies, or any Commission licensee.

Nevertheless, BCI is at a point at which, under current Commission precedent, it is going to become increasingly difficult to determine with confidence for future changes that majority control over BCI's stock remains in the hands of persons previously approved in a long-form transfer or assignment application, the standard for determining whether an ownership change requires a further long-form application. BCI, moreover, anticipates future changes in ownership through the cumulative effect over time of multiple intra-family inter-generational ownership changes.

Given the uncertainty in the Commission's rules as to the appropriate timing for seeking consent to cover cumulative changes arising from multiple independent transactions, BCI is filing this application to ensure that, going forward, the Commission will regard its present principals – including direct stockholders, trusts and trustees – as persons whose qualifications have been specifically passed upon and approved in a "long form" transfer application. Accordingly, both the transferor and transferee under this application are the same individual shareholders and trusts that constituted the transferees under BCI's 2010 *pro forma* application: Allan J. Block, John R. Block, and the Family Trust, together with the eight family Remainder Trusts described below.

#### **II.** Description of Parties to the Application

#### A. Ownership of Voting Stock

Ownership of the voting stock of BCI is as follows:

- Allan J. Block (as an individual voting a 25% interest);
- John R. Block (as an individual voting a 25% interest);
- The William Block Family Trust No. 2 (the "Family Trust"), with Donald G. Block as chairperson of the trustees and as an individual trustee of the Family Trust with Diana E. Block and Emily E. Escalante and Erin C. Ruscoe as additional trustees and with W. Thomas McGough, Jr., as Independent Trustee (with the trust voting a 25% interest); and
- Eight (8) Remainder Trusts (the "Remainder Trusts"), each established for members of the Block family, that collectively vote a 25% interest, and each of which names Karen D. Johnese as Voting Trustee and W. Thomas McGough, Jr. as Independent Trustee.

#### B. Directors of BCI

By agreement of the stockholders, the four above-described divisions of family ownership, each holding 25% of the voting stock of BCI, elects two directors.<sup>3</sup> The following are the current directors:

Family Stockholder Division	Directors	
Allan J. Block	Allan J. Block	
	Jodi Miehls	
John R. Block	John R. Block	
	Andrew G. Douglas	
Family Trust	Donald G. Block	
	William Block, Jr.	
Remainder Trusts	Karen D. Johnese	
	Diana Block	

By agreement of the stockholders, a ninth director is appointed by concurrence of (1) a majority of the directors appointed by Allan and John Block (or their successors) and (2) a majority of the directors appointed by the Family Trust and the Remainder Trusts (or their successors). The ninth director currently is John C. Straub. All directors of BCI are citizens of the United States.

The governance and structure of the Family Trust and the Remainder Trusts, as approved in BCI's 2010 *pro forma* transfer application, are described below.

#### **C.** The Family Trust

The Family Trust is a single trust for the benefit of the descendants of William Block, Sr. Donald G. Block serves as Chairperson of the Trustees of the Family Trust and as an individual trustee of the Family Trust. The individual trustees of the Family Trust are Donald G. Block, Diana E. Block, Emily E. Escalante, and Erin C. Ruscoe (collectively, the "Individual Trustees"). In addition, the Family Trust has an Independent Trustee, who is prohibited from having any interest or expectation of any interest in the Family Trust. The Independent Trustee is W. Thomas McGough, Jr.

Under the terms of the Family Trust, the Individual Trustees vote the stock of BCI held in the trust. Any action by those trustees requires both the approval of the Chairperson of the Trustees and the vote of a majority of the trustees, including the Chairperson.

The Family Trust grants the Independent Trustee the authority (1) to establish so-called "Separate Trusts" for the benefit of some or all of the beneficiaries of the Family Trust (the issue of William Block, Sr., deceased), and to specify the trustees of such trusts, (2) to distribute

<sup>3</sup> BCI formerly operated under a close corporation agreement pursuant to which an operating committee approved by the stockholders functions as a chief executive officer of the corporation.

voting shares of BCI out of trust to any one or more of the beneficiaries of the Family Trust; (3) to distribute the income and principal of the Family Trust to the beneficiaries thereof, (4) if any Separate Trust is created, to give any beneficiary thereof a power to appoint the assets remaining in such trust at his or her death to any person, including a person outside of the Block family, and (5) to break any deadlock in voting among the trustees.

#### **D.** The Remainder Trusts

The remaining 25% voting interest in BCI is currently voted exclusively by Karen D. Johnese as Voting Trustee of the eight Remainder Trusts, which benefit the issue of William Block, Sr. As the following chart indicates, each child of William Block, Sr. is the primary beneficiary of two of the eight trusts, with one trust exempt from the federal generation skipping tax (an "Exempt Remainder Trust") and one trust not exempt (a "Non-Exempt Remainder Trust"):

Remainder Trust	Percentage of BCI
	Voting Stock
William Block Jr. Exempt Remainder Trust	1.09%
Karen D. Johnese Exempt Remainder Trust	1.09%
Barbara L. Block Exempt Remainder Trust	1.09%
Donald G. Block Exempt Remainder Trust	1.09%
William Block Jr. Non-Exempt Remainder Trust	5.16%
Karen D. Johnese Non-Exempt Remainder Trust	5.16%
Barbara L. Block Non-Exempt Remainder Trust	5.16%
Donald G. Block Non-Exempt Remainder Trust	5.16%
Total:	25.00%

In addition to the Voting Trustee described above, each child of William Block, Sr. who is the beneficiary of a Remainder Trust is also serving as a trustee of the Remainder Trust established for his or her benefit. The trust agreement also appoints, as additional fiduciaries, an Independent Trustee, and a Chairperson of the Trustees. The child who is the beneficiary of a Remainder Trust may appoint additional trustees for that Remainder Trust, so long as the total number of trustees for that Remainder Trust does not exceed five. As described above, Karen D. Johnese is the Voting Trustee for each of the Remainder Trusts and has exclusive authority to vote the shares of BCI in each of the Remainder Trusts.

W. Thomas McGough, Jr., is currently serving as the Independent Trustee of all the Remainder Trusts. The Independent Trustee has the authority to establish one or more sub-trusts for the benefit of some or all of the beneficiaries of each Remainder Trust (that is, the direct descendants of William Block, Sr.), and may specify the trustees of such trusts. Like any sub-trusts created under the Family Trust, any sub-trusts created under the Remainder Trusts are called "Separate Trusts." In addition, the Independent Trustee has the exclusive authority (1) to distribute the income and principal of each Remainder Trust, (2) to distribute the voting shares of BCI out of trust to any of the beneficiaries of such Remainder Trust, (3) if a Separate Trust should be created, to give any beneficiary thereof a power to appoint the assets of such trust

(including all voting shares of BCI) to any person or entity, and (4) to break any deadlock in voting among the trustees of any Remainder Trust with respect to any issue unrelated to the voting of any BCI stock. If the trustees of any of the Remainder Trusts or of any Separate Trust subsequently created should propose to sell any voting shares of BCI and the Voting Trustee consents to the sale, then each of the four children of William Block, Sr. would have a right of first refusal to purchase those voting shares proposed to be sold.

#### **E.** The Independent Trustee

As Independent Trustee of the Family Trust and all of the Remainder Trusts, W. Thomas McGough, Jr. has authority (1) to distribute the BCI shares to some or all of the beneficiaries of such trust, (2) to terminate any trust and to establish so-called "Separate Trusts" for the benefit of some or all of the beneficiaries of such trust, and (3) to give one or more of the beneficiaries of each trust a testamentary power of appointment over all trust assets potentially facilitating a beneficiary's transfer of shares outside the William Block, Sr. family. The Commission approved those powers in granting BCI's 2010 pro forma transfer application.

#### F. Addresses, Citizenship, and Media Ownership

All attributable members of the Block family, the Independent Trustee and all directors of BCI are United States citizens and the Family Trust and the Remainder Trusts are all established under the laws of states of the United States for the benefit of United States citizens.

The mailing address for Block family members and trusts and for John C. Straub is:

c/o Block Communications, Inc. 405 Madison Avenue Suite 2100 Toledo, OH 43604

The mailing address for W. Thomas McGough, Jr., Independent Trustee, is:

Chief Legal Officer UPMC (Univ. of Pittsburgh Medical Center) 200 Lothrop St. Pittsburgh, PA 15213

Mr. McGough, Mr. Straub, the officers and directors of BCI, and the attributable members of the Block family hold no attributable media interests apart from their positional or other interests in BCI. No person or entity holds an attributable interest in BCI solely through application of the Commission's equity-debt plus attribution rule.

\* \* \*

Ultimate beneficial ownership and control of BCI has been and remains in the Block family, with all voting stock of BCI held directly by Block family members or indirectly through family trusts established for their benefit. The precise composition of the Block family's

ownership and control of BCI, however, will change with births, deaths, and retirements of the family membership group and related changes to family trusts.

#### III. Officers of BCI and Officers and Directors of BCI's Licensee Subsidiaries

The following individuals are officers of Block Communications, Inc.

Name	Citizenship	Positional Interest	% Votes
Allan J. Block	US	Officer	25%
John R. Block	US	Officer	25%
Diana Block	US	Officer	0%
Jodi L. Miehls	US	Officer	0%
Sara C. Edinger	US	Officer	0%
David Waterman	US	Officer	0%
Keith Wilkowski	US	Officer	0%
John Martin	US	Officer	0%
Beth Kortokrax	US	Officer	0%
Kurt Franck	US	Officer	0%

# **Independence Television Company**

1	Independence Television Company	Block Communications, Inc.
	405 Madison Avenue	405 Madison Avenue
	Suite 2100	Suite 2100
	Toledo, OH 43604	Toledo, OH 43604
2	Pennsylvania Corporation	Ohio Corporation
3	N/A	Sole Stockholder
4	N/A	100%
5	N/A	N/A

The following individuals are officers or directors of Independence Television Company

Name	Citizenship	Positional Interest
Allan J. Block	US	Director/Officer
John R. Block	US	Director
Diana Block	US	Director
Karen B. Johnese	US	Director
Donald Block	US	Director
Jodi L. Miehls	US	Director/Officer
Barry Fulmer	US	Director/Officer
Rick Burris	US	Director
Dale Woods	US	Officer/Director
Scott Brady	US	Officer
Clark Rhea	US	Officer

# **Lima Communications Corporation**

1	Lima Communications Corporation	Block Communications, Inc.
	405 Madison Avenue	405 Madison Avenue
	Suite 2100	Suite 2100
	Toledo, OH 43604	Toledo, OH 43604
2	Ohio Corporation	Ohio Corporation
3	N/A	Sole Stockholder
4	N/A	100%
5	N/A	N/A

The following individuals are officers or directors of Lima Communications Corporation

Name	Citizenship	Positional Interest
Allan J. Block	US	Director/Officer
John R. Block	US	Director
Diana Block	US	Director
Karen B. Johnese	US	Director
Donald Block	US	Director
Kevin Creamer	US	Director/Officer
Jodi L. Miehls	US	Director/Officer
Frederick R. Vobbe	US	Officer
Dale Woods	US	Officer
Michelle Kirkendoll	US	Officer

# West Central Ohio Broadcasting, Inc.

1	West Central Ohio Broadcasting, Inc.	Block Communications, Inc.
	405 Madison Avenue	405 Madison Avenue
	Suite 2100	Suite 2100
	Toledo, OH 43604	Toledo, OH 43604
2	Ohio Corporation	Ohio Corporation
3	N/A	Sole Stockholder
4	N/A	100%
5	N/A	N/A

The following individuals are officers or directors of West Central Ohio Broadcasting, Inc.

Name	Citizenship	Positional Interest
Allan J. Block	US	Director/Officer
Kevin Creamer	US	Officer
Jodi L. Miehls	US	Director/Officer

# WAND(TV) Partnership

1	WAND(TV) Partnership	WLFI-TV, Inc.	CARS Holding, Inc.
	405 Madison Avenue	405 Madison Avenue	405 Madison Avenue
	Suite 2100	Suite 2100	Suite 2100
	Toledo, OH 43604	Toledo, OH 43604	Toledo, OH 43604
2	General Partnership	Indiana Corporation	Ohio Corporation
3	N/A	General Partner	General Partner
4	N/A	66.6%	33.3%
5	N/A	N/A	N/A

The following individuals are officers or directors of WAND(TV) Partnership

Name	Citizenship	Positional Interest
Allan J. Block	US	Director/Officer
John R. Block	US	Director
Diana Block	US	Director
Karen B. Johnese	US	Director
Ricky J. Joseph	US	Director/Officer
Clay Koenig	US	Director/Officer
Jodi L. Miehls	US	Officer

# WLFI-TV, Inc.

1	WLFI-TV, Inc.	Block Communications, Inc.
	405 Madison Avenue	405 Madison Avenue
	Suite 2100	Suite 2100
	Toledo, OH 43604	Toledo, OH 43604
2	Indiana Corporation	Ohio Corporation
3	N/A	Sole Stockholder
4	N/A	100%
5	N/A	N/A

The following individuals are officers or directors of WLFI-TV, Inc.

Name	Citizenship	Positional Interest
Allan J. Block	US	Director/Officer
John R. Block	US	Director
Diana Block	US	Director
Karen B. Johnese	US	Director
Ricky J. Joseph	US	Director/Officer
Clay Koenig	US	Officer
Jodi L. Miehls	US	Officer
Clark Rhea	US	Officer

### **CARS Holding, Inc.**

1	CARS Holding, Inc.	Block Communications, Inc.
	405 Madison Avenue	405 Madison Avenue
	Suite 2100	Suite 2100
	Toledo, OH 43604	Toledo, OH 43604
2	Ohio Corporation	Ohio Corporation
3	N/A	Sole Stockholder
4	N/A	100%
5	N/A	N/A

The following individuals are officers or directors of CARS Holding, Inc.

Name	Citizenship	Positional Interest
Allan J. Block	US	Director/Officer
John R. Block	US	Director
Diana Block	US	Director
Karen B. Johnese	US	Director
Donald Block	US	Director
Jodi L. Miehls	US	Director/Officer

#### IV. Broadcast Authorizations

The following wholly owned subsidiaries of BCI operate the broadcast stations listed below pursuant to Commission authorization:

Independence Television Company, the licensee of:

WDRB(TV), Louisville, Kentucky	Facility ID No. 28476
WBKI(TV), Salem, Indiana	Facility ID No. 34167

Lima Communications Corporation, the licensee of:

WLIO(TV), Lima, Ohio Facility ID No. 37503

West Central Ohio Broadcasting, Inc., the licensee of:

WAMS-LP, Lima, Ohio	Facility ID No. 70612
WPNM-LD, Liepsic, Ohio	Facility ID No. 21476
WOHL-CD, Lima, Ohio	Facility ID No. 68549
WFND-LD, Findlay, Ohio	Facility ID No. 21475

#### WAND(TV) Partnership, the licensee of:

WAND(TV), Decatur, Illinois

W23EQ-D, Danville, Illinois

W29ES-D, Jacksonville, Illinois

W33EK-D, Effingham, Illinois

Facility ID No. 70852

Facility ID No. 182815

Facility ID No. 182814

#### V. Pending Applications and Cut-Off Lists

Licensee subsidiaries of BCI separately will file applications in the appropriate bureaus requesting Commission consent for the transfer of control of certain earth station, microwave, and land mobile facilities. It is intended that the applications will include all the licenses and other authorizations held by the respective BCI subsidiaries. BCI's license subsidiaries may now have on file, and may hereafter file, additional requests for authorizations for new or modified facilities that may be granted before the Commission acts on the above-described transfer of control applications. Accordingly, the applicants request that the Commission approval of the applications filed in connection with this transaction include (1) any authorization issued to BCI or its subsidiaries while the transaction is pending before the Commission and during the period required for consummation of the transaction, and (2) any applications filed by BCI or any of its direct or indirect subsidiaries that are pending at the time of consummation. Inclusion of authorizations issued while the Transaction is pending and during the consummation period, and applications pending at the time of consummation, are both consistent with prior Commission decisions.<sup>4</sup>

Furthermore, pursuant to Sections 1.927(h), 1.929(a)(2), and 1.933(b) of the Commission's Rules, to the extent necessary, BCI requests a blanket exemption from any applicable cut-off rules in cases where BCI or a subsidiary of BCI files amendments to pending applications in order to reflect consummation of the proposed transaction so that the Commission would not treat any such amendments as disqualifying amendments. The nature of the proposed transactions demonstrates that the transfer application is not being filed for the purpose of acquiring any particular pending application, but for an independent and legitimate business purpose of ensuring continued compliance with Commission rules. Grant of this request would be consistent with prior Commission decisions that routinely have granted a blanket exemption in cases involving multiple-license transactions.<sup>5</sup>

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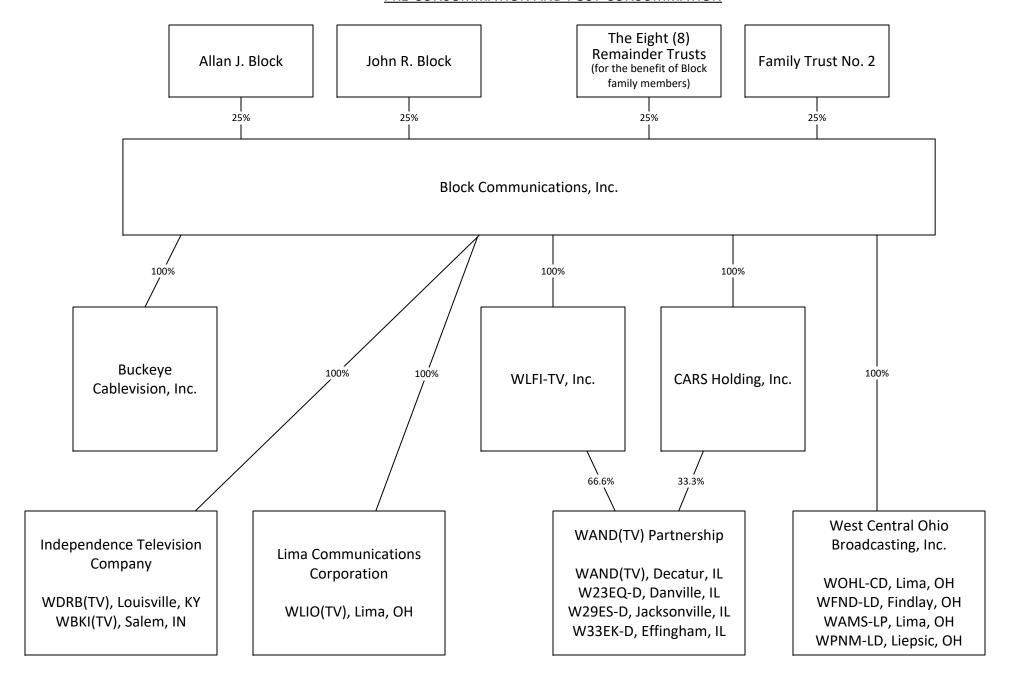
<sup>&</sup>lt;sup>4</sup> See, e.g., Applications of AT&T Inc. and Cellco Partnership d/b/a Verizon Wireless, Memorandum Opinion and Order, 25 FCC Rcd 8704, 8773, ¶ 165 (2010); Applications of AT&T Wireless Services, Inc. and Cingular Wireless Corp. for Consent to Transfer Control of Licenses and Authorizations, Memorandum Opinion and Order, 19 FCC Rcd 21522, 21626, ¶ 275 (2004).

<sup>&</sup>lt;sup>5</sup> See, e.g., Applications of PacifiCorp Holdings, Inc., and Century Telephone Enterprises, Inc. for *Consent* to Transfer Control of Pacific Telecom, Inc., Memorandum Opinion and Order, 13 FCC Rcd 8891, 8915-16, ¶ 47 (1997); Applications of NYNEX Corp. and Bell Atlantic Corp., Memorandum Opinion and Order, 12 FCC Rcd 19985, 20092, ¶ 234 (1997).

#### VI. Pre-Consummation and Post-Consummation Organizational Chart

The attached diagram depicts the organization and voting control of BCI and of the BCI broadcast licensee subsidiaries before and after grant and consummation of the transfer applications. Because the applications seek to ensure that the Commission will deem the stockholders and other principals of BCI to have been approved by the Commission in a long-form application, organization and voting control of BCI remains the same after grant and consummation as it was before.

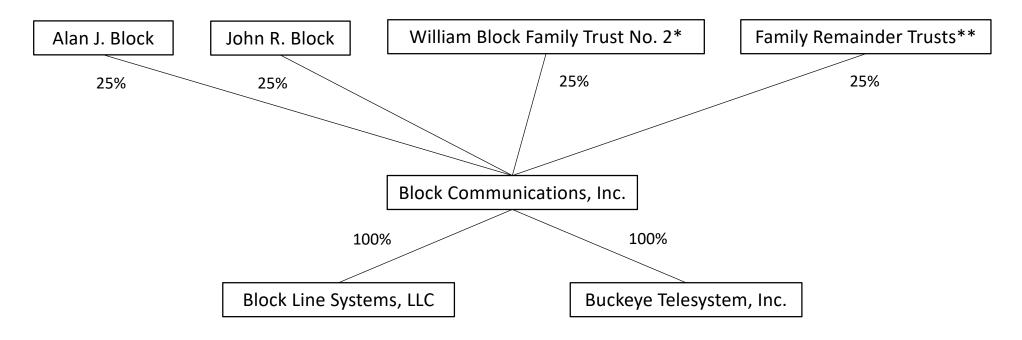
# BLOCK COMMUNICATIONS, INC.—CONTROL STRUCTURE PRE-CONSUMMATION AND POST-CONSUMMATION



# ATTACHMENT 2

**Corporate Structure** 

# **Block Communications Ownership**



\*Donald G. Block is chairperson of the trustees and an individual trustee of the Family Trust, with Dian E. Block, Emily E. Escalante and Erin C. Ruscoe as additional trustees and with W. Thomas McGough, Jr., as Independent Trustee.

\*\*Eight (8) family Remainder Trusts (the "Remainder Trusts") collectively vote a 25% interest. Karen D. Johnese serves as Voting Trustee and W. Thomas McGough, Jr. serves as Independent Trustee for each of the Remainder Trusts. The beneficial interests under the Remainder Trusts are as follows:

William Block Jr. Exempt Remainder Trust	1.09%
Karen D. Johnese Exempt Remainder Trust	1.09%
Barbara L. Block Exempt Remainder Trust	1.09%
Donald G. Block Exempt Remainder Trust	1.09%
William Block Jr. Non-Exempt Remainder Trust	5.16%
Karen D. Johnese Non-Exempt Remainder Trust	5.16%
Barbara L. Block Non-Exempt Remainder Trust	5.16%
Donald G. Block Non-Exempt Remainder Trust	5.16%

**ATTACHMENT 3** 

Certification

# APPLICATION FOR PRO FORMA TRANSFER OF CONTROL OF INTERNATIONAL SECTION 214 AUTHORIZATIONS

#### CERTIFICATION OF ALAN J. BLOCK

I, Alan J. Block, Chairman of Block Communications, Inc. ("BCI") hereby certify that (1) BCI, Block Lines Systems, LLC, and Buckeye Tele-System, Inc. are not subject to a denial of Federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988; and (2) the factual statements in this Application concerning BCI and its affiliates are true and correct to the best of my knowledge and belief.

. Block

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

Dated: May 20, 2020

Alan J. Block

Chairman

405 Madison Avenue

Suite 2100

Toledo, Ohio 43604