

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

In the Matter of)
)
Broadweave Networks, Inc. and)
Veracity Communications, Inc.,)
Transferors,)
) WC Docket No. _____
and)
) IB File No. _____
FirstDigital Communications, LLC,)
Transferee,)
)
Joint Application for Consent to Transfer)
Control of Veracity Networks, LLC Pursuant)
to Section 214 of the Communications Act of)
1934, As Amended)

**JOINT APPLICATION FOR CONSENT TO TRANSFER CONTROL OF
DOMESTIC AND INTERNATIONAL SECTION 214 AUTHORIZATIONS**

Pursuant to Section 214 of the Communications Act of 1934, as amended (“the Act”),¹ and Sections 63.04, 63.18, and 63.24 of the Commission’s rules,² Broadweave Networks, Inc. (“Broadweave Networks”) and Veracity Communications, Inc. (“Veracity Communications”) (collectively, “Transferors”) and FirstDigital Communications, LLC (“FirstDigital” or “Transferee”) (together, the “Applicants”) request Commission consent to transfer control of Veracity Networks, LLC (“Veracity Networks” or “Licensee”) from Broadweave Networks and Veracity Communications to FirstDigital. Veracity Networks holds blanket domestic Section 214 authority and an international Section 214 authorization from the Commission.

¹ 47 U.S.C. § 214.

² 47 C.F.R. §§ 63.04, 63.18, and 63.24.

As further described below, the proposed transaction will serve the public interest by providing additional expertise and resources to Veracity Networks, which will in turn enhance its ability to offer services and better compete in the communications marketplace. The transaction also will not adversely impact competition or Veracity Networks' customers.

Pursuant to Section 63.04(b), this Joint Application is being filed concurrently with the Wireline Competition Bureau and International Bureau. The Applicants also request streamlined processing of the Joint Application pursuant to Sections 63.03(b) and 63.12 of the Commission's rules.³

I. DESCRIPTION OF THE PARTIES

A. The Licensee and Transferors

Veracity Networks is a Delaware limited liability company with its principal place of business located at 357 South 670 West, Suite 300, Lindon, Utah 84042. Veracity Networks is a competitive local exchange carrier ("CLEC") that provides an array of communications services including local and long-distance voice service (primarily voice over internet protocol), broadband internet access, MPLS, collocation, and cloud collaboration services. Veracity Networks provides service primarily in and around the Wasatch Front region in Utah, which includes Salt Lake City, West Valley City, Provo, West Jordan, Layton, Ogden, as well as in and around Saint George, Duchesne, Sevier, and Iron Counties. The company provides services to residential, small business, and enterprise customers.

Broadweave Networks and Veracity Communications each hold 50 percent of the ownership interests of Veracity Networks. Broadweave Networks is a Utah corporation with its principal place of business located at 744 North 300 West, Provo, Utah 84501. Veracity

³ 47 C.F.R. §§ 63.03(b), 63.12.

Communications is a Utah corporation with its principal place of business located at 379 North University Ave., Suite 301, Provo, Utah 84601. Both Broadweave Networks and Veracity Communications are holding companies and do not provide telecommunications services.

B. The Transferee

FirstDigital is a Utah limited liability company with its principal place of business located at 90 South West, Suite M-100, Salt Lake City, Utah 84101. FirstDigital, through its affiliates, is a CLEC and a leading full-service telecommunications firm that is nationally and locally recognized within the communications industry for design, construction, implementation, and operations. FirstDigital provides a suite of business offerings including local and long-distance voice, broadband internet access, MPLS, collocation, and cloud PBX services. FirstDigital primarily serves Tucson, Arizona, as well as the Wasatch Front region in Utah. Employing a highly available, tightly integrated, secure, flexible and fault-tolerant data and cloud-services network, FirstDigital gives clients overall economic value, an industry-leading quality service experience, and improved business productivity. Since 2000, FirstDigital has built, operated, and maintained fiber networks using best-in-class equipment and design standards to ensure long-term flexibility, maximum uptime, and guaranteed quality of service.

II. DESCRIPTION OF THE TRANSACTION

On May 3, 2021, the Transferee, Transferors, and Licensee entered into a Securities Purchase Agreement (the “Agreement”). Pursuant to the Agreement, FirstDigital will acquire from the Transferors 100 percent of the stock of Veracity Networks. As a result of the transaction, Veracity Networks will become a wholly owned direct subsidiary of FirstDigital. For the Commission’s reference, organizational charts illustrating the current and post-closing corporate structure of Veracity Networks are provided as Exhibit A.

III. PUBLIC INTEREST STATEMENT

The proposed transaction will serve the public interest. The transaction, structured as a stock purchase arrangement, ensures the continued operations of Veracity Networks, and does not involve the assignment of operating authority, assets, or customers. Post-closing, Veracity Networks will be able to draw on FirstDigital’s deep expertise and experience in providing telecommunications and other services. The transaction will result in a more financially sound company, providing Veracity Networks with increased flexibility and greater resources to invest in providing competitive services to new and existing customers, thereby enhancing its competitive position in the communications marketplace and delivering the cutting-edge, high-capacity services that the marketplace demands.

Moreover, the combined network assets, expanded presence, greater network capacity, and significant array of services will put both Veracity and FirstDigital on better competitive footing than they would have as separate companies. Competition in Utah is strong with a wide range of service providers.⁴ However, the market is still dominated by Lumen/CenturyLink, the incumbent exchange carrier (“ILEC”) in the region, and it also is served by many other well-capitalized, facilities-based competitive providers, including Comcast and Google Fiber.⁵

⁴ See, e.g., BusinessInternet.com, Business Broadband Service in Utah (last visited May 19, 2021), <https://businessinternet.com/utah#:~:text=The%20largest%20direct%20competitors%20in,in%200.46%25%20of%20the%20state> (noting that Utah is the fourth most competitive business broadband marketplace in the United States); DecisionData.org, Internet Service Providers in Utah (updated Apr. 13, 2021), <https://decisiondata.org/tv-internet-by-state/ut-internet/> (noting that Utah is served by 13 internet provider and that “95.5% of homes can get more than one wired (cable, DSL, fiber) internet provider, which is above average”); Internet Service in Utah, BroadbandNow (last visited May 20, 2021), <https://broadbandnow.com/Utah> (“Utah’s broadband performance excels. 96.1% of Utahns have access to a 25 Mbps wired internet connection.”).

⁵ As of February 2019, the Utah Division of Public Utilities has issued 20 ILEC authorizations, 109 competitive local exchange carrier authorizations, and 11 eligible telecommunications carrier authorizations. See Telecom Utilities, Utah Department of Commerce, Division of Public Utilities (updated Feb. 28, 2019), <https://dpu.utah.gov/utillist-telecom.html>.

Indeed, Lumen/CenturyLink and Comcast are by far the largest facilities-based service providers in Utah with significantly more scale and purchasing power than smaller providers like FirstDigital and Veracity Networks. Lumen/CenturyLink maintains a legacy copper network throughout the state and has built an extensive fiber network in part with the support of universal service funds. Comcast, the primary cable provider in Utah, has a large coax cable and fiber network throughout the state. Consumers and businesses would benefit from the strengthened presence of FirstDigital and Veracity Networks, as they will be able to more effectively compete in the marketplace and offer alternatives to the dominant providers in the region. The enhanced competition also will help drive all service providers to improve their services and prices.

Immediately after closing, Veracity Networks will continue to provide competitive and innovative services to existing customers at the same rates, terms, and conditions and in the same geographic areas as currently provided. Any future changes in the rates, terms, or conditions of service will be undertaken in response to market conditions and consistent with any applicable federal and state requirements. The transaction will be transparent to customers and is not expected to result in the discontinuance, reduction, loss or impairment of service to any customer.

The proposed transaction also will not harm competition. Both Veracity Networks and FirstDigital are nondominant carriers that compete against larger, more capitalized providers including Lumen/CenturyLink, Comcast, and Google Fiber, as well as a myriad of other providers. “The Commission and the Bureau have consistently found that, in transactions in which competitive local exchange carriers (LECs) combine to form a stronger competitor to the incumbent LEC, the transaction will enhance competition, including in locations in which the

incumbent LEC would otherwise be the primary provider.”⁶ As the Commission has found in extensive precedent, “the combination of the Applicants’ facilities in these markets will result in a stronger competitive LEC and enhance the merged company’s ability to compete against the incumbent LEC.”⁷ Accordingly, as noted above, the transaction will enhance competition by helping the combined companies more effectively compete against the other larger incumbent and competitive providers, which in turn will benefit consumers.

IV. INFORMATION REQUIRED BY 47 C.F.R. § 63.18 AND THE IBFS SECTION 214 MAIN FORM

The Applicants submit the following information, pursuant to 47 C.F.R. § 63.18 and the IBFS Section 214 Main Form, in support of their request for consent to transfer control of Veracity Networks, which holds international Section 214 authority, to FirstDigital:

A. Name, Address, and Telephone Number of Each Applicant (Section 63.18(a))

Licensee:

Veracity Networks, LLC (FRN: 0000010827)
357 South 670 West, Suite 300
Lindon, Utah 84042
801-379-3000

Transferors:

Broadweave Networks, Inc. (FRN: 0016161341)
744 North 300 West
Provo, Utah 84501
801-379-3000

Veracity Communications, Inc. (FRN: 0014473532)
379 North University Ave., Suite 301
Provo, Utah 84601
801-379-3000

⁶ *Application Granted for the Transfer of Control of Unite Private Networks, LLC and Unite Private Networks-Illinois, LLC to Cox Communications, Inc.*, Public Notice, 31 FCC Rcd 11758, 11760 (2016).

⁷ *Id.*

Transferee:

FirstDigital Communications, LLC (FRN: 0021448477)
90 South 400 West, Suite M-100
Salt Lake City, UT 84101
801-456-1000 (tel.)

B. Jurisdiction of Organizations (Section 63.18(b))

Broadweave Networks and Veracity Communications are both corporations organized under the laws of Utah. Veracity Networks is a limited liability company organized under the laws of Delaware. FirstDigital is a limited liability company organized under the laws of Utah.

C. Contact Information (Answer to Question 10 – Section 63.18(c)-(d))

Correspondence concerning this Joint Application should be directed to:

For the Transferors and Licensee:

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With a copy to:

Marshall Erb
Veracity Networks, LLC
357 South 670 West, Suite 300
Lindon, UT
801.709.2108 (tel.)
Marshall.Erb@veracitynetworks.com

For FirstDigital:

Phillip R. Marchesiello
Jennifer L. Kostyu
Wilkinson Barker Knauer, LLP
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202-783-5851 (fax)
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With a copy to:

Wesley J. McDougal
FirstDigital Communications, LLC
90 South 400 West, Suite M-100
Salt Lake City, UT 84101
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Veracity Networks holds international Section 214 authority to provide global resold and facilities-based telecommunications services between the United States and international points (File Nos. ITC-214-20210318-00049, ITC-AMD-20210412-00067). FirstDigital does not hold

international Section 214 authority itself, but its subsidiary FirstDigital Telecom, LLC holds international Section 214 authority to provide global resold telecommunications services between the United States and international points (File No. ITC-214-20180418-00076).

D. Post-Closing Ownership (Answer to Question 11 – Section 63.18(h))

The following entities will hold a direct or indirect 10 percent or greater ownership interest in Veracity Networks post-closing:

Name: FirstDigital Communications, LLC
Address: 90 South 400 West, Suite M-100
Salt Lake City, UT 84101
Citizenship: Utah
Principal Business: Holding company
Ownership interest: 100% voting and equity interest in Veracity Networks

Name: McDougal Holding, LC
Address: 90 South 400 West, Suite M-100
Salt Lake City, UT 84101
Citizenship: Utah
Principal Business: Holding company
Ownership interest: 59% voting and equity interest in FirstDigital Communications, LLC

Name: Wesley McDougal
Address: 90 South 400 West, Suite M-100
Salt Lake City, UT 84101
Citizenship: United States
Ownership interest: 25.5% voting and equity interest in McDougal Holding, LC

Name: Amanda McDougal
Address: 90 South 400 West, Suite M-100
Salt Lake City, UT 84101
Citizenship: United States
Ownership interest: 25.5% voting and equity interest in McDougal Holding, LC

Name: R&S Boyer Family, L.C.
Address: 101 S. 200 East, Suite 200
Salt Lake City, UT 84111
Citizenship: Utah

Principal Business: Holding company
Ownership interest: 14.49% voting and equity interest in FirstDigital Communications, LLC

Name: Gardner Property Holdings, L.C.
Address: 201 S. Main Street
Salt Lake City, UT 84111
Citizenship: Utah
Principal Business: Real estate holding company
Ownership interest: 10.49% voting and equity interest in FirstDigital Communications, LLC

Name: The Kem C. Gardner Family Partnership, Ltd.
Address: 201 S. Main Street
Salt Lake City, UT 84111
Citizenship: Utah
Principal Business: Holding company
Ownership interest: 98.02% voting and equity interest in Gardner Property Holdings, LC

Name: Community Trust of Utah⁸
Address: 2257 S. 1100 East, Suite 205
Salt Lake City, UT 84106
Citizenship: Utah
Principal Business: Section 503(c)(3) public charity
Ownership interest: 12.35% voting and equity interest in FirstDigital Communications, LLC

No other person or entity will hold a direct or indirect 10 percent or greater equity or voting interest in Veracity Networks post-closing. Exhibit A provides charts depicting the pre- and post-closing ownership structure of Veracity Networks.

⁸ The Trustees of the Community Trust of Utah are Jeremy Lund, Trish Coughlin, Brad Dickson, Marty Tate, Lindsey Kneiven, and Alex Eaton, all of whom are U.S. citizens.

E. Narrative of Transfer of Control and Public Interest Statement (Answer to Question 13)

A description of the proposed transaction and demonstration of how it will serve the public interest are set forth in Sections II and III above.

F. Streamlined Processing (Answer to Question 20 – Section 63.12)

This Joint Application qualifies for streamlined processing pursuant to Section 63.12 of the Commission's rules. Neither Veracity Networks nor FirstDigital has any foreign carrier affiliates and neither will have such affiliates upon closing of the proposed transaction. They therefore qualify for a presumption of non-dominance under Section 63.10 of the Commission's rules on all U.S.-international routes.

V. INFORMATION REQUIRED BY SECTION 63.04 OF THE COMMISSION'S RULES IN RELATION TO THE TRANSFER OF BLANKET DOMESTIC 214 AUTHORITY

In support of their request for consent to transfer control of Veracity Networks to FirstDigital, the Applicants submit the following information pursuant to Section 63.04(a)(6) through (a)(12) of the Commission's rules.⁹

Section 63.04(a)(6) – Description of the transaction:

A description of the proposed transaction is set forth in Section II above.

Section 63.04(a)(7) – Description of the geographic area in which the transferor and transferee offer domestic telecommunications services, and what services are provided in each area:

As further discussed in Section II and III above, Veracity Networks operates as a CLEC and long distance provider in Utah, and FirstDigital operates as a CLEC and long distance provider in Utah and Arizona.

⁹ 47 C.F.R. § 63.04.

Section 63.04(a)(8) – Statement as to how the application qualifies for streamlined treatment:

The domestic Section 214 component of this Joint Application qualifies for presumptive streamlined processing pursuant to Section 63.03(b). In particular, upon closing of the proposed transaction, Veracity Networks and FirstDigital (and its affiliates) collectively will: (i) have a market share in the interstate, interexchange market of less than ten percent; (ii) 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 (iii) not be dominant with respect to any telecommunications service.

Section 63.04(a)(9) – Identification of all other Commission applications related to this transaction:

No other FCC applications related to the proposed transaction are being filed.

Section 63.04(a)(10) – Statement of whether the applicants request special consideration because either party is facing imminent business failure:

The Applicants do not request special consideration because no party to the proposed transaction is facing imminent business failure.

Section 63.04(a)(11) – Identification of any separately filed waiver requests being sought in conjunction with this application:

No separately filed waiver requests are being sought in conjunction with this Joint Application.

Section 63.04(a)(12) – Statement showing how grant of the application will serve the public interest, convenience and necessity:

A demonstration of how the proposed transaction will serve the public interest is set forth in Section III above.

VI. CONCLUSION

For the reasons stated above, the Applicants respectfully request that the Commission promptly grant this Joint Application.

Respectfully submitted,

By: Broadweave Networks, Inc.

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May 21, 2021

EXHIBIT A

PRE- AND POST-CLOSING OWNERSHIP DIAGRAMS

Pre-Closing Ownership



