



Agenda Date: 1/28/26
Agenda Item: IVA

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

OFFICE OF CABLE
TELEVISION AND
TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED PETITION OF
SQF, LLC FOR APPROVAL OF A CORPORATE
RESTRUCTURING

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ORDER

DOCKET NO. TM25080473

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
Joshua M. Bobeck, Esq., Patricia Cave, Esq., on behalf of Petitioner

BY THE BOARD:

On August 13, 2025, SQF, LLC ("SQF" or "Petitioner"), pursuant to N.J.S.A. 48:2-51.1 and regulations of the New Jersey Board of Public Utilities ("Board"), filed a petition requesting approval for transactions that will introduce new intermediate parents in the chain of SQF's ownership, without changing its ultimate ownership and control ("Petition"). The transactions requested in the Petition would (1) insert multiple intermediate holding companies as direct and indirect owners of SQF and (2) interpose a new intermediate ownership structure between the ultimate controlling parties in SDC DIOF I GP, LLC ("SDC Fund I GP"), the general partner of SDC Digital Infrastructure Opportunity Fund I, LP ("SDC Fund I"), the investment fund that indirectly holds the equity interests in SQF, and SDC Fund I GP ("Restructuring"). By this Order, the Board considers the request in the Petition.

BACKGROUND

SQF is a Delaware limited liability company with its principal office in Portland, Maine, authorized by the Board to provide local exchange and interexchange telecommunications services in New Jersey.¹

SQF is majority-owned by SDC Tilson Investor, LLC ("SDC Tilson"), as approved by the Board.²

SDC Tilson is a Delaware limited liability company wholly owned by SDC Fund I, a fund managed by SDC Capital Partners, LLC ("SDC Capital"), a New York City-based private investment firm focused on information technology and communications infrastructure.

The general partner of SDC Fund I is SDC Fund I GP, a Delaware limited liability company. The manager of SDC Fund I GP is SDC GP Manager, LLC ("SDC GP Manager"). Todd Aaron, a U.S. Citizen and founding partner of SDC Capital ("Mr. Aaron"), holds 100% of the membership interests in SDC GP Manager.

SDC Capital Partners GP Holdings, LP ("GP Holdings") and SDC Capital Partners GP Holdings Parent, LP ("GP Holdings Parent") are Delaware limited partnerships. According to the Petition, GP Holdings and GP Holdings Parent do not, and will not, provide telecommunications services, but are holding companies formed for the purpose of the proposed Restructuring.

Mr. Aaron and Douglas Kaden, also a U.S. Citizen and managing partner of SDC Capital ("Mr. Kaden"), own GP Holdings Parent through a series of personal and family holding entities. GP Holdings Parent is controlled by SDC Capital Partners GP, LLC ("SDC GP"), its sole general partner.

According to the Petition, SDC GP is a Delaware limited liability company that does not, and will not, provide telecommunications services. Mr. Aaron holds fifty-one percent (51%) of the voting interests in SDC GP and Mr. Kaden holds the remaining forty-nine (49%) of the voting interests in SDC GP.

The Petitioner stated that SDC Capital is undertaking an internal restructuring for tax and business efficiency purposes that will establish a new intermediate ownership structure between Mr. Aaron, Mr. Kaden, and SDC Fund I GP, the general partner of SDC Fund I that controls the investment fund that has majority ownership of SQF.

SQF is currently owned and controlled by SDC Fund I. The general partner of SDC Fund I is SDC Fund I GP, which in turn is controlled by SDC GP Manager. Mr. Aaron wholly owns SDC GP Manager.

Based on the Petition, Mr. Aaron will no longer hold direct interests in SDC Fund I GP or SDC GP Manager, but instead such interests will be indirectly transferred to GP Holdings which will be the

¹ In re the Verified Petition of SQF, LLC d/b/a Tilson for Authorization to Provide Local Exchange and Interexchange Telecommunications Services Throughout the State of New Jersey, BPU Docket No. TE15060727, Order dated August 19, 2015.

² In re the Verified Petition of SQF, LLC for Approval for a Change of Control and Management Services Agreement, BPU Docket No. TM19040449, Order dated August 7, 2019.

sole member of SDC GP Manager and a member of SDC Fund I GP. Petitioner further stated that SDC GP Manager will remain the managing member of SDC Fund I GP, and that Mr. Kaden and Mr. Aaron's interests (held through their personal holding entities) will be held in GP Holdings Parent and in SDC GP, the sole general partner of both GP Holdings and GP Holdings Parent. Mr. Aaron will hold a fifty-one percent (51%) voting interest in SDC GP, and Mr. Kaden will hold a forty-nine percent (49%) voting interest in SDC GP, thus acquiring an indirect minority interest in both SDC GP Manager and SDC Fund I GP.

According to the Petition, the Restructuring is an entirely parent level event that will not result in any change to ultimate ownership and control of SQF, or any change to the entity providing service in New Jersey. Additionally, the Restructuring is expected to involve the insertion of multiple Delaware limited liability companies into SQF's ownership structure. The anticipated new holding companies will directly and indirectly own 100% of the ownership interests in SQF and will be owned by the current owners of SQF. The Restructuring will not result in any changes to the ultimate ownership or control of SQF. Following the Restructuring, SQF will continue to conduct its operations and provide its services as it does currently.

The Petitioner asserted that the proposed Restructuring will serve the public interest, since it involves only the insertion of new intermediate holding entities in the ownership chain of SQF and the general partner of the investment fund that holds a majority of the ownership of SQF. The Petitioner further stated that the proposed Restructuring will be virtually seamless to customers and will not result in any change to their services. The Restructuring will not result in any change in SQF's management, services or its operations. The Restructuring will not change the day to day working control of SQF, which will continue to be overseen by its existing management team. The telecommunications services provided by SQF and the rates, terms, and conditions of those services will not change. SQF's New Jersey customers will not be affected in any way by the Restructuring and there will be no impact on SQF's provision of safe and adequate utility service at just and reasonable rates.

The Petitioner stated that post-Restructuring, SQF will remain technically and managerially qualified to provide competitive telecommunications services in New Jersey. SQF's operations will be directed by the existing corporate management, technical, and operations staff responsible for the telecommunications operations of SQF today. Thus, there will be no impact on the employees of SQF, and SQF will continue to possess the requisite resources to provide high-quality telecommunications services in New Jersey. The Petitioner stated that SQF has no New Jersey employees.

By letter dated December 9, 2025, the New Jersey Division of Rate Counsel ("Rate Counsel") submitted comments on the Petition. Rate Counsel stated that it did not oppose Board approval of the Petition.

DISCUSSION AND FINDINGS

Pursuant to N.J.S.A. 48:2-51.1(a), the Board shall evaluate the impact of a transfer of control of a public utility on competition, on the rates of ratepayers affected by the transfer of control, on the employees of the affected public utility or utilities, and on the provision of safe and adequate utility service at just and reasonable rates. The Board must be satisfied that positive benefit will flow to customers and the State of New Jersey and, at a minimum, that there are no adverse impacts on any of the criteria delineated in N.J.S.A. 48:2-51.1, as set forth above. N.J.A.C. 14:1-5.14(c). Also, pursuant to N.J.S.A. 48:3-7 and N.J.S.A. 48:3-10, the Board must determine whether the

public utility, or a wholly owned subsidiary thereof, may be unable to fulfill its pension benefits obligations to any of its employees.

After investigation, and having considered the record in this proceeding, the Board **FINDS** that the proposed Restructuring is consistent with applicable law and is not contrary to the public interest. The Board also **FINDS** that the proposed Restructuring will have no material adverse impact on the provision of safe, adequate and proper service at just and reasonable rates, and is likely to provide positive benefits to customers. The Board further **FINDS** that the proposed Restructuring will have no material adverse impact on competition or rates. The Board **FINDS** that the proposed Restructuring will have no material impact on the Petitioner's employees, or their pensions. Therefore, the Board **HEREBY AUTHORIZES** the Petitioner to complete the proposed Restructuring.

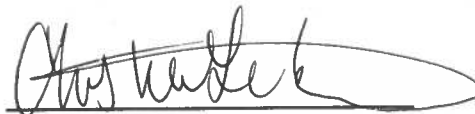
The Board additionally **FINDS** that the mass migration rules, N.J.A.C. 14:10-12.1 et seq., do not apply to the proposed Restructuring.

The Board also **FINDS** that, in accordance with N.J.S.A. 48:2-59 and 48:2-60, following consummation of the proposed Restructuring, SQF is responsible for filing its annual report with the Board and for the payment of any outstanding assessment liabilities to the Board and to Rate Counsel.

This Order shall be effective on February 4, 2026.

DATED: January 28, 2026

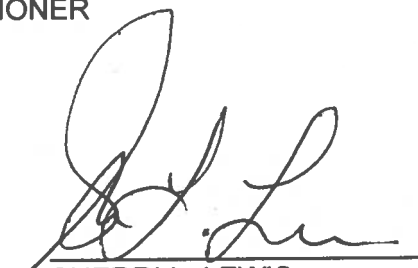
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BY:


CHRISTINE GUHL-SADOVY
PRESIDENT


DR. ZENON CHRISTODOULOU
COMMISSIONER


MICHAEL BANGE
COMMISSIONER

ATTEST:


SHERRI L. LEWIS
BOARD SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities.

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RESTRUCTURING

DOCKET NO. TM25080473

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