

In the *Part 1 Third Report and Order*, 65 FR 13540, May 27, 1997, the Commission explained that allowing bid withdrawals may facilitate efficient aggregation of licenses and the pursuit of efficient backup strategies as information becomes available during the course of an auction. In Auction No. 67, because bidders may bid only on licenses for which they previously submitted an application on FCC Form 601, it is unlikely that bidders will need to use withdrawals as anticipated by the *Part 1 Third Report and Order*. Accordingly, for this auction, the Bureau proposes that bidders not be permitted to withdraw bids placed in any round after it has closed. The Bureau seeks comment on these proposals.

C. Post-Auction Procedures

i. Default and Disqualification

40. Any winning bidder that defaults or is disqualified after the close of an auction (i.e., fails to remit the required down payment within the prescribed period of time, fails to submit a timely long-form application, fails to make full payment, or is otherwise disqualified) is liable for a default payment under 47 CFR 1.2104(g)(2). This payment consists of a deficiency payment, equal to the difference between the amount of the bidder's bid and the amount of the winning bid the next time a license covering the same spectrum is won in an auction, plus an additional payment equal to a percentage of the defaulter's bid or of the subsequent winning bid, whichever is less. Until recently this additional payment for non-combinatorial auctions has been set at 3 percent of the defaulter's bid or of the subsequent winning bid, whichever is less.

41. On January 24, 2006, the Commission released the CSEA/Part 1 Report and Order, 71 FR 6214, February 7, 2006, in which it modified 47 CFR 1.2104(g)(2) by, inter alia, increasing the 3 percent limit on the additional default payment for non-combinatorial auctions to 20 percent. Under the modified rule, the Commission will, in advance of each non-combinatorial auction, establish an additional default payment for that auction of 3 percent up to a maximum of 20 percent. As the Commission has indicated, the level of this payment in each case will be based on the nature of the service and the inventory of the licenses being offered.

42. For Auction No. 67, the Bureau proposes to establish an additional default payment of 10 percent. As noted in the *CSEA/Part 1 Report and Order*, defaults weaken the integrity of the

auctions process and impede the deployment of service to the public, and an additional default payment of more than the previous 3 percent will be more effective in deterring defaults. Because there are limited opportunities to provide general aviation air-ground service, defaults in this auction could potentially deprive the public of service in a particular locale, or at a minimum significantly delay such service. In light of this circumstance, the Bureau proposes an additional default payment of 10 percent of the relevant bid. The Bureau seeks comment on this proposal.

V. Conclusion

43. Comments are due on or before March 20, 2006, and reply comments are due on or before March 27, 2006. All filings related to the auction of 400 MHz Air-Ground Radiotelephone Service licenses should refer to AU Docket No. 06-38. Comments may be submitted using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies. The Bureau strongly encourages interested parties to file comments electronically, and requests submission of a copy via the Auction No. 67 e-mail box (auktion67@fcc.gov).

44. This proceeding has been designated as a permit-but-disclose proceeding in accordance with the Commission's ex parte rules. Persons making oral ex parte presentations are reminded that memoranda summarizing the presentations must contain summaries of the substance of the presentations and not merely a listing of the subjects discussed. More than a one or two sentence description of the views and arguments presented is generally required. Other rules pertaining to oral and written ex parte presentations in permit-but-disclose proceedings are set forth in 47 CFR 1.1206(b) of the Commission's rules.

Federal Communications Commission.

Gary D. Michaels,

Deputy Chief, Auctions and Spectrum Access Division.

[FR Doc. 06-2416 Filed 3-10-06; 8:45 am]

BILLING CODE 6712-01-P

FEDERAL RESERVE SYSTEM

Formations of, Acquisitions by, and Mergers of Bank Holding Companies

The companies listed in this notice have applied to the Board for approval, pursuant to the Bank Holding Company Act of 1956 (12 U.S.C. 1841 *et seq.*) (BHC Act), Regulation Y (12 CFR Part 225), and all other applicable statutes and regulations to become a bank holding company and/or to acquire the

assets or the ownership of, control of, or the power to vote shares of a bank or bank holding company and all of the banks and nonbanking companies owned by the bank holding company, including the companies listed below.

The applications listed below, as well as other related filings required by the Board, are available for immediate inspection at the Federal Reserve Bank indicated. The application also will be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the standards enumerated in the BHC Act (12 U.S.C. 1842(c)). If the proposal also involves the acquisition of a nonbanking company, the review also includes whether the acquisition of the nonbanking company complies with the standards in section 4 of the BHC Act (12 U.S.C. 1843). Unless otherwise noted, nonbanking activities will be conducted throughout the United States. Additional information on all bank holding companies may be obtained from the National Information Center website at www.ffiec.gov/nic/.

Unless otherwise noted, comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than April 6, 2006.

A. Federal Reserve Bank of Minneapolis (Jacqueline G. King, Community Affairs Officer) 90 Hennepin Avenue, Minneapolis, Minnesota 55480-0291:

1. *Lake Bank Shares, Inc., Employee Stock Ownership Plan*, Emmons, Minnesota; to increase its ownership of Lake Bank Shares, Inc., Emmons, Minnesota from 35.68 percent to 65.67 percent, and thereby indirectly acquire Security Bank of Minnesota, Albert Lea, Minnesota.

Board of Governors of the Federal Reserve System, March 7, 2006.

Robert deV. Frierson,

Deputy Secretary of the Board.

[FR Doc. E6-3510 Filed 3-10-06; 8:45 am]

BILLING CODE 6210-01-S

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