

**BEFORE THE TENNESSEE REGULATORY AUTHORITY AT
NASHVILLE, TENNESSEE**

IN RE:	August 13, 2007)	
)	
JOINT PETITION OF STARTEC GLOBAL)	DOCKET NO.
COMMUNICATIONS CORPORATION,)	07-00082
STARTEC GLOBAL OPERATING COMPANY,)	
AND PLATINUM EQUITY, LLC FOR APPROVAL)	
OF THE INDIRECT TRANSFER OF CONTROL)	
OF STARTEC GLOBAL OPERATING COMPANY)	
TO PLATINUM EQUITY, LLC)	

ORDER APPROVING TRANSFER OF AUTHORITY

This matter came before Chairman Sara Kyle, Director Eddie Roberson and Director Pat Miller of the Tennessee Regulatory Authority (the “Authority” or “TRA”), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on June 25, 2007 for consideration of the petition requesting approval for the transfer of control filed on March 29, 2007, and amended on May 8, 2007, (“*Joint Petition*”) by Startec Global Licensing Communications Corporation (“SGCC”), Startec Global Operating Company (“Startec”) and Platinum Equity, LLC (“Platinum”) (collectively, “Petitioners”).

Startec is a Delaware corporation with its principal place of business located in Rockville, Maryland. Startec provides long distance, Internet, and other communication services in over forty-five states and internationally. Startec is authorized to provide resold telecommunications services in Tennessee by action of the Authority in Docket No. 07-00104.¹ Startec is wholly owned by SGCC, a Delaware corporation, whose principal business is telecommunications.

¹ Startec’s Certificate of Public Convenience and Necessity was approved in Docket No. 07-00104 at a regularly scheduled Authority Conference held on June 25, 2007.

Platinum is a global firm specializing in the merger, acquisition and operation of companies that provide services and solutions in a broad range of business markets, including information technology, telecommunications, logistics, manufacturing and entertainment distribution. EnergyTRACS Acquisition Corp. (“Buyer”) is a wholly-owned subsidiary of Platinum that has agreed to acquire SGCC. Buyer and Platinum indirectly control two Tennessee certificated telecommunications carriers: Americatel Corporation (“Americatel”) and Matrix Telecom, Inc. (“Matrix”) through a direct, wholly-owned subsidiary of Buyer, MTAC Holding Corporation. For the purpose of accomplishing this transaction, Buyer has created a new merger subsidiary, Soap Merger Corporation (“Merger Sub”), a direct wholly-owned subsidiary of Buyer. Platinum is not certificated in Tennessee.

THE JOINT PETITION

The Petitioners request that the Authority grant approval of the transfer of control of Startec to Platinum. The *Joint Petition* notes that Startec, a wholly-owned subsidiary of SGCC, completed a corporate reorganization in late 2006 whereby Startec Global Licensing Company (“SGLC”),² a Tennessee certificated entity, was merged into Startec with Startec surviving. Startec originally characterized the merger with SGLC as a request for name change.³ However, in both the *Joint Petition* and its April 19, 2007 Data Response, the Petitioners acknowledge that the characterization of the 2006 transaction as a name change was inaccurate. Therefore, Startec requests *nunc pro tunc* approval of the December 27, 2006 merger of SGLC and Startec in addition to approval of the transfer of control of Startec to Platinum.

As to the request for *nunc pro tunc* approval of the transfer of control between Startec and SGLC, the *Joint Petition* asserts that the reorganization was undertaken to streamline and

² SGLC is authorized to provide resold interexchange long distance telecommunications services pursuant to Authority Order in Docket No. 04-00282 (December 1, 2004).

³ Startec’s request for name change was filed in Docket No. 06-00317.

eliminate inefficiencies from the operations of Startec and SGLC. Furthermore, the Petitioners assert that there was no change to the rates, terms or conditions of service as a result of the *pro forma* merger and that the transaction was entirely transparent to SGLC and Startec customers.⁴

In regard to the customer notification required due to the transfer of customers between Startec and SGLC, the Petitioners request a waiver of TRA Rule 1220-4-2.56(2)(d) to the extent it may apply to the Startec and SGLC merger.⁵ In the alternative, it proposes sending a letter to affected customers but warns that such a letter may confuse customers. The Petitioners maintain that they did not notify customers of the merger under the assumption that such notification would cause confusion given that the transaction was transparent to customers.⁶ The Petitioners further note that the merger “involved only two affiliated companies with substantially similar corporate names . . . that used the same billing format and corporate logo.”⁷ The Petitioners also stated that its merger with SGLC did not require the approval of the Federal Communications Commission (“FCC”) because it was a *pro forma* transaction. Thus, Startec did not file a self-certification letter with the FCC and is therefore unable to provide a copy of such letter to the TRA as required by TRA Rule 1220-4-2.56(2)(d)(1).

In regard to the requested transfer of control between SGCC and Platinum, the *Joint Petition* states that immediately following the consummation of the proposed transaction Startec will continue to provide service to its customers under the same name with no change in the rates, terms or conditions of service. The *Joint Petition* further indicates that through the

⁴ *Data Response*, p. 2 (May 8, 2007).

⁵ *Data Response*, p. 2 (May 8, 2007). This request is in essence a request to amend the *Joint Petition* and will be treated as such hereafter.

⁶ *Data Response*, p. 2 (May 8, 2007).

⁷ *Id.*

ownership of both Matrix and Americatel, Buyer and Platinum have demonstrated their qualifications to acquire control of Startec. While Startec will continue to be led by an experienced management team, the transaction will also provide Startec access to the additional resources and operational expertise of Platinum.

The *Joint Petition* asserts that the transaction will be transparent to consumers. The Petitioners claim that the transaction is in the public interest as the proposed transaction will enable Startec to become a stronger competitor in the marketplace and will allow it to continue to provide quality and low cost telecommunications services to hundreds of Tennessee residents.

FINDINGS AND CONCLUSIONS

As to the request for *nunc pro tunc* approval of the Startec and SGLC transfer of control, the Petitioners maintain that Tenn. Code Ann. §§ 65-4-112 (2004) and 65-4-113 (2004) govern. However, only Tenn. Code Ann. § 65-4-112 (2004) applies to this transaction because it results in the transfer of assets from a certificated carrier to another Tennessee certificated company. TRA Rule 1220-4-2-.56(2)(d) also applies to this transfer since it would result in a transfer of a customer base. Regarding the transfer of authority, Tenn. Code Ann. § 65-4-112 (2004) states:

No lease of its property, rights, or franchises, by any such public utility, and no merger or consolidation of its property, rights and franchises by any such public utility with the property, rights and franchises of any other such public utility of like character shall be valid until approved by the authority, even though power to take such action has been conferred on such public utility by the state of Tennessee or by any political subdivision of the state.

Regarding the transfer of a customer base, TRA Rule 1220-4-2-.56(2)(d) states in relevant part:

1. The acquiring telecommunications service provider shall provide the Authority a copy of the self-certification letter it shall file with the Federal Communications Commission ("FCC"), as required in CC Docket No. 00-257, certifying that the customer transfer is in compliance with all FCC regulations governing such transactions.
2. A notification letter, pre-approved by the Authority, shall be mailed by the current provider of telecommunications service to its customers describing the customer transfer and explaining that unless the customer selects another telecommunications service provider, the customers' local or long distance service will be transferred to the acquiring

telecommunications service provider by a date specified in the notification letter. The notification letter shall be mailed by U.S. First Class Postage, with the logo or name of the current provider displayed on both the letterhead and the exterior envelope, no less than thirty (30) days prior to the actual customer transfer. For good cause shown, the Authority may waive any requirement of this part or order any requirement thereof to be fulfilled by the acquiring provider. Good cause includes, but is not limited to, evidence that the current provider is no longer providing service in Tennessee.

Because the Petitioners maintain that they were not required to seek approval of the FCC for the instant transaction due to its *pro forma* nature, requiring compliance with TRA Rule 1220-4-2-.56(2)(d)(1) in this situation may result in a potential conflict between state and federal regulatory law. While Authority Rules do not grant the Authority specific approval to waive TRA Rule 1220-4-2-.56(2)(d)(1), the Authority has the power and duty to enforce its regulations in a manner that avoids conflict with federal law. Excusing Petitioners' inability to comply with TRA Rule 1220-4-2-.56(2)(d)(1) in this circumstance is appropriate in order to avoid such a potential conflict. Further, waiving the customer notification letter required by TRA Rule 1220-4-2-.56(2)(d)(2) is also appropriate to avoid customer confusion.

With respect to the transfer of authority of Startec to Platinum, the Petitioners maintain that the transaction is governed by Tenn. Code Ann. § 65-4-112 (2004). However, Tenn. Code Ann. § 65-4-113 (2004) applies as control of a certificated entity is being transferred to an uncertificated entity. Tenn. Code Ann. § 65-4-113(b) (2004) states:

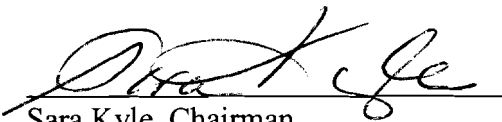
Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. The authority shall approve the transfer after consideration of all relevant factors and upon finding that such transfer furthers the public interest.

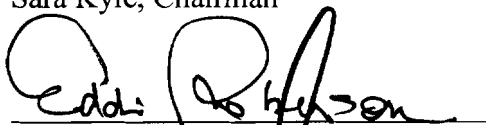
At the regularly scheduled Authority Conference held on June 25, 2007, the voting panel assigned to this docket considered the transfer of control requested in the *Joint Petition*.

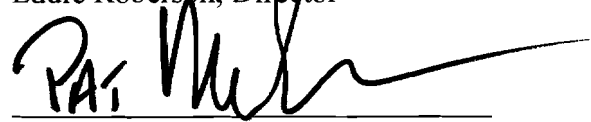
Thereafter, based upon the evidentiary and administrative record as a whole and relying on the legal standards set forth above, the panel voted unanimously to grant *nunc pro tunc* approval of the merger of Startec Global Licensing Company into Startec Global Operating Company pursuant to Tenn. Code Ann. § 65-4-112 (2004), waiver of compliance with TRA Rule 1220-4-2-.56(2)(d) regarding customer notification, and approval of the transfer of authority of Startec to Platinum Equity pursuant to Tenn. Code Ann. § 65-4-113 (2004).

IT IS THEREFORE ORDERED THAT:

1. The *nunc pro tunc* merger of Startec Global Licensing Company to Startec Global Operating Company pursuant to Tenn. Code Ann. § 65-4-112 (2004) as described in the *Joint Petition* and discussed herein is approved.
2. Compliance with TRA Rule 1220-4-2-.56(2)(d) regarding customer notification as requested in the *Joint Petition* and discussed herein is waived.
3. The transfer of authority of Startec Global Operating Company to Platinum Equity, LLC pursuant to Tenn. Code Ann. § 65-4-113 (2004) as described in the *Joint Petition* and discussed herein is approved.


Sara Kyle, Chairman


Eddie Roberson, Director


Pat Miller, Director