

December 13, 2017

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TENN. PUBLIC UTILITY COM. STAFF

**By Overnight Delivery**

Chairman, Tennessee Public Utility Commission  
c/o Sharla Dillon, Dockets and Records Manager  
502 Deaderick Street, 4th Floor  
Nashville, Tennessee 37243

Re: *Notice of the Indirect Transfer of Control of YMax Communications Corp.*  
Docket No. 17- 00142

Dear Chairman Jones:

B. Riley Financial, Inc. ("B. Riley" or "Transferee") and magicJack VocalTec Ltd. ("MJVT" or "Transferor," and collectively with B. Riley, the "Parties"), hereby notify the Tennessee Public Utility Commission ("Commission") of their intent to consummate a merger transaction whereby B. Riley will acquire ultimate control of MJVT and its indirect wholly-owned subsidiary YMax Communications Corp. ("YMax") (the "Transaction"). The Parties submit this letter for informational purposes to ensure the accuracy of the Commission's records.

**I. DESCRIPTION OF THE PARTIES**

**A. MJVT and YMax**

MJVT is a publicly traded (NASDAQ: CALL) company that is incorporated under the laws of Israel. It is headquartered at 12 Haomanut Street, 2<sup>nd</sup> Floor, Poleg Industrial Zone, Netanya, Israel 4250445. MJVT and its subsidiaries are a vertically integrated group of companies that offers Voice-over-Internet-Protocol ("VoIP") services and related equipment. MJVT is the inventor of the magicJack device, which plugs into the USB port on a computer or into a power adapter and a high speed Internet source, providing users with calling services for home, business, and travel. Also available are magicJack mobile apps, which are applications that allow users to make and receive telephone calls through their smartphones or devices.

YMax is a wholly-owned direct subsidiary of YMax Corporation ("YMax Corp."), a Delaware corporation and wholly-owned direct subsidiary of MJVT. YMax is a Delaware corporation located at 560 Village Blvd., Suite 120, West Palm Beach, Florida 33409. YMax gives owners of the magicJack device the option of getting a phone number for the device to receive calls or porting their existing number and thereby enjoy related features of the service. YMax also offers customers the option to purchase international minutes on a prepaid platform. On September 18, 2006, the Tennessee Regulatory Authority granted YMax a certificate of public convenience and necessity in Docket No. 06-00067 to provide competing local telecommunications services, including exchange access telecommunications services, and facilities-based and resold exchange and interexchange telecommunications services in Tennessee.

**B. B. Riley**

B. Riley is a publicly traded (NASDAQ: RILY) diversified financial services company that takes a collaborative approach to the capital raising and financial advisory needs of public and private companies and high net worth individuals.<sup>1</sup> A Delaware corporation, B. Riley's headquarters are at 21255 Burbank Boulevard, Suite 400, Woodland Hills, California 91367. The firm has offices in major U.S. financial markets and consists of over 900 employees whose cross-platform expertise is mobilized to provide a myriad of financial solutions. B. Riley operates through several wholly-owned subsidiaries, including B. Riley Principal Investments, LLC ("BRPI"), which engages in proprietary investments in other businesses. BRPI is a Delaware limited liability company.

B. Riley is well-qualified managerially, technically, and financially to own and control MJVT and YMax. B. Riley and its subsidiaries are experienced investors. Through BRPI, B. Riley owns United Online, which offers Internet access services to consumers under the NetZero and Juno brands, as well as email, Internet security, web hosting services, and other communications-related services. B. Riley and its subsidiaries also are managed by top professionals with decades of expertise in the financial, technology, research, and communications sectors.

**II. DESCRIPTION OF THE TRANSACTION**

On November 9, 2017, MJVT, B. Riley, and B. Riley's wholly-owned indirect subsidiary B. R. Acquisition Ltd. ("Merger Sub") entered into an Agreement and Plan of Merger ("Agreement"). Pursuant to the Agreement, Merger Sub will merge with and into MJVT, with MJVT as the surviving corporation. At the time of the Transaction, the currently issued and outstanding shares of MJVT will be cancelled and converted into the right of each shareholder to receive a cash payment. As a result of the Transaction, MJVT will become a wholly-owned, direct subsidiary of BRPI, and YMax will become a wholly-owned, indirect subsidiary of B. Riley through YMax Corp., MJVT, and BRPI.<sup>2</sup> The completion of the Transaction is conditioned on obtaining required federal and state regulatory approvals, among other things. For the Commission's reference, organizational charts illustrating the current and post-closing corporate structure of YMax as described herein are provided as Exhibit A.

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<sup>1</sup> Bryant Riley, Chairman and Chief Executive Officer of B. Riley, holds an approximate 16 percent ownership interest in the company. No other individuals or entities hold a 10 percent or greater ownership interest in B. Riley.

<sup>2</sup> Immediately upon closing, B. Riley may undertake an internal corporate reorganization pursuant to which YMax Corp. would become a wholly-owned direct subsidiary of BRPI (instead of remaining a wholly-owned direct subsidiary of MJVT). YMax would continue to be a wholly-owned, indirect subsidiary of B. Riley and BRPI through YMax Corp., without any intervening ownership by MJVT. MJVT would continue as a separate, wholly-owned subsidiary of BRPI. This reorganization is illustrated in Exhibit A.

### **III. PUBLIC INTEREST BENEFITS OF THE TRANSACTION**

The proposed Transaction will serve the public interest. The change in ultimate control of YMax will occur at the parent level and will not involve the assignment of operating authority, assets, or customers. MJVT and YMax will be able to draw upon the managerial and communications experience of B. Riley's management team. The operational and customer-facing teams of YMax will continue to manage the day-to-day operations and business of YMax following completion of the Transaction. YMax thus will continue to be operated by highly experienced, well-qualified personnel. MJVT and YMax also will benefit from improved access to capital, enhancing their competitive position in the communications services space.

Immediately after closing, YMax 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. Accordingly, this Transaction will be, for all practical purposes, imperceptible to customers.

The proposed Transaction also will not harm competition. B. Riley and YMax do not currently compete in the provision of any telecommunications offerings. The Transaction thus will not reduce the number of service providers in any market.

### **IV. DESIGNATED CONTACTS**

All correspondence and communications with respect to this Notice should be addressed to or directed as follows:

#### **For Transferor and YMax:**

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**V. CONCLUSION**

An original and four (4) copies of this letter are enclosed for filing. Please date-stamp the extra copy of this filing and return it in the enclosed envelope. If you have any questions regarding this notification, please contact the undersigned.

Respectfully submitted,



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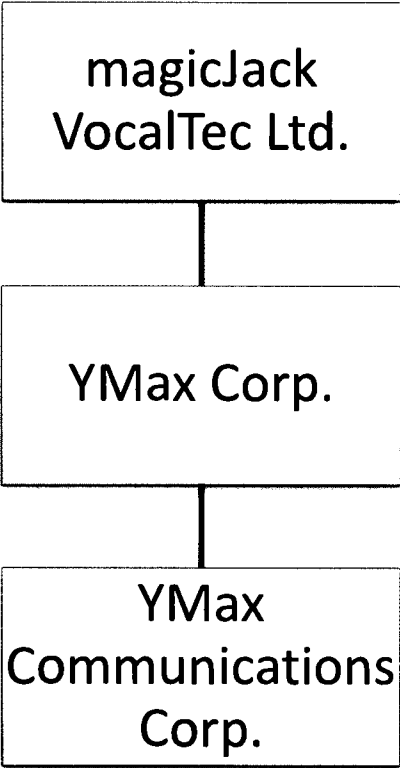
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**EXHIBIT A**

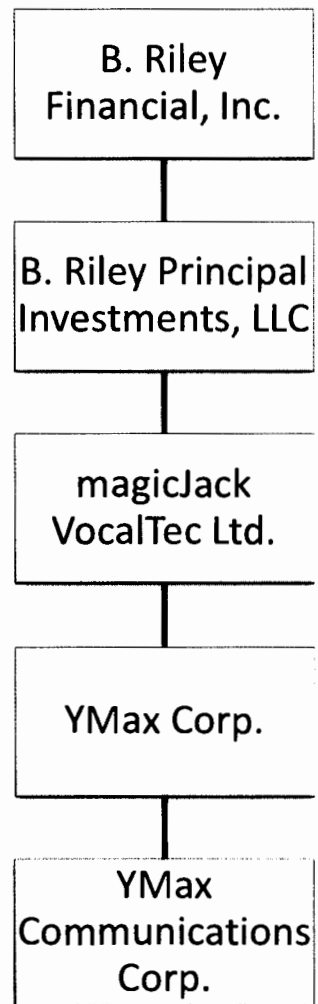
**PRE- AND POST-CLOSING ORGANIZATIONAL DIAGRAMS**

Pre-Closing Ownership Diagram



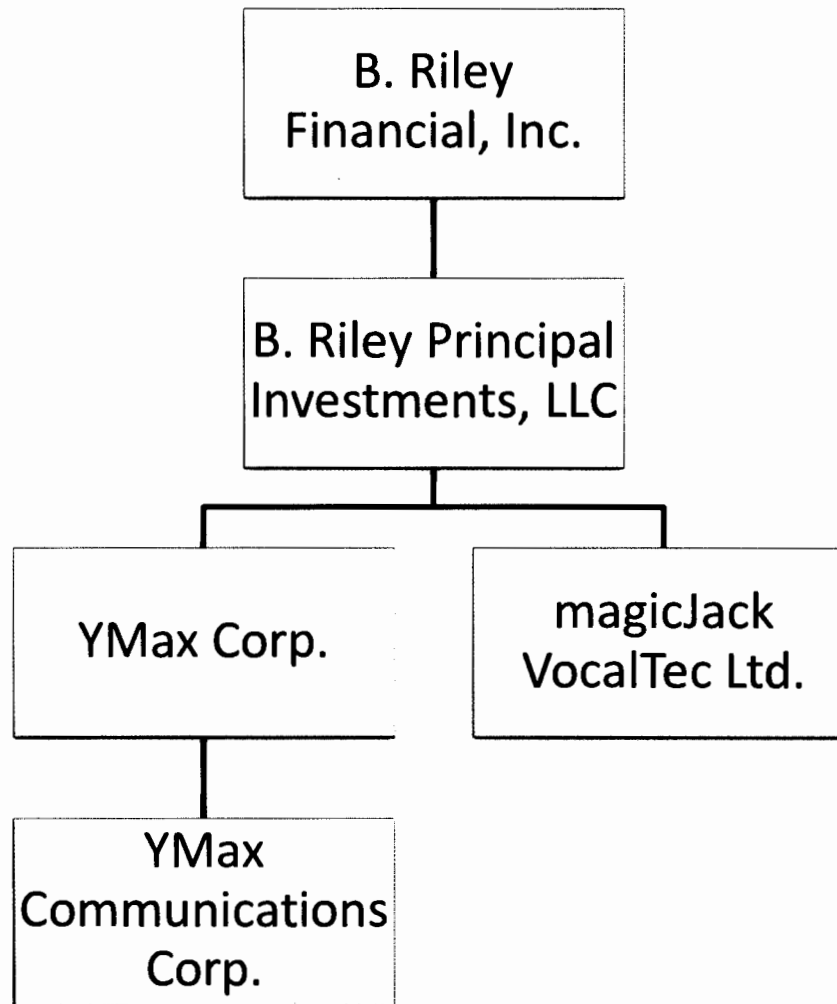
Ownership interests are 100%  
unless otherwise indicated

## Post-Closing Ownership Diagram (Prior to Internal Reorganization)



Ownership interests are 100%  
unless otherwise indicated

Post-Closing Ownership Diagram  
(After Internal Reorganization)



Ownership interests are 100%  
unless otherwise indicated