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December 13, 2017

VIA EMAIL: PSC@UTAH.GOV

Utah Public Service Commission
Heber M. Wells Building
160 East 300 South, 4th Floor
Salt Lake City, Utah 84111

Re: *Notice of Transfer of Indirect Control of YMax Communications Corp.,
Docket No. 17-2468-01*

Dear Commissioners:

magicJack VocalTec Ltd. ("MJVT" or "Transferor") and B. Riley Financial, Inc. ("B. Riley" or "Transferee," and collectively with MJVT, the "Parties"), through their undersigned counsel, hereby notify the Utah Public Service Commission ("Commission") that the Parties have entered into and intend 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 understand that no prior Commission approval is required to complete the proposed Transaction, as outlined herein.

Consummation of the proposed Transaction will serve the public interest by providing additional managerial expertise and access to financial resources to YMax, which will in turn enhance its ability to offer its services and to better compete in the telecommunications marketplace. The proposed Transaction will occur at the parent level and will only result in a change in the indirect ownership of YMax. No assignment of licenses, assets, or customers will occur as a consequence of the proposed Transaction. The proposed Transaction also will not trigger a change in the rates, terms, and conditions under which YMax provides service to its existing customers. Accordingly, this Transaction will be, for all practical purposes, imperceptible to customers. The proposed Transaction also will not adversely affect competition in Utah because it will not result in a reduction of competitors and customers will continue to have access to the same competitive alternatives they have today.

Notice of the Transaction, instead of an application for approval of the Transaction, is appropriate in this case because the Transaction is not the type of transaction for which Title 54 requires Commission approval. Utah Code Ann. § 54-4-28 provides:

No public utility shall combine, merge nor consolidate with another public utility engaged in the same general line of business in this state, without the consent and approval of the Public Service Commission, which shall be granted only after investigation and hearing and finding that such proposed merger, consolidation or combination is in the public interest.

Utah Code Ann. § 54-4-28 (emphasis added).¹ Although the statute applies directly to “public utilities,” the Utah Commission’s practice historically has been to also review applications submitted for the approval of transactions in which a transfer of control of one or more Utah competitive local exchange carriers (“CLEC”) occurs at the parent level.²

As described in more detail below, MJVT is the parent company of YMax, a CLEC authorized as a putative “public utility” in Utah. As a result of the Transaction, B. Riley will acquire control of MJVT, and YMax will remain a wholly owned, indirect subsidiary of MJVT.

Neither B. Riley, nor any other entity or individual in the B. Riley equity control chain, presently owns or controls any CLEC, IXC or other “telecommunications corporation” operating as a “public utility” in the state of Utah. Thus, the Transaction does not involve either the merger of *two* public utilities engaged in the same general line of business in the state, or the merger of *two* companies that own or control public utilities engaged in the same general line of business in the state. Section 54-4-28 therefore is not applicable to the Transaction and Commission approval is not required for the Parties to consummate the Transaction.

The Parties provide the following information regarding the Transaction:

¹ Similar statutes require Commission approval when one public utility proposes to acquire the voting stock of another, or one acquires the “properties” of another. See Utah Code Ann. §§ 54-4-29, 54-4-30.

² The Commission has regularly reviewed transactions where the parent or holding company of a telecommunications utility doing business in Utah merges with or acquires the stock or assets of the parent or holding company of another telecommunications utility doing business in Utah. See e.g., *In the Matter of the Joint Application of Broadview Networks Holdings, Inc., and Broadview Networks, Inc. and Windstream Holdings, Inc. for Approval to Transfer Indirect Control of Broadview Networks, Inc.*, Docket No. 17-2514-01 (requesting Commission approval of the merger of two holding companies of Utah CLECs).

I. DESCRIPTION OF THE PARTIES

A. YMax

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 (described below) 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. YMax was authorized to provide local exchange service in Utah on August 14, 2006, pursuant to a Certificate granted by the Commission in Docket No. 06-2468-01.

B. MJVT

MJVT is a publicly traded (NASDAQ: CALL) company that is incorporated under the laws of Israel. It is headquartered at 12 Haomanut Street, 2nd 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 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.

C. 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.³ 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

³ 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.

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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. DESIGNATED CONTACTS

Questions, correspondence or other communications concerning this Notice should be directed to:

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III. 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").⁴ 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.⁵ The completion of the Transaction is conditioned on obtaining required federal and state regulatory approvals, among other things. For the Commission's reference, organization

⁴ A copy of the Agreement is available at <http://files.shareholder.com/downloads/ABEA-3MIGXZ/5523541424x0xS1193125-17-338159/1464790/filing.pdf>.

⁵ 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**.

charts illustrating the current and post-closing corporate structure of YMax as described herein are provided as **Exhibit A**.

IV. THE TRANSACTION IS IN THE PUBLIC INTEREST

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. Further, the Transaction does not involve the merger or consolidation of Ymax with any public utility. 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.

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.

CONCLUSION

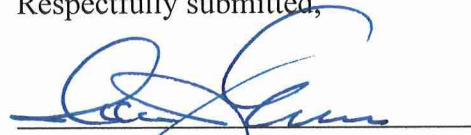
Given the increasingly competitive nature of the communications market, the Parties are seeking to complete the Transaction as soon as possible in order to ensure that customers and the Parties promptly realize the benefits of operating as a combined entity. This Transaction will enhance competition because it will strengthen YMax, the certificated entity.

If the Commission agrees that this Notice is sufficient for the Parties to consummate the Transaction, the Parties hereby request that the Commission acknowledge its

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sufficiency, as soon as practicable, in whatever manner the Commission deems appropriate.⁶

Respectfully submitted,



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⁶ In the alternative, if the Commission determines that it must approve the Transaction, then the Parties request that the Commission treat this filing as an Application subject to Rule R746-349-7, and adjudicate it informally, without the need for a hearing.