



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED PETITION OF)
MAGICJACK VOCALTEC LTD. AND B. RILEY)
FINANCIAL, INC. FOR APPROVAL OF THE INDIRECT)
TRANSFER OF CONTROL OF YMAX)
COMMUNICATIONS CORP.) DOCKET NO. TM17121283

Parties of Record:

James H. Laskey, Esq., Norris, McLaughlin & Marcus, P.A., on behalf of Petitioners
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On December 14, 2017, magicJack VocalTec Ltd. ("MJVT") and B. Riley Financial, Inc. ("B. Riley")(collectively, the "Petitioners"), submitted a Verified Petition to the New Jersey Board of Public Utilities ("Board") pursuant to N.J.S.A. 48:2-51.1, N.J.S.A. 48:3-7 and N.J.S.A. 48:3-10 requesting Board approval to consummate a merger transaction whereby B. Riley will acquire ultimate control of MJVT and its indirect wholly-owned subsidiary YMax Communications Corp. ("YMax"). Following closing of the transaction, the same services will continue to be offered in New Jersey at the same rates, terms, and conditions to YMax customers.

BACKGROUND

MJVT is a publicly traded cloud communications company incorporated under the laws of Israel with headquarters located in Netanya, Israel. MJVT and its subsidiaries offer Voice-over-Internet-Protocol ("VoIP") services and related equipment. Petitioners state that MJVT invented and has made available 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. magicJack mobile apps, allowing users to make and receive telephone calls through their smartphones or devices, are also available.

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 in West Palm Beach, Florida. YMax gives MJVT's magicJack device owners the option

to obtain a telephone number for the device to receive calls or to port their existing number and thereby enjoy related features of the service. In New Jersey, YMax is authorized to provide facilities-based local exchange, interexchange and carrier exchange services. See, In the Matter of the Petition of YMAX Communications Corporation for Approval Authority to Provide Competitive Local Exchange, Exchange Access and Long Distance Services throughout the State of New Jersey, Docket No. TE05121045 (March 31, 2006). YMax does not have any employees located in New Jersey.

B. Riley is a publicly traded financial services Delaware corporation headquartered in Woodland Hills, California. Its wholly-owned subsidiaries including B. Riley Principal Investments, LLC ("BRPI") a Delaware limited liability company engages in proprietary investments in other businesses. BRPI is a Delaware limited liability company.

DISCUSSION

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. Pursuant to the merger agreement, Merger Sub will merge with and into MJVT, with MJVT as the surviving corporation. At the effective time, the currently issued and outstanding shares of MJVT will be cancelled and converted into shareholder rights to receive a cash payment. As a result, 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.

By the petition, all current New Jersey customers of YMax as of closing will continue to be served by YMax pursuant to its existing authorization, and the transaction will not result in the name change of YMax. Further, immediately after closing, customers will continue to receive their existing services at the same rates, terms, and conditions as prior to the indirect transfer of control hence, the transaction will be transparent to customers as it is not expected to result in the discontinuance, reduction, loss or impairment of service to any customer.

Petitioners contend that the proposed transaction is consistent with the public interest. MJVT and YMax will benefit from improved access to capital, enabling YMax to offer competitive and innovative products and services to existing customers at the same rates, terms, and conditions in the same geographic areas currently served.

The New Jersey Division of Rate Counsel submitted comments by letter dated January 30, 2018, stating it does not object to Board approval of the Petitioners' requests in this matter.

FINDINGS AND CONCLUSIONS

Pursuant to N.J.S.A. 48:2-51.1(a), the Board shall evaluate the impact of an acquisition of control of a public utility on competition, on the rates of ratepayers affected by the acquisition 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 benefits 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 obligations to any of its employees.

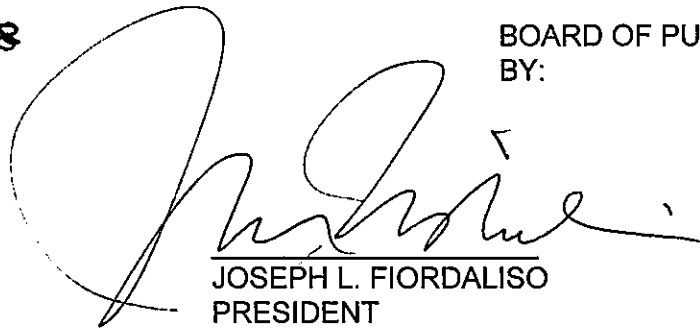
After a careful review of this matter, the Board is satisfied that positive benefits will flow to customers based upon the record, and that the combined enterprise would not be able to exercise market power to raise prices above competitive levels or exclude competitors from the marketplace. The Board therefore **FINDS** that the proposed transaction will have little impact on competition. The Board additionally **FINDS** that there will be no negative impact on rates or the present provision of safe, adequate and proper service since Petitioners' New Jersey customers will continue to receive the same services at the same rates and under the same terms and conditions and the provision of service quality on competitive offerings is in the public interest. YMAX does not employ New Jersey personnel, therefore the ability to fulfill pension obligations is not reviewable or considered.

Accordingly, the Board **FINDS** that the proposed transaction is consistent with the applicable law, is not contrary to the public interest and will have no material impact on the rates of current customers, or on New Jersey employees. The Board also **FINDS** that the proposed transaction will have no impact on the provision of safe, adequate and proper service, and will positively benefit competition. Therefore, after investigation, having considered the record and exhibits submitted in this proceeding, the Board **HEREBY AUTHORIZES** Petitioner to complete the proposed transaction.

This Order shall be effective March 10, 2018.

DATED: 2/28/18

BOARD OF PUBLIC UTILITIES
BY:



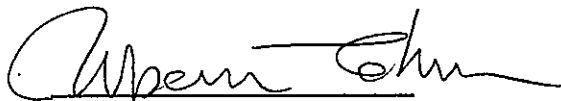
JOSEPH L. FIORDALISO
PRESIDENT



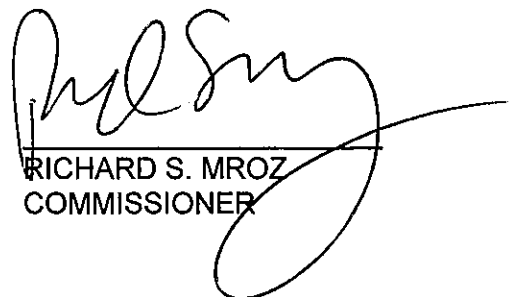
MARY-ANNA HOLDEN
COMMISSIONER




DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER



RICHARD S. MROZ
COMMISSIONER

ATTEST: 
AIDA CAMACHO-WELCH
SECRETARY

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SERVICE LIST

James H. Laskey, Esq.
Norris McLaughlin & Marcus, PA
400 Crossing Blvd, 8th Floor
Bridgewater, NJ 08807-5933
jlasky@nmmlaw.com

Thomas Fuller, Executive Vice President &
Chief Financial Officer
magicJack VocalTec Ltd.
560 Village Blvd., Suite 120
West Palm Beach, FL 33409
thomas.fuller@magicjack.com

Bennet L. Ross
Daniel Brooks
Wiley Rein LLP
1776 K Street, N.W.
Washington, D.C. 20006
bross@wileyrein.com
dbrooks@wileyrein.com

Alan N. Forman, Executive Vice President
& General Counsel
B. Riley Financial, Inc.
299 Park Avenue, 7th Floor
New York, NY 10171
aforman@brileyfin.com

William F. Maher
Jennifer L. Kostyu
Wilkinson Barker Knauer, LLP
1800 M Street, N.W., Suite 3 800N
Washington, D.C. 20036
wmaher@wbklaw.com
jkostyu@wbklaw.com

Stefanie A. Brand, Esq., Director
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003
sbrand@rpa.nj.gov

Maria Novas-Ruiz, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003
mnovas-ruiz@rpa.state.nj.us

Veronica Beke, Esq.
Department of Law & Public Safety
Division of Law
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029
veronica.beke@law.njoag.gov

Lawanda R. Gilbert, Director
Rocco Della Serra
Office of Cable Television and
Telecommunications
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
lawanda.gilbert@bpu.nj.gov
rocco.della-serra@bpu.nj.gov

Carol Artale, Esq., Legal Specialist
Counsel's Office
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
carol.artale@bpu.nj.gov