

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)
)
magicJack VocalTec Ltd.)
 Transferor)
)
and)
)
B. Riley Financial, Inc.)
 Transferee)
)
Joint Application for Consent to Transfer)
Control of Domestic and International)
Authorizations Pursuant to Section 214 of the)
Communications Act of 1934, As Amended)

**JOINT APPLICATION TO TRANSFER CONTROL OF DOMESTIC AND
INTERNATIONAL SECTION 214 AUTHORIZATIONS**

Pursuant to Section 214 of the Communications Act of 1934, as amended (“the Act”),¹ and Sections 63.04, 63.18, and 63.24 of the Commission’s rules,² magicJack VocalTec Ltd. (“MJVT” or “Transferor”) and B. Riley Financial, Inc. (“B. Riley” or “Transferee”) (the “Applicants”) request the Commission’s consent to transfer control of certain of MJVT’s indirect wholly-owned subsidiaries – namely, YMax Communications Corp. (“YMax”), magicJack SMB, Inc. (“MJSMB”), and Broadsmart Global, Inc. (“Broadsmart”) (collectively, the “Licensees”) – from MJVT to B. Riley. YMax holds international and domestic Section 214 authority, and MJSMB and Broadsmart hold international Section 214 authority. As further

¹ 47 U.S.C. § 214.

² 47 C.F.R. §§ 63.04, 63.18, and 63.24.

described below, the proposed transfer of control will serve the public interest by providing additional managerial expertise and access to capital to the Licensees, which will in turn enhance their ability to offer their services and better compete in the communications marketplace.

Pursuant to Section 63.04(b), this Joint Application is being filed concurrently with the International Bureau and the Wireline Competition Bureau. The Applicants also request streamlined processing of the Joint Application pursuant to Sections 63.03(b) and 63.12 of the Commission's rules.³

I. DESCRIPTION OF THE PARTIES

A. MJVT and the Licensees

MJVT (FRN: 0027030683) is a publicly traded (NASDAQ: CALL) company that is incorporated under the laws of Israel. 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.

YMax (FRN: 0013563077), a Delaware corporation, is a wholly-owned direct subsidiary of YMax Corporation ("YMax Corp."), a Delaware corporation that in turn is a wholly-owned direct subsidiary of MJVT. 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. YMax holds an international Section 214 authorization and is

³ 47 C.F.R. §§ 63.03(b), 63.12.

authorized to operate as a competitive local exchange carrier and long distance carrier in all states except New Hampshire in addition to the District of Columbia.

Broadsmart (FRN: 0025715012) and MJSMB (FRN: 0025239153), both Florida corporations, are wholly-owned direct subsidiaries of YMax Corp. Broadsmart, an interconnected VoIP provider, makes available hosted Unified Communication as a Service (“UCaaS”) offerings and hardware and network equipment focusing on medium-to-large, multi-location enterprise customers. MJSMB offers interconnected VoIP services to small business customers. Although Broadsmart and MJSMB hold international Section 214 authorizations, they currently do not provide any domestic or international telecommunications services.

B. B. Riley

B. Riley (FRN: 0027041722) is a publicly traded (NASDAQ: RILY), diversified financial services company which takes a collaborative approach to the capital raising and financial advisory needs of public and private companies and high net worth individuals. Headquartered in Los Angeles with offices in major U.S. financial markets, B. Riley 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. B. Riley executives have substantial experience in the communications industry. 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.

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 MJVT and the Licensees will become wholly-owned, indirect subsidiaries of B. Riley through YMax Corp., MJVT, and BRPI.⁴ For the Commission’s reference, organization charts illustrating the current and post-closing corporate structure of the Licensees as described herein are provided as Exhibit A.

III. PUBLIC INTEREST STATEMENT

The proposed transaction will serve the public interest. The change in ultimate control of the Licensees 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, with decades of financial and managerial experience, including in the communications field. The operational and customer-facing teams of the Licensees will continue to manage their day-to-day operations and businesses following completion of the transaction. The Licensees thus will continue to be operated by highly experienced, well-qualified personnel. MJVT and the Licensees also will benefit from improved access to capital, enhancing their competitive position in the communications services space.

⁴ 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). The Licensees would continue to be wholly-owned, indirect subsidiaries 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.

Immediately after closing, the Licensees 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 the Licensees 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. INFORMATION REQUIRED BY 47 C.F.R. § 63.18 AND THE IBFS SECTION 214 MAIN FORM

The Applicants submit the following information, pursuant to 47 C.F.R. § 63.18 and the IBFS Section 214 Main Form, in support of their request for consent to transfer control of the Licensees, which hold international Section 214 authority, to B. Riley:

A. Contact Information – Answer to Question 10 (Section 63.18(c)-(d))

Correspondence concerning this Joint Application should be directed to:

For Transferor and the Licensees:

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with copies to:

Bennett L. Ross
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For Transferee:

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Neither B. Riley nor any of its affiliates holds international Section 214 authorizations.

YMax holds an international Section 214 authorization to provide global facilities-based and resold telecommunications services (File No. ITC-214-20050614-00222). Broadsmart holds an international Section 214 authorization to provide global resale telecommunications services (File No. ITC-214-20160901-00264). MJSMB holds an international Section 214 authorization to provide global resale telecommunications services (File No. ITC-214-20160901-00265). However, neither Broadsmart nor MJSMB currently provides international telecommunications services.

B. Post-Closing Ownership (Answer to Question 11 – Section 63.18(h))

The following entities will hold a direct or indirect 10 percent or greater ownership interest in MJVT and the Licensees post-closing:

Name: YMax Corp.
Address: 560 Village Blvd., Suite 120
West Palm Beach, FL 33409
Citizenship: Delaware
Principal Business: holding company
Ownership interest: 100 percent interest in YMax, Broadsmart, and MJSMB

Name: magicJack VocalTec Ltd. (“MJVT”)
Address: 12 Haomanut Street, 2nd Floor
Poleg Industrial Zone
Netanya, Israel 4250445
Citizenship: Israel
Principal Business: holding company

Ownership interest: 100 percent interest in YMax Corp.⁵

Name: B. Riley Principal Investments, LLC (“BRPI”)
Address: 21255 Burbank Blvd, Suite 400
Woodland Hills, CA 91367

Citizenship: Delaware
Principal Business: investment/holding company
Ownership interest: 100 percent interest in MJVT

Name: B. Riley Financial, Inc. (“B. Riley”)
Address: 21255 Burbank Blvd, Suite 400
Woodland Hills, CA 91367

Citizenship: Delaware
Principal Business: financial services/holding company
Ownership interest: 100 percent interest in BRPI

Name: Bryant Riley
Address: c/o B. Riley Financial, Inc.
21255 Burbank Blvd, Suite 400
Woodland Hills, CA 91367

Citizenship: USA
Ownership interest: approximately 16 percent interest in B. Riley

No other person or entity will hold a direct or indirect 10 percent or greater equity interest in MJVT or the Licensees post-closing. Exhibit A provides charts depicting the pre- and post-closing ownership structure of MJVT and the Licensees.

C. Narrative of Transfer of Control and Public Interest Statement (Answer to Question 13)

A description of the proposed transaction and demonstration of how it will serve the public interest are set forth in Sections II and III above.

D. Streamlined Processing (Answer to Question 20 – Section 63.12)

This Joint Application qualifies for streamlined processing pursuant to Section 63.12 of the Commission’s rules. The Applicants and the Licensees have no foreign carrier affiliates and

⁵ As discussed above, immediately upon closing, B. Riley may undertake an internal reorganization in which MJVT would no longer be in the Licensees’ ownership chain. *See id.*

will have no such affiliates upon closing of the transaction. They therefore qualify for a presumption of non-dominance under Section 63.10 of the Commission's rules on all U.S.-international routes.

V. INFORMATION REQUIRED BY SECTION 63.04 OF THE COMMISSION'S RULES IN RELATION TO THE TRANSFER OF BLANKET DOMESTIC 214 AUTHORITY

In support of their request for consent to transfer control of YMax to B. Riley, the Applicants submit the following information pursuant to Section 63.04(a)(6) through (a)(12) of the Commission's rules.⁶

Section 63.04(a)(6) – Description of the transaction:

A description of the proposed transaction is set forth in Section II above.

Section 63.04(a)(7) – Description of the geographic area in which the transferor and transferee offer domestic telecommunications services, and what services are provided in each area:

YMax operates as a competitive local exchange carrier and long distance carrier in all states except New Hampshire in addition to the District of Columbia. For further information regarding YMax's services, please see Section I(A) above.

Section 63.04(a)(8) – Statement as to how the application qualifies for streamlined treatment:

The domestic Section 214 component of this application qualifies for presumptive streamlined processing pursuant to Section 63.03(b) because B. Riley is not a telecommunications provider in the United States and does not hold a ten percent or greater

⁶ 47 C.F.R. § 63.04. Neither MJSMB nor Broadsmart provide domestic telecommunications services in the United States.

interest in a wireline telecommunications provider in the United States.⁷ None of the Applicants or their affiliates is a facilities-based telecommunications provider. Moreover, YMax holds a market share in the interstate, interexchange market of less than ten percent, and it will provide competitive telephone exchange services or exchange access services (if at all) exclusively in geographic areas served by a dominant local exchange carrier that is not a party to the transaction. Neither YMax nor B. Riley is dominant with respect to any telecommunications services.

Section 63.04(a)(9) – Identification of all other Commission applications related to this transaction:

No other FCC applications related to this transaction are being filed.

Section 63.04(a)(10) – Statement of whether the applicants request special consideration because either party is facing imminent business failure:

The Applicants do not request special consideration because no party to the proposed transaction is facing imminent business failure.

Section 63.04(a)(11) – Identification of any separately filed waiver requests being sought in conjunction with this application:

No separately filed waiver requests are being sought in conjunction with this Joint Application.

Section 63.04(a)(12) – Statement showing how grant of the application will serve the public interest, convenience and necessity:

A demonstration of how the proposed transaction will serve the public interest is set forth in Section III above.

⁷ B. Riley's subsidiary, NetZero Wireless, Inc. which provides mobile broadband services, holds registrations or authorizations to provide wireless services in California, Colorado, Hawaii, Illinois, Indiana, Iowa, Kentucky, Louisiana, Michigan, Montana, Nebraska, Nevada, North Dakota, Vermont, and West Virginia.

VII. CONCLUSION

For the reasons stated above, the Applicants respectfully request that the Commission promptly grant this Joint Application.

Respectfully submitted,

By: magicJack VocalTec Ltd.

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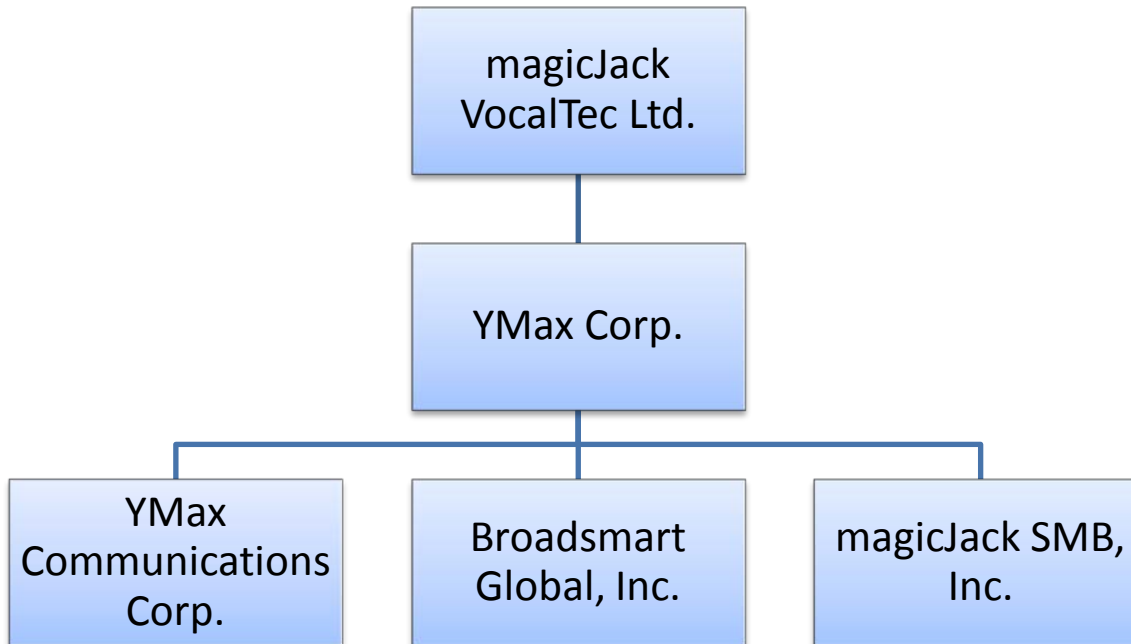
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EXHIBIT A

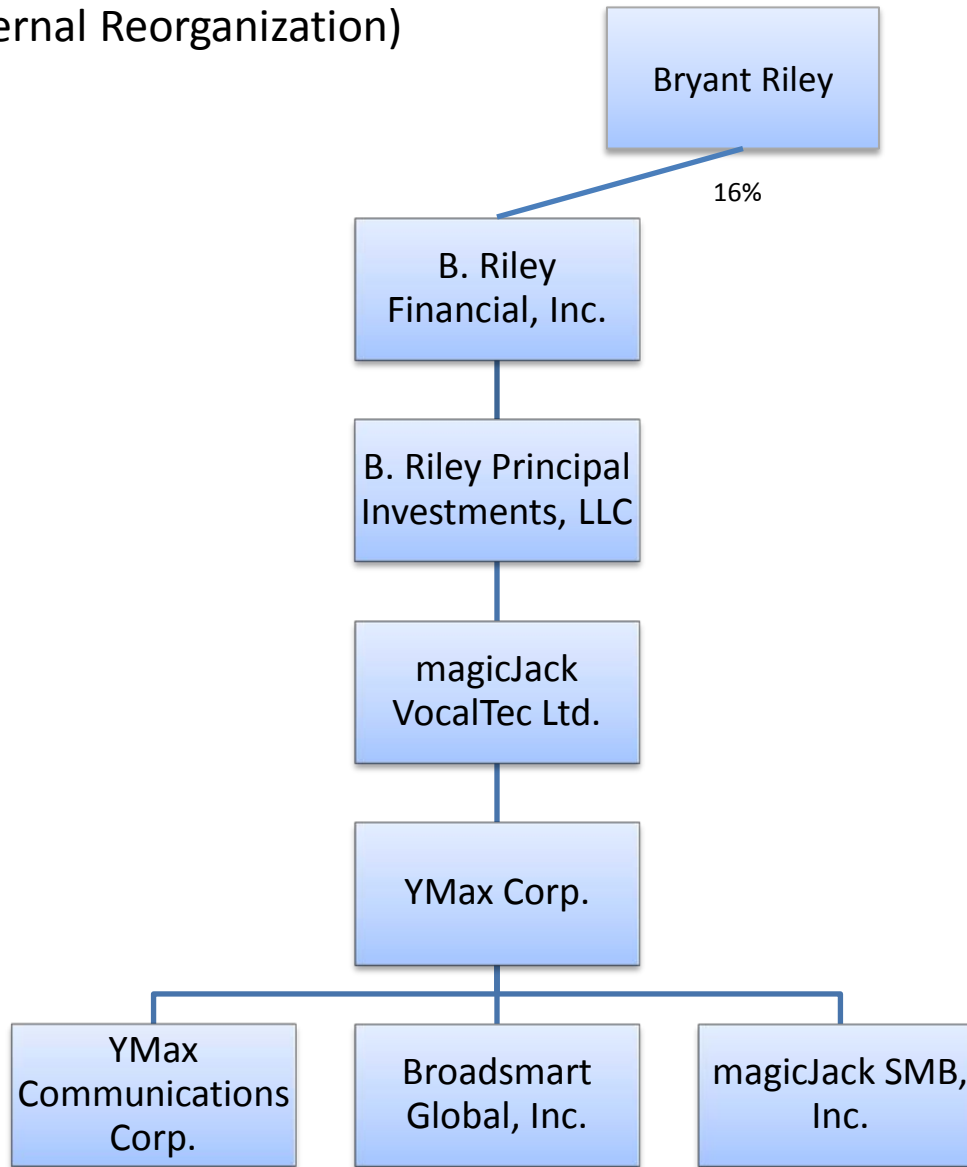
Pre- and Post-Closing Ownership Diagrams

Pre-Closing Ownership Diagram



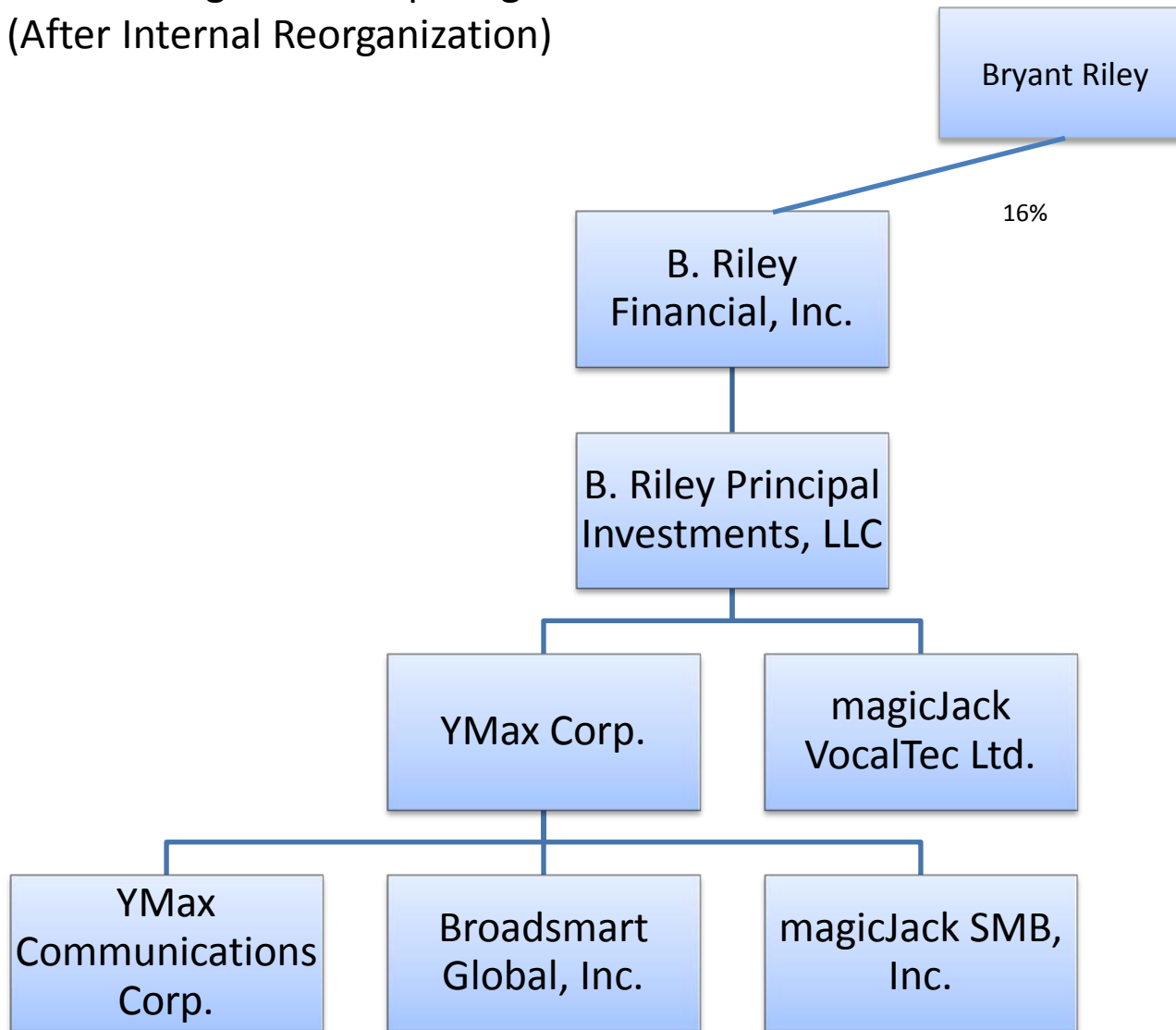
Ownership interests are 100% unless otherwise indicated

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