

December 13, 2017

By Electronic Filing

Ms. Patricia Van Gerpen, Executive Director
South Dakota Public Utilities Commission
500 East Capitol Avenue
Capitol Building, 1st Floor
Pierre, South Dakota 57501

*Re: Notice of the Indirect Transfer of Control of YMax Communications Corp.,
Broadsmart Global, Inc., and magicJack SMB, Inc.*

Dear Ms. Van Gerpen:

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 South Dakota Public Utilities Commission (“Commission”) of their intent to consummate a merger transaction whereby B. Riley will acquire ultimate control of MJVT and its indirect wholly-owned subsidiaries YMax Communications Corp. (“YMax”), Broadsmart Global, Inc. (“Broadsmart”), and magicJack SMB, Inc. (“MJSMB”) (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, YMax, Broadsmart, and MJSMB

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 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, among other things, 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. On June 21, 2006, YMax was granted a Certificate of Authority in Docket No. TC06-027 to provide local exchange services in South Dakota, except in those areas served by a rural telephone company.

Broadsmart and MJSMB are wholly-owned direct subsidiaries of YMax Corp. Broadsmart and MJSMB are Florida corporations, both located at 560 Village Blvd., Suite 120, West Palm Beach, Florida 33409. 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. On May 30, 2017, Broadsmart was granted a Certificate of Authority in Docket No. TC17-013 to provide interexchange services and local exchange services in South Dakota, except in those areas served by a rural telephone company. On May 30, 2017, MJSMB was granted a Certificate of Authority in Docket No. TC17-012 to provide interexchange services and local exchange services in South Dakota, except in those areas served by a rural telephone company.

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.¹ 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 its subsidiaries YMax, Broadsmart, and MJSMB. 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

¹ 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.

receive a cash payment. As a result of the Transaction, MJVT will become a wholly-owned, direct subsidiary of BRPI, and YMax, Broadsmart, and MJSMB will become wholly-owned, indirect subsidiaries of B. Riley through YMax Corp., MJVT, and BRPI.² 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, Broadsmart, and MJSMB as described herein are provided as Exhibit A.

III. PUBLIC INTEREST BENEFITS OF THE TRANSACTION

The proposed Transaction will serve the public interest. The change in ultimate control of YMax, Broadsmart, and MJSMB will occur at the parent level and will not involve the assignment of operating authority, assets, or customers. MJVT, YMax, Broadsmart, and MJSMB 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, Broadsmart, and MJSMB will continue to manage the day-to-day operations and business of their respective companies following completion of the Transaction. YMax, Broadsmart, and MJSMB thus will continue to be operated by highly experienced, well-qualified personnel. MJVT, YMax, Broadsmart, and MJSMB also will benefit from improved access to capital, enhancing their competitive position in the communications services space.

Immediately after closing, YMax, Broadsmart, and MJSMB 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 does not currently compete with YMax, Broadsmart, or MJSMB in the provision of any telecommunications offerings. The Transaction thus will not reduce the number of service providers in any market.

² 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, Broadsmart, and MJSMB 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.

IV. DESIGNATED CONTACTS

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

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V. **CONCLUSION**

If you have any questions regarding this notification, please contact the undersigned.

Respectfully submitted,

/s/ Bennett L. Ross

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/s/ Michael Keegan

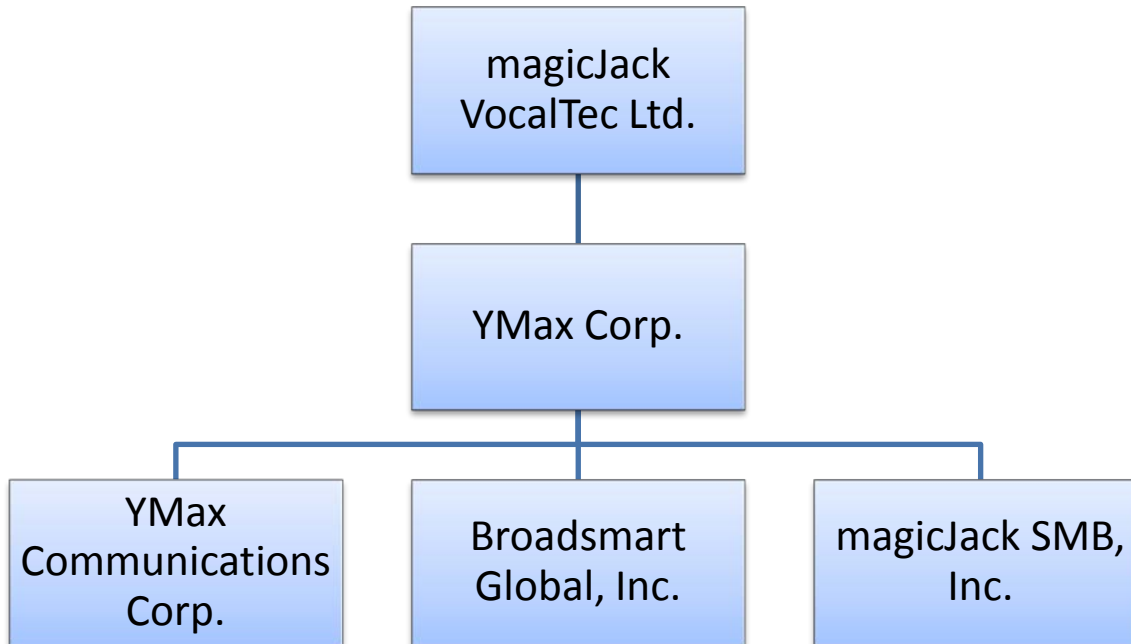
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EXHIBIT A

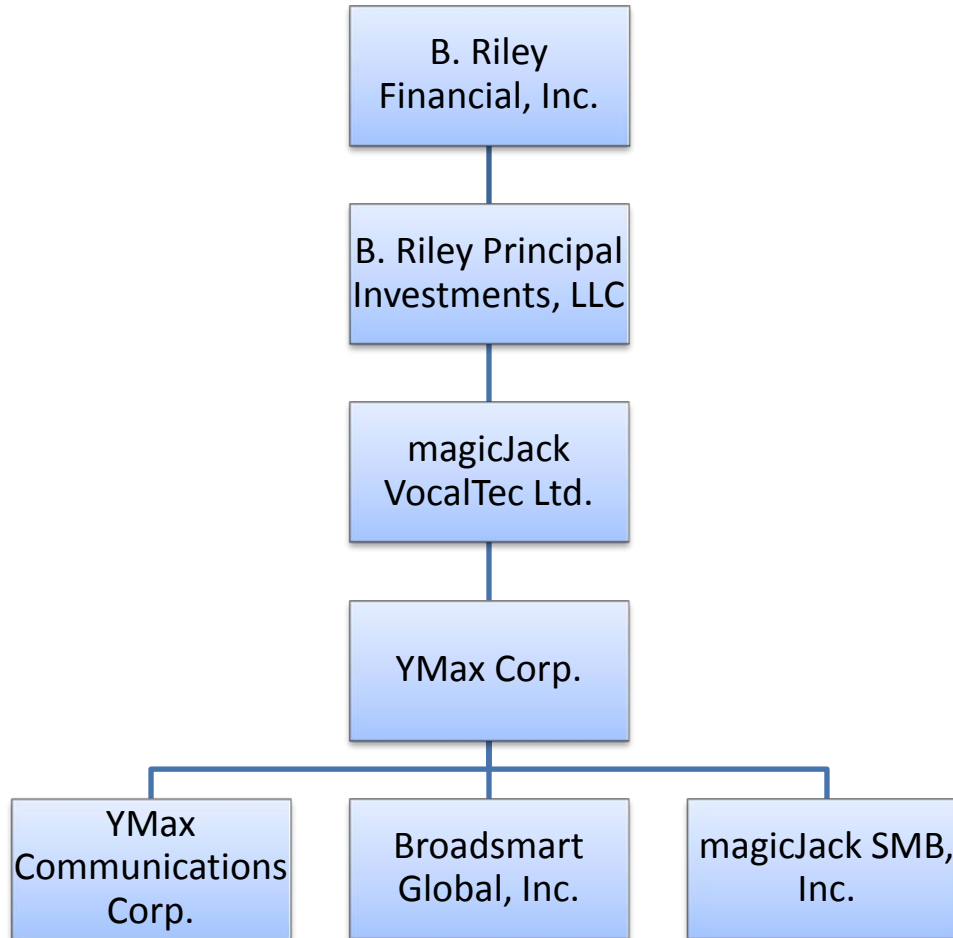
PRE- AND POST-CLOSING ORGANIZATIONAL DIAGRAMS

Pre-Closing Ownership Diagram



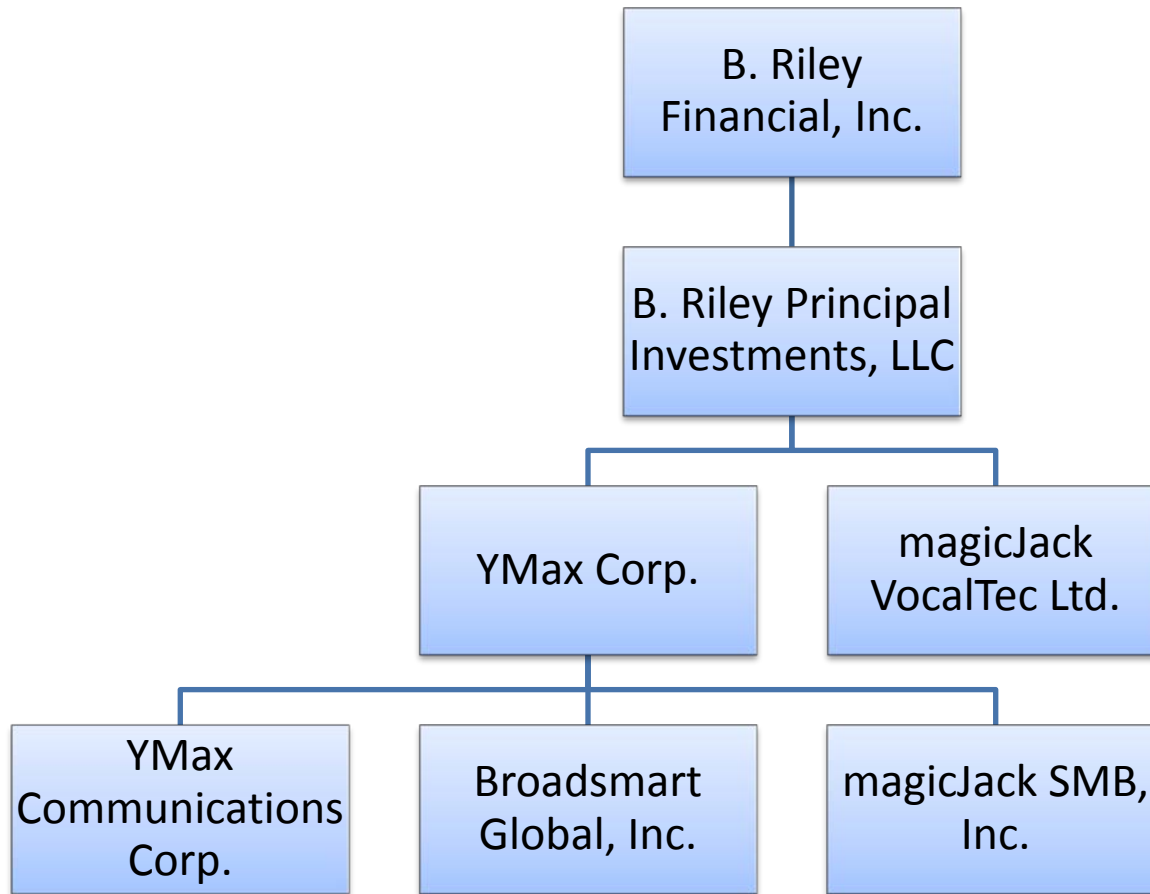
Ownership interests are 100% unless otherwise indicated

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