

May 24, 2021

Via Electronic Filing

Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
Capital Building
500 East Capital Avenue
Pierre, SD 57501-5070

RE: Notification of Proposed Changes in Indirect Control of Matrix Telecom, LLC

Dear Ms. Van Gerpen:

Lingo Communications, LLC (“Transferor” or “Lingo”), Matrix Telecom, LLC (“Matrix” or “Licensee”) and B. Riley Principal Investments, LLC (“Transferee”) (collectively, the “Parties”) respectfully notify the South Dakota Public Utilities Commission (the “Commission”) of proposed changes in control of Licensee, including the transfer of indirect control of Licensee to Transferee (the “Transaction”). Pursuant to S.D. Codified Laws § 49-31-20, Commission approval is not required to complete the Transaction described herein. Accordingly, the Parties submit this letter for informational purposes.

Description of the Parties

A. Lingo Communications, LLC (Transferor)

Lingo is a Georgia limited liability company with a principal office at Prominence in Buckhead, 3475 Piedmont Road NE, 12th Floor, Suite 1260, Atlanta, GA 30305. Lingo is a wholly owned, direct subsidiary of GG Telecom Investors, LLC (“GG Telecom”), a Georgia limited liability company. GG Telecom is owned by Holcombe T. Green, Jr. (62.5%) and R. Kirby Godsey (37.5%). Lingo is a holding company and does not provide telecommunications services or hold any Commission authorizations.

Lingo controls Matrix through Lingo Management, LLC (“Lingo Management”). Lingo Management is a Delaware limited liability company with a principal office at Prominence in Buckhead, 3475 Piedmont Road NE, 12th Floor, Suite 1260, Atlanta, GA 30305. Lingo Management is a holding company and does not provide any telecommunications services or hold any Commission authorizations.

B. Matrix Telecom, LLC (Licensee)

Matrix, a Texas limited liability company, is a direct subsidiary of Impact Telecom LLC and an indirect wholly owned subsidiary of Lingo and Lingo Management. In South Dakota, Matrix is authorized to provide: (1) local exchange services pursuant to a Certificate granted in

Docket No. TC07-006; and (2) resold interLATA and intrastate services pursuant to a Certificate granted in Docket No. TC91-017. Matrix also holds authority from the Federal Communications Commission (“FCC”) to provide domestic interstate and international telecommunications services,¹ and is authorized to provide intrastate telecommunications services in the District of Columbia and all other states except Virginia, where its subsidiary is authorized to provide intrastate telecommunications services.

C. B. Riley Principal Investments, LLC (Transferee)

Transferee is a Delaware limited liability company with a principal office at 30870 Russell Ranch Road, Suite 250, Westlake Village, CA 91362. Transferee is a holding company owned by B. Riley Financial, Inc. (“B. Riley”), 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. Headquartered in Los Angeles with offices in major U.S. financial markets, B. Riley has over 900 employees whose cross-platform expertise is mobilized to provide a myriad of financial solutions.

Transferee is well qualified managerially, technically, and financially to own Licensee. Transferee owns: (i) 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; and (ii) YMax Communications Corp., which offers telecommunications services and, in conjunction with an affiliate, Voice over Internet Protocol services and related equipment. Transferee is managed by top professionals with decades of expertise in the financial, technology, research, and communications sectors.

Designated Contacts

Questions or communications concerning this filing should be directed to:

For Transferor and Licensee to:

With a copy to:

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Vincent M. Oddo
Chief Executive Officer
Lingo Management, LLC
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¹ Matrix provides international telecommunications services pursuant to IB File Nos. ITC-214-19900713-00004 (Old File No. ITC-90-152), ITC-214-19930330-00053 (Old File No. ITC-93-145), ITC-214-19940830-00266 (Old File No. 94-478), ITC-214-19970415-00212 (Old File No. ITC-97-227), ITC-214-19980507-00300 (Old File No. ITC-98-349), and ITC-214-19980915-00644. Matrix provides interstate telecommunications services pursuant to blanket domestic Section 214 authority. 47 C.F.R. § 63.01.

For Transferee to:

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With a copy to:

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Description of the Transaction

In 2020, Transferor and Matrix notified the Commission of proposed changes in control of Matrix, including the transfer of indirect control of Matrix to Garrison LM LLC (“Garrison”) upon the occurrence or non-occurrence of certain events relating to the repayment of debt. The proposed indirect change in control of Matrix to Garrison was not consummated due to circumstances beyond the parties’ control, and the instant Transaction is intended to replace the Garrison transaction. To effectuate this change, Transferee, Lingo Management, and Licensee have entered into the following agreements:

First, Transferee’s affiliates have agreed to acquire the outstanding debt of Lingo Management and its subsidiaries from Garrison, and those financing arrangements are reflected in the Amended and Restated Credit and Guaranty Agreement with BRF Finance Co., LLC (an affiliate of Transferee), dated as of November 30, 2020 (“Credit Agreement”).

Second, Transferee has the right to appoint two members of the operating board of Lingo Management pursuant to a Second Amended and Restated Operating Agreement of Lingo Management, LLC dated as of November 30, 2020 (“Second Operating Agreement”). As explained in the 2020 notice, the previous operating board of Lingo Management consisted of five members with (x) Garrison designating two members, one of whom served as an independent manager, (y) Lingo designating two members, one of whom served as an independent manager, and (z) the Chief Executive Officer of Lingo Management serving as the fifth member. Under the Second Operating Agreement, the Transferee-designated members replaced the existing Garrison members, one of whom will serve as an independent manager. The new operating board of Lingo Management consists of four members, with the remaining two members to be designated by Lingo, one of whom will serve as an independent manager.

Third, pursuant to the terms of an Issuance Agreement between Transferee, Lingo Management, and Lingo dated as of November 13, 2020 (“Issuance Agreement”), Transferee acquired a forty percent (40%) interest in Lingo Management (and an indirect interest in Licensee). In connection with this acquisition, Transferee granted an irrevocable proxy to Lingo to vote (or cause to be voted) the shares held by Transferee in excess of nine point nine percent (9.9%) of the interests of Lingo Management. This irrevocable proxy continued until receipt of certain regulatory approvals. Transferee’s interest will increase to an eighty percent (80%)

voting interest in Lingo Management upon the receipt of additional regulatory approvals. Once all steps of the Transaction are consummated, Lingo will hold a twenty percent (20%) voting interest in Lingo Management and Transferee will hold an eighty percent (80%) interest in Lingo Management (with both holding corresponding indirect interests in Licensee). In addition, once Transferee's interest increases to eighty percent (80%), the operating board of Lingo Management will increase to five members, with Transferee appointing three members, one of whom will serve as an independent manager. The remaining two members of the Lingo Management operating board will continue to be appointed by Lingo, one of whom will serve as an independent manager.

No assignment of licenses, certificates of public convenience, 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 Licensee provides service to its existing customers. The Transaction will be transparent to Licensee's customers.

Accordingly, the Parties notify the Commission of the proposed changes in control of Lingo Management and Licensee triggered by the Issuance Agreement. For the Commission's reference, **Exhibit A** depicts the current control structure of Lingo Management and Licensee, and the control structure of Lingo Management and Licensee after the proposed changes in control occur.

Public Interest Considerations

The Parties submit the Transaction is in the public interest. The Transaction will have no adverse impact on customers and will not alter the manner of service delivery or billing. The Transaction will not result in any immediate change of carrier for customers or any assignment of authorizations, and in no event will it result in the discontinuance, reduction, loss, or impairment of service to customers. Following consummation of the Transaction, Licensee will continue to provide high-quality communications services to its customers without interruption.

Customers will benefit from the financial resources and telecommunications experience and expertise of Transferee, which holds other investments in the communications sector. The financial, technical, and managerial resources that Transferee will bring to Licensee are expected to enhance Licensee's ability to compete in the telecommunications marketplace. Further, the proposed Transaction will not adversely affect competition 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. The Transaction will not harm consumers or negatively impact the telecommunications market in South Dakota.

Please do not hesitate to contact us if you have any questions regarding this submission.

Respectfully submitted,

/s/ Bennett L. Ross

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For Transferee

/s/ Angela F. Collins

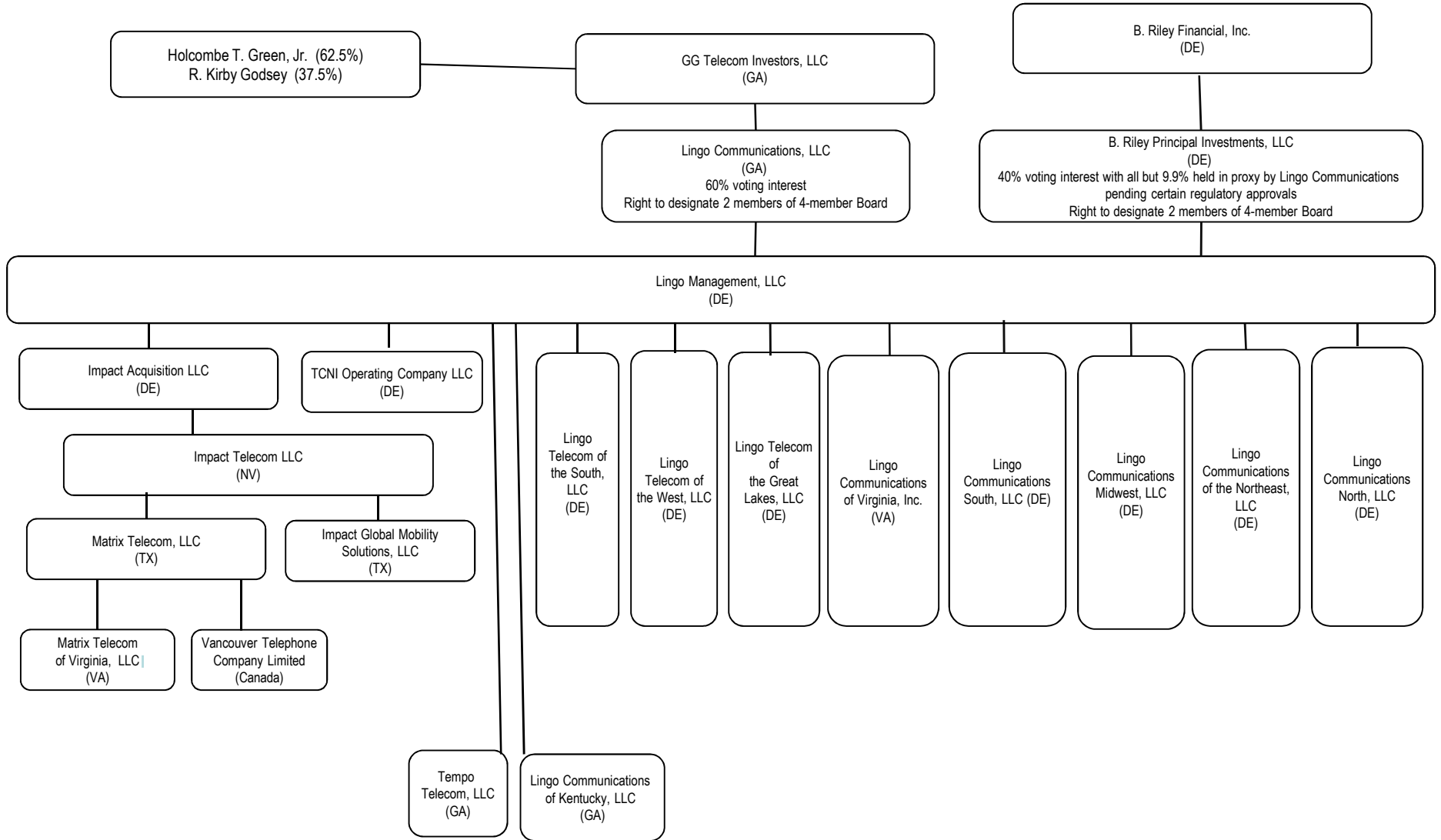
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For Transferor and Licensee

EXHIBIT A

Organizational Charts

Current Control Structure of Licensees



Final Control Structure of Licensees

