

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Joint Application of

Global Connection, Inc. of America (U6923C)
and L6-Global, LLC

Application 08-06-021
(Filed June 12, 2008)

For Approval of a Transfer of Control of Global
Connection, Inc. of America to L6-Global, LLC.

DECISION GRANTING TRANSFER OF CONTROL

1. Summary

This decision grants the request of Global Connection, Inc. of America (Global) and L6-Global, LLC (Acquisition Co) (collectively Applicants), pursuant to Pub. Util. Code § 854(a), to consummate certain transactions whereby Acquisition Co, a Georgia LLC managed by L6 Holding Corporation will acquire control of Global, a company that holds authority from the Commission to provide telecommunications service in California. Although the proposed transaction will result in a change of ownership, Global will continue to provide service to its existing customers pursuant to its authorizations under the same rates, terms, and conditions. Accordingly, the transaction will be transparent to the customers of Global. This matter is uncontested. This proceeding is closed.

2. The Applicants

2.1. Global Connection, Inc. of America

Global provides prepaid telephone service in the United States (U.S.) and has been in the business of delivering prepaid home phone service since 1998. Global was issued a Certificate of Public Convenience and Necessity to provide resold and limited facilities-based local exchange and telecommunications services within California on October 28, 2004 (Decision (D.) 04-10-021). Global is currently certified to provide services in 31 states. Global also has domestic authority to provide interstate services pursuant to 47 C.F.R. § 63.01; Global also holds international Section 214 authority to provide global or limited global facilities-based services and global or limited global resale services between the U.S. and international points.

2.2. L6-Global, LLC and L6 Holdings Corporation

L6 Holdings Corporation (L6) is a privately held Georgia Corporation with offices at 333-6555 Sugarloaf Parkway, Suite 307, Duluth, GA 30097. L6 is a newly created company formed by its Manager, Dan Lonergan, to invest in lower middle market companies with enterprise values between \$10 and \$100 million. According to Applicants, L6 has targeted specific industries such as franchising, direct marketing, financial, business and marketing services, primarily based in the southeastern portion of the U.S.

3. Description of the Transaction

L6 is the manager of L6-Global LLC (Acquisition Co). L6 established Acquisition Co, a Georgia LLC, for the sole purpose of making a controlling investment in Global Connections Holdings Corporation (Hold Co). Hold Co will be owned by Acquisition Co (80%) and Sam Abdallah (20%) upon closing of the transaction. Hold Co will own 100% of Global upon closing of the transaction.

Applicants state that L6, along with several of its institutional partners, including Harbert Management Corporation (a \$20 billion fund based in Birmingham, AL), Bayan Mezzanine (a \$20 million fund based in Miami, FL) and Milestone Partners (a \$200 million fund based in Saint David's, PA) are providing the requisite capital for the transaction. L6 is also providing additional capital to Global for infrastructure upgrades – both people and systems. According to Applicants, this will allow Global to grow and expand more rapidly and improve its customer service.

4. Qualifications

Applicants provided biographies for the management teams of Global and L6, as Exhibits A and B to the application. These documents show that L6's management team meets the Commission's requirements applicable to parties seeking control of facilities-based carriers.

5. Financial Showing

Applicants provided the most recent unaudited financial statement for Global, as Exhibit E to the application. As stated above, Sam Abdallah owns 100% of Global. Upon closing of the transaction, Abdallah will have a 20% interest in the acquiring entity, which is funded by several institutional partners. Global will rely on the strength of its balance sheet and does not need to rely on the resources of the acquiring entity. As represented, the transaction should not adversely impact the underlying financial ability of Global to provide service.

6. Public Interest Consideration

Applicants submit that the transactions will serve the public interest. According to Applicants, under new ownership, Global will continue to provide high-quality telecommunications services to consumers, while gaining critically important access to the additional resources and operational expertise of L6.

This transfer of control, therefore, will give Global the ability to become a stronger competitor, to the ultimate benefit of consumers. Further, Global will not change its name or its rates, terms or conditions of service as an immediate result of the transfer of control. The transfer of control, therefore, will be transparent to consumers. Applicants anticipate that this transaction may provide Global increased access to additional capital, thereby putting Global in a better position to expand its service offerings to the benefit of its customers.

7. Discussion

Applicants seek approval of the proposed transfer of control pursuant to Pub. Util. Code § 854(a), which, in relevant part, states:

No person or corporation . . . shall merge, acquire, or control . . . any public utility organized and doing business in this state without first securing authorization to do so from the commission Any merger, acquisition, or control, without that prior authorization shall be void and of no effect.

The Commission has broad discretion to determine if it is in the public interest to authorize a transaction pursuant to § 854(a).¹ The primary standard used by the Commission to determine if a transaction should be authorized under § 854(a) is whether the transaction will adversely affect the public interest.²

For the following reasons, we conclude that it is reasonable to grant this § 854(a) application. First, Global will continue to operate as it has done in the past, using the same names and operating authorities. Second, the public may benefit from the transfer of control to the extent the transaction enhances the

¹ D.95-10-045, 1995 Cal. PUC LEXIS 901, *18-19.

² D.00-06-079, p. 13.

ability of Global to raise capital, maintain and expand services and operations. Third, there is no opposition to this application. For these reasons, we see no reason to withhold authority for the transfer of control before us here.

8. Categorization and Need for Hearing

In Resolution ALJ 176-3216, dated June 26, 2008, the Commission preliminarily categorized this proceeding as ratesetting, and preliminarily determined that hearings were not necessary. There is no opposition to the application. Given this status, public hearing is not necessary and it is not necessary to alter the preliminary determinations made in Resolution ALJ 176-3216.

9. Waiver of Comment Period

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Pub. Util. Code § 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

10. Assignment of Proceeding

Rachelle B. Chong is the assigned Commissioner and Bertram D. Patrick is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. Global is authorized by D.04-10-021 to provide resold and limited facilities-based local exchange telecommunications services in California.
2. Applicants seek authorization of the transfer of control of Global resulting from a transaction whereby Global will become a wholly-owned subsidiary of L6.

3. Pub. Util. Code § 854(a) requires Commission authorization to transfer control of a public utility. Any transfer of control without Commission authorization is void under the statute.

4. Global will continue offering current services and use the same name and authority after the transfer of control.

5. Global is current on reporting and transmitting the user fees applicable to its California operations.

6. Upon completion of the transaction, Global will not change its name or its rates, terms or conditions of service as a result of the change in ultimate control.

7. Applicants contend that the transaction will be transparent to California consumers.

8. There is no opposition to this application.

Conclusions of Law

1. This is a ratesetting proceeding and no hearing is necessary.

2. This application should be approved and become effective immediately because it is not adverse to the public interest.

3. Approval of this application is not a finding of value of the rights and property being transferred.

O R D E R

IT IS ORDERED that:

1. Global Connection, Inc. of America (Global) and L6-Global, LLC, are authorized, pursuant to Pub. Util. Code §§ 851-854 to implement the transfer of control as described in the application.

2. Global shall notify the Director of the Commission's Telecommunications Division in writing of the transfer of control, as authorized herein, within 30 days of completion of the transaction.

3. Application 08-06-021 is closed.

This order is effective today.

Dated _____, at San Francisco, California.