

September 6, 2019

By Electronic Filing

Kristi Collins, Commission Secretary
Oregon Public Utility Commission
201 High Street SE, Suite 100
Salem, Oregon 97301

*Re: Notice of the Transfer of Control of DCT Telecom Group, LLC (formerly DCT
Telecom Group, Inc.) and Pro Forma Restructuring
Docket No. CP 1309*

Dear Ms. Collins:

Anthony F. Romano, Jr. and Joseph Anthony Rehak (collectively, “Transferors”) and MBS Holdings, Inc. (“Transferee” and collectively with Transferors, the “Parties”) hereby notify the Oregon Public Utility Commission (“Commission”) that on August 9, 2019, the Parties completed a transaction that resulted in the transfer control of DCT Telecom Group, LLC (“DCT”) from Transferors to Transferee, as described in further detail below (the “Transaction”). The Parties also completed certain *pro forma* changes to DCT’s ownership structure, though not its operations, prior to closing in order to facilitate the Transaction, including the conversion of DCT from a corporation to a limited liability company. It is the Parties understanding that Commission approval is not required to complete the Transactions described herein. Accordingly, the Parties submit this notice for informational purposes.

I. DESCRIPTION OF THE PARTIES

A. DCT and Transferors

DCT is a limited liability company formed under applicable Ohio law with a principal office located at 27877 Clemens Road, Cleveland, OH 44145. DCT provides wholesale hosted Voice Over Internet Protocol (“VoIP”) and unified communications services and internet access solutions to enterprise customers. The Commission granted DCT a Certificate of Authority authorizing DCT to provide interexchange switched (toll) and dedicated transmission

telecommunications services within the State of Oregon on January 5, 2006 in Docket No. CP 1309.¹

Each Transferor is a U.S. citizen and resident of the State of Ohio. Prior to the completion of the Transaction, Transferors were the sole stockholders of DCT, with each Transferor holding fifty percent (50%) of the outstanding shares of capital stock of DCT. Each Transferor contributed fifty percent (50%) of the outstanding shares of capital stock of DCT to DCT Telecom Group Holdings, Inc., a newly formed corporation in the State of Ohio (“DCT Holdings”). In exchange for such contribution, each Transferor received fifty percent (50%) of the outstanding shares of the capital stock of DCT Holdings (the “Pre-Closing Restructuring”). As part of the Pre-Closing Restructuring, DCT became a wholly-owned subsidiary of DCT Holdings with Transferors collectively indirectly holding 100% of the outstanding capital stock of DCT through their ownership of DCT Holdings. Following the Pre-Closing Restructuring, but prior to closing of the Transaction, DCT converted from a corporation to a limited liability company under applicable Ohio law.

B. Transferee

Transferee is a Delaware limited liability company with its principal place of business located at 222 Chastain Meadows Court, Suite 100, Kennesaw, GA 30144. Transferee is the indirect parent company of several subsidiary companies, including Momentum Telecom, Inc. (“Momentum”). Momentum is a leading provider of wholesale hosted VoIP and unified communications services. Transferee is ultimately owned and controlled by Castle Holding Company, LLC (“Castle Parent”), a Delaware limited liability company. Castle Parent is an investment holding company that was formed to hold the investments of investment funds managed by the professionals at Court Square Capital Partners (“Court Square”), a leading private equity firm, and members of Transferee’s management team and other investors in Castle Parent, as further described in Exhibit A.

II. DESCRIPTION OF THE TRANSACTION

On August 9, 2019, pursuant to a Stock Purchase Agreement (“Purchase Agreement”), Transferee’s wholly-owned subsidiary, MBS Intermediate Holdings, LLC, a Delaware limited liability company (“MBS Intermediate Holdings”) acquired one hundred percent (100%) of the membership interests in DCT and, thereby, control of DCT. As a result of the completion of the Transaction, DCT became an indirect, wholly-owned subsidiary of Transferee. As noted above, prior to closing of the Transaction, the Parties undertook a Pre-Closing Restructuring and corporate conversion that resulted in DCT becoming a limited liability company and wholly-

¹ At that time, DCT was an Ohio corporation. As noted above, DCT converted from an Ohio corporation to an Ohio limited liability company as part of the Transaction.

owned subsidiary of DCT Holdings with Transferors collectively indirectly holding 100% of the outstanding membership interests of DCT through their ownership of DCT Holdings.

Diagrams depicting the pre-closing ownership of Transferee and post-Transaction ownership of Transferee and its affiliates, including DCT, are provided in Exhibit A.

III. PUBLIC INTEREST CONSIDERATIONS

Consummation of the Transaction serves the public interest by providing additional capital and managerial resources to DCT. The Parties also benefit from scope and scale efficiencies resulting from combined operations, which in turn, strengthen their respective competitive positions in the telecommunications marketplace and enable them to more effectively serve their customers.

The Transaction resulted only in a change in the ultimate equity ownership of DCT – no assignment of licenses, assets or customers occurred as a consequence of the Transaction. No immediate changes to the rates, terms and conditions of service offered by DCT to its customers are expected to occur as a result of the Transaction. Accordingly, this Transaction was, for all practical purposes, largely imperceptible to the customers of DCT. Except for the departure of the Transferors (who exited the business), much of DCT's existing management and operational personnel are currently expected to continue to participate in the day-to-day operations of DCT.

IV. CONCLUSION

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

Respectfully submitted,

/s/ Paige K. Fronabarger

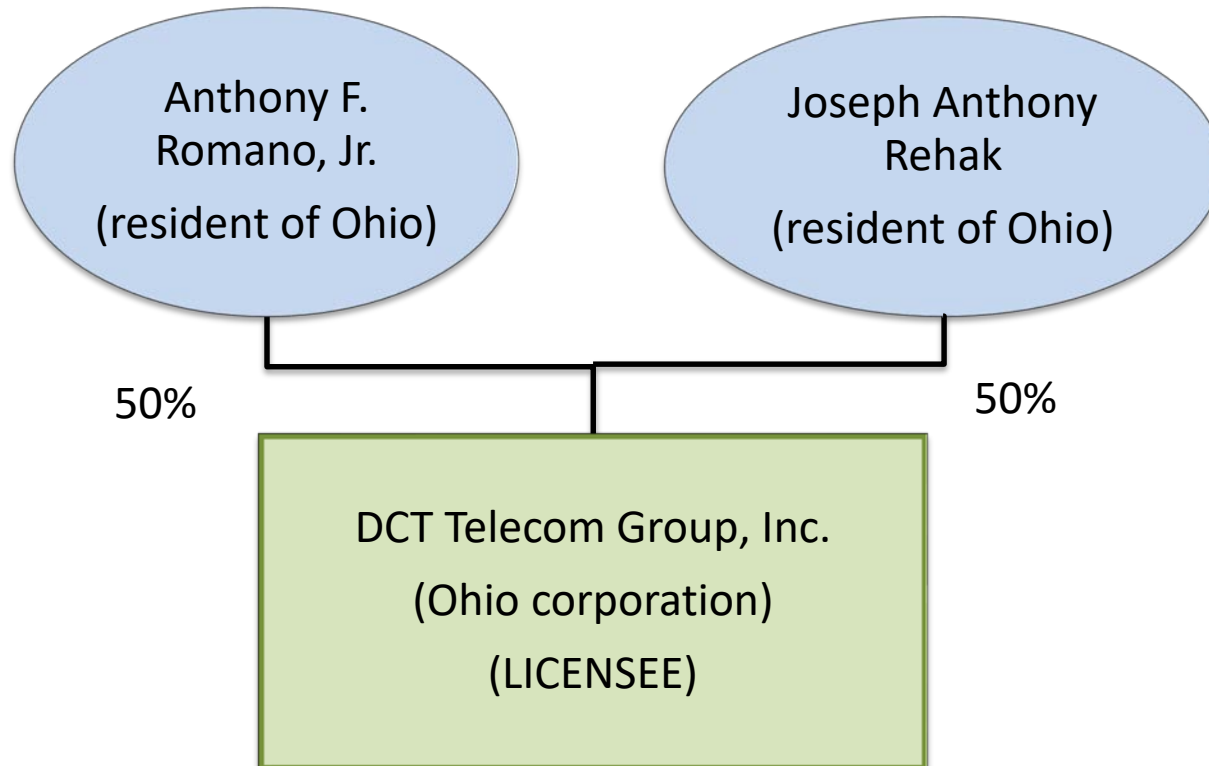
Paige K. Fronabarger
Wilkinson Barker Knauer, LLP
1800 M Street, N.W., Suite 800N
Washington, D.C. 20036
Tel: (202) 783-4141
Fax: (202) 783-5851
PFronabarger@wbklaw.com

*Counsel to MBS Holdings, Inc. and DCT
Telecom, LLC*

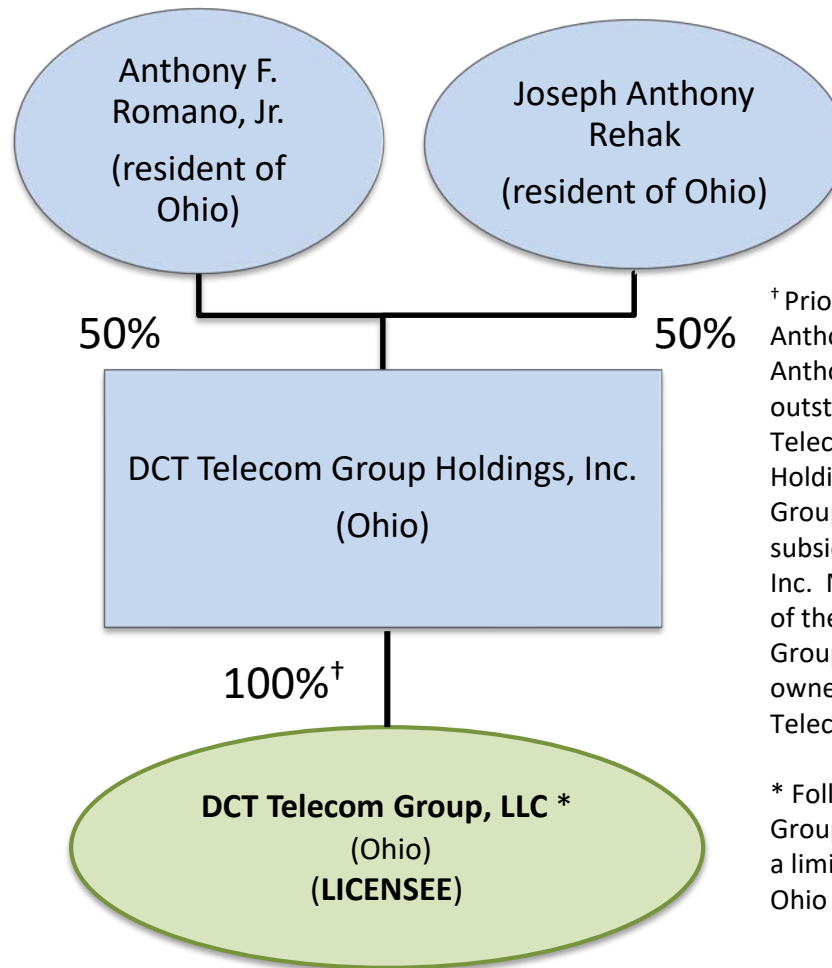
EXHIBIT A

Pre- and Post-Transaction Organizational Charts

Current Structure
DCT Telecom Group, Inc.



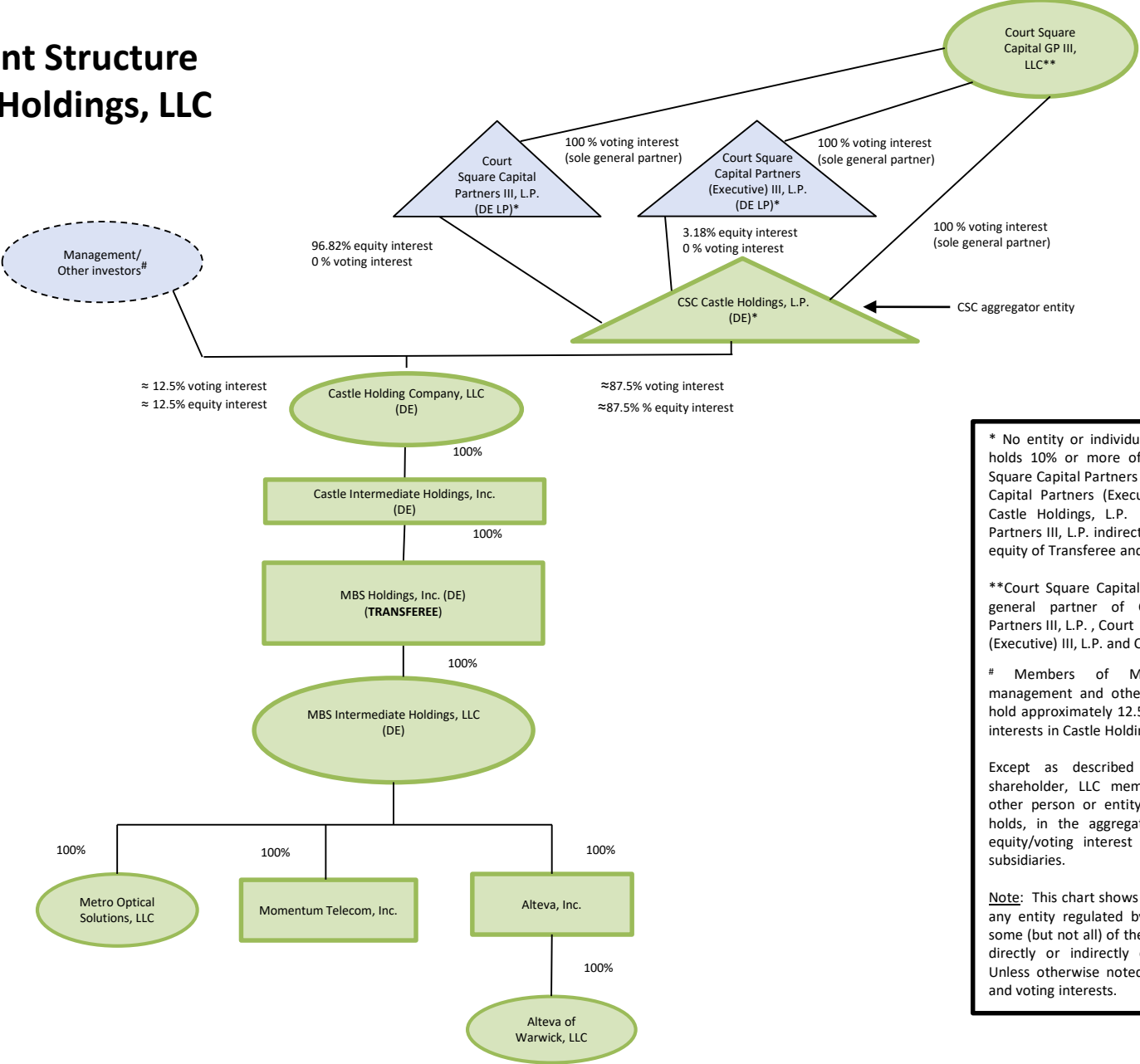
**Pre-Closing Restructuring of
DCT Telecom Group, Inc.
and Conversion of DCT
Telecom Group, Inc. to DCT
Telecom Group, LLC**



[†] Prior to the closing of the Transaction, Mr. Anthony F. Romano, Jr. and Mr. Joseph Anthony Rehak contributed 100% of the outstanding shares of capital stock of DCT Telecom Group, Inc. to DCT Telecom Group Holdings, Inc., resulting in DCT Telecom Group, Inc. becoming a wholly-owned direct subsidiary of DCT Telecom Group Holdings, Inc. Mr. Romano and Mr. Rehak owned 50% of the outstanding stock of DCT Telecom Group Holdings, Inc. and each indirectly owned 50% of the outstanding stock of DCT Telecom Group, Inc.

* Following the contribution, DCT Telecom Group, Inc. converted from a corporation to a limited liability company under applicable Ohio law.

Current Structure MBS Holdings, LLC



* No entity or individual directly or indirectly holds 10% or more of the equity of Court Square Capital Partners III, L.P. or Court Square Capital Partners (Executive) III, L.P. or CSC Castle Holdings, L.P. Court Square Capital Partners III, L.P. indirectly holds 84.72% of the equity of Transferee and its subsidiaries.

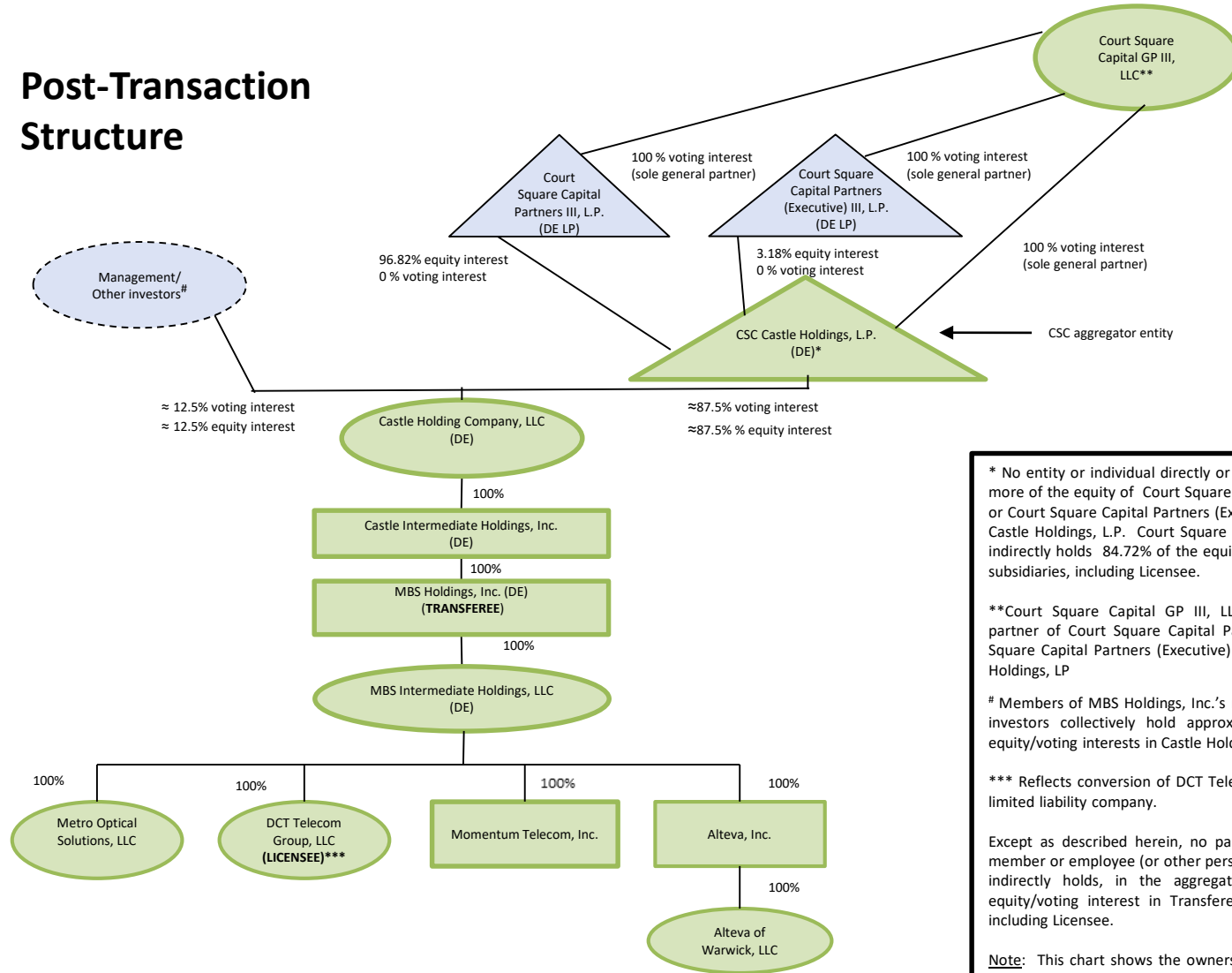
**Court Square Capital GP III, LLC is the sole general partner of Court Square Capital Partners III, L.P., Court Square Capital Partners (Executive) III, L.P. and CSC Castle Holdings, LP

Members of MBS Holdings, Inc.'s management and other investors collectively hold approximately 12.5% of the equity/voting interests in Castle Holding Company, LLC.

Except as described herein, no partner, shareholder, LLC member or employee (or other person or entity) directly or indirectly holds, in the aggregate, a 10% or greater equity/voting interest in Transferee and its subsidiaries.

Note: This chart shows the ownership chain of any entity regulated by the Commission and some (but not all) of the other entities that are directly or indirectly owned by Transferee. Unless otherwise noted, all %'s reflect equity and voting interests.

Post-Transaction Structure



* No entity or individual directly or indirectly holds 10% or more of the equity of Court Square Capital Partners III, L.P. or Court Square Capital Partners (Executive) III, L.P. or CSC Castle Holdings, L.P. Court Square Capital Partners III, L.P. indirectly holds 84.72% of the equity of Transferee and its subsidiaries, including Licensee.

**Court Square Capital GP III, LLC is the sole general partner of Court Square Capital Partners III, L.P. , Court Square Capital Partners (Executive) III, L.P. and CSC Castle Holdings, LP

Members of MBS Holdings, Inc.'s management and other investors collectively hold approximately 12.5% of the equity/voting interests in Castle Holding Company, LLC.

*** Reflects conversion of DCT Telecom Group, Inc. into a limited liability company.

Except as described herein, no partner, shareholder, LLC member or employee (or other person or entity) directly or indirectly holds, in the aggregate, a 10% or greater equity/voting interest in Transferee and its subsidiaries, including Licensee.

Note: This chart shows the ownership chain of any entity regulated by the Commission and some (but not all) of the other entities that are directly or indirectly owned by Transferee. Unless otherwise noted, all %'s reflect equity and voting interests.