

Morgan Lewis

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February 16, 2022

VIA E-FILING

Amanda Maxwell, Executive Director/Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

UT-220113

Received
Records Management
02/16/22 16:17:34
State Of WASH.
UTIL. AND TRANSP.
COMMISSION

RE: Notification Regarding the Transfer of Control of Clear Rate Communications, Inc. to Clear Rate Holdings, Inc. and Resulting Name Change

Dear Secretary Maxwell:

Clear Rate Holdings, Inc. ("Transferee" or "Holdings") and Clear Rate Communications, Inc. ("Licensee" or "Clear Rate") (collectively, the "Parties"), by undersigned counsel, notify the Commission of the transfer of control of Licensee to Holdings (the "Transaction") was completed on September 30, 2021. As a result, Clear Rate was converted from a Michigan corporation to a Delaware limited liability company Clear Rate Communications, LLC which is now a wholly owned subsidiary of Holdings. A copy of the certificate of conversion is attached as **Attachment A**.

It is the Parties' understanding that Commission approval and prior notice was not required for the Transaction. Accordingly, this letter is submitted for informational purposes.

Description of the Parties

A. Clear Rate Holdings ("Transferee" or "Holdings")

Holdings is a Delaware corporation and a holding company established as an acquisition vehicle solely for purposes of this Transaction. L Four, LLC will be the manager of the co-investment vehicle L4-CR Co-Invest, LLC that will hold a majority of the stock of Clear Rate Holdings, Inc. L Four, LLC is owned 50/50 by Barbara Henagan and Giny Mullins. Mrs. Mullins and Mrs. Henagan have worked together for approximately 15 years at Linx Partners, a private equity investment firm, and through L Four, LLC, will be the managers of L4-CR Co-Invest, LLC. Mrs. Henagan has been investing in privately held businesses for over 40 years. Most recently, Mrs. Henagan founded Linx Partners where she has worked as a Managing Director and Founder for over 20 years. Mrs. Mullins has been investing in privately held businesses for approximately 15 years during her time at Linx Partners. At Linx, Mrs. Henagan & Mrs. Mullins have invested through Linx funds and co-investment vehicles in 19 platforms, as well as a number of add-on acquisitions and financial recapitalizations. Mrs. Mullins and Mrs. Henagan have primarily invested in US-based industrial distribution, business services and manufacturing businesses in the lower middle

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market. Currently, across the investment funds managed by Mrs. Henagan and Mrs. Mullins, assets under management are approximately \$200 million, and there are approximately 1,175 employees at existing portfolio companies. To date, they have made one investment that focuses on the telecommunications, cable/MSO and enterprise end markets which is Sagent, Inc. Sagent is an equipment distributor and repair services provider to those industries.

B. Clear Rate Communications, Inc. (“Licensee” or “Clear Rate”)

Clear Rate is a Michigan corporation. Clear Rate is a Competitive Local Exchange Carrier (“CLEC”) with its corporate headquarters located in Troy, Michigan. Clear Rate, in operation for two decades, provides a full suite of telecommunication services for both consumers and businesses including Voice, Internet, wireless, colocation and IT Managed Services. Currently, Clear Rate has approximately 26,000 customers in 24 different states. Clear Rate’s business and government customers include customers in the higher and secondary education, financial, automotive, manufacturing, and hospitality sectors.

Clear Rate is currently owned by six private investors: Thane Namy (35%), Sam Namy (12%), Robert Fantin (20%), Linda Kallabat (14%), Joseph Morelli (9.5%) and Kenneth Morelli (9.5%). Clear Rate’s management team includes Thane Namy as the CEO and Sam Namy as the CFO. Both Thane and Sam Namy have been with Clear Rate since inception of the business.

Clear Rate is licensed as a CLEC in the following states in addition to Washington: California, Colorado, Florida, Idaho, Illinois, Iowa, Massachusetts, Michigan, Minnesota, Nebraska, New Mexico, New York, Ohio, Oregon, Pennsylvania, South Carolina, South Dakota, Texas, Utah, and West Virginia. Clear Rate’s wholly owned subsidiary Clear Rate Telecom, LLC is licensed as a CLEC in Arizona and Virginia.

Clear Rate is authorized by the Commission to provide resold local exchange service, long distance interstate and intrastate toll service, pursuant to a Certificate of Public Convenience and Necessity (“CPCN”) granted by the Commission in Docket No. 12-0542-T-CN. Clear Rate is also authorized by the Federal Communications Commission (“FCC”) to provide interstate and international telecommunications services and applications for authorization to transfer control of Clear Rate’s FCC licenses to Holdings were filed on January 21, 2021 and granted on February 26, 2021 per a March 4, 2021 Public Notice (International, DA-21-262) and on March 5, 2021 (Domestic, DA-21-274).

Designated Contacts

Questions, correspondence or other communications concerning this filing should be directed to:

For Clear Rate Holdings:

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with copies to:

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For Clear Rate Communications:

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with copies to:

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Chief Financial Officer
Clear Rate Communications, Inc.
2600 W. Big Beaver Road
Suite 450
Troy, MI 48084
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snamy@clearrate.com

Description of the Transaction

On September 30, 2021 and pursuant to a Membership Interest Purchase Agreement (the "Purchase Agreement") dated December 30, 2020, by and among Holdings, Clear Rate, the stockholders of Clear Rate (the "Stockholders") and Sam Namy, in his capacity as the Stockholders Representative, the Stockholders and Clear Rate completed a restructuring transaction (the "*Pro Forma* Restructuring") pursuant to which (i) the Stockholders incorporated a new holding company, NNFKMM Holdings, Inc., a Michigan corporation (the "Seller"), (ii) the Stockholders contributed all of the outstanding equity interests of Clear Rate to the Seller, and (iii) following such contribution, the Seller converted Clear Rate from a Michigan corporation to Clear Rate Communications LLC, a Delaware limited liability company ("CR LLC").

Following completion of the *Pro Forma* Restructuring, the Seller sold 100% of the outstanding equity interests in CR LLC (as the successor to Clear Rate) to Holdings, thus resulting in the

indirect transfer of control of Clear Rate to Holdings. For the Commission's reference, diagrams depicting the pre- and post-Transaction ownership structures are provided in **Attachment B**.

The Transaction described above has been seamless to customers and will not affect any of the operations or Clear Rate's legal identity. After the transfer of control to Holdings, Clear Rate continues to provide high-quality communications services under the Clear Rate brand name on reasonable terms and conditions to customers, and there has been no interruption of service. Clear Rate continues to provide service at the same rates, terms, and conditions, as governed by existing contracts, which are subject to change in the ordinary course of business. Future changes, if any, in rates, terms and conditions of service will be made in accordance with applicable rules and notice requirements.

In short, the only change immediately following the closing from a customer's perspective was the new ownership of Clear Rate. Holdings and its owners further expect that existing management will continue to oversee Clear Rate on a day-to-day basis.

* * * * *

If there are any questions concerning this filing, please feel free to contact the undersigned. This letter is being submitted electronically. Confirmation of receipt and acceptance of this letter would be appreciated.

Respectfully submitted,

/s/ Joshua M. Bobeck

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Counsel for Clear Rate Holdings, Inc.

Attachments

cc: Roderick S. Coy
Steven R. Pacynski
Omar Bustami

Attachment A

Certificate of Conversion



FILED
 Secretary of State
 State of Washington
 Date Filed: 10/26/2021
 Effective Date: 10/26/2021
 UBI No: 603 104 297

- Filing Fee: \$30
- With Expedited Service: \$80

For office use only

APPLICATION FOR TRANSFER OF FOREIGN ENTITY REGISTRATION ON MERGER OR CONVERSION

SEE INSTRUCTIONS BEFORE COMPLETING FORM - TYPE OR PRINT ALL INFORMATION IN DARK INK

1. Foreign Entity Information Prior to Merger or Conversion:

Foreign Entity Name:		Clear Rate Communications, Inc.	
UBI#:	603 104 297	Type of Entity Prior to Merger or Conversion (LLC, Corp., etc.):	Corp.

2. Applicant Information:

Name of Surviving or Converted Entity (as recorded in jurisdiction of record):		Clear Rate Communications, LLC	
If above name not available, name to be used in WA:			
Jurisdiction of Applicant (State or Country):	Delaware	Type of Entity after Merger or Conversion (LLC, Corp., etc.):	LLC

3. Address of Principal Office (if different after Merger or Conversion):

Street Address:				2600 W Big Beaver Rd, Suite 450			
Street Address (continued):							
City:	Troy	State:	MI	Zip:	48084		
Mailing Address:							
Mailing Address (continued):							
City:		State:		Zip:			

4. Address of Office in Home Jurisdiction (if required to have one):

Street Address:							
Street Address (continued):							
City:		State:		Zip:			
Mailing Address:							
Mailing Address (continued):							
City:		State:		Zip:			



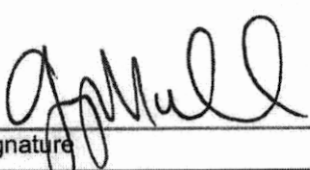
Office of the Secretary of State
Corporations & Charities Division

REQUIRED if a change is made to Entity Name, Entity Type or Jurisdiction: A Certificate of Existence or document of similar import issued no more than 60 days before the date of submission must be attached to this Statement. Failure to do so will result in the Statement being returned for correction. Contact your Secretary of State or corporate regulating authority for instructions.

5. Registered Agent/Office (required if different prior to Merger or Conversion):

Registered Agent is a: <input type="checkbox"/> Commercial Registered Agent <input type="checkbox"/> Non-Commercial Registered Agent <i>(must select one)</i>			
Current or New Registered Agent Name:			
Physical Street Address <i>(required if non-commercial registered agent):</i>			
City:	State: WA	Zip:	
Mailing Address in WA <i>(optional):</i>			
City:	State: WA	Zip:	
CONSENT TO SERVE AS REGISTERED AGENT:			
I consent to serve as Registered Agent in the State of Washington for the above named entity. I understand it will be my responsibility to accept Service of Process on behalf of the entity; to forward mail to the entity; and to immediately notify the Office of the Secretary of State if I resign or change my address.			
Signature	Print Name	Title	Date

6. Executor Information:

This record is hereby executed under penalties of perjury, and is, to the best of my knowledge, true and correct.			
	Giny Mullins	Secretary	10/14/2021
Signature	Print Name	Title	Date

RETURN COMPLETED FORM AND PAYMENT TO:
801 Capitol Way S
PO Box 40234
Olympia, WA 98504

All fees are non-refundable.
All payments must be in US currency or drawn on a US bank.
Make checks and Money Orders payable to:
Secretary of State

CORPORATIONS INFORMATION AND ASSISTANCE - (360) 725-0377

Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "CLEAR RATE COMMUNICATIONS, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTY-FIRST DAY OF OCTOBER, A.D. 2021.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "CLEAR RATE COMMUNICATIONS, LLC" WAS FORMED ON THE TWENTY-NINTH DAY OF SEPTEMBER, A.D. 2021.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN ASSESSED TO DATE.



6268361 8300

SR# 20213576664

You may verify this certificate online at corp.delaware.gov/authver.shtml

A handwritten signature in black ink, appearing to read "JBULLOCK", is written over a horizontal line. Below the line, the text "Jeffrey W. Bullock, Secretary of State" is printed in a small font.

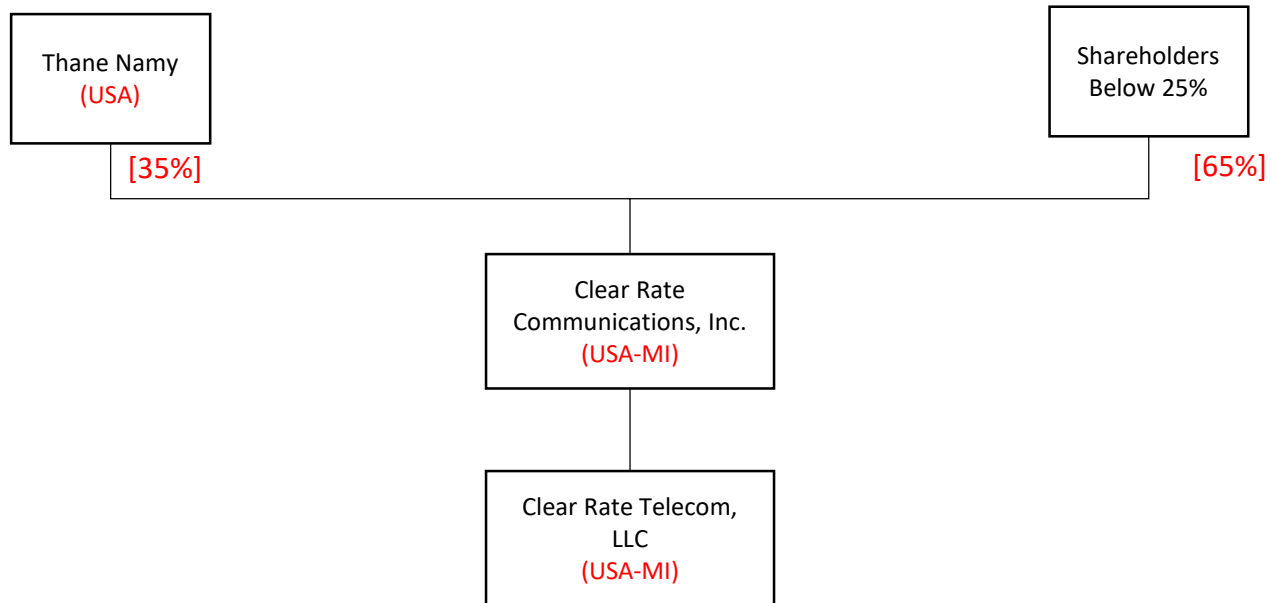
Authentication: 204473250

Date: 10-21-21

Attachment B

Pre-Transaction and Current Corporate Ownership Structure Chart

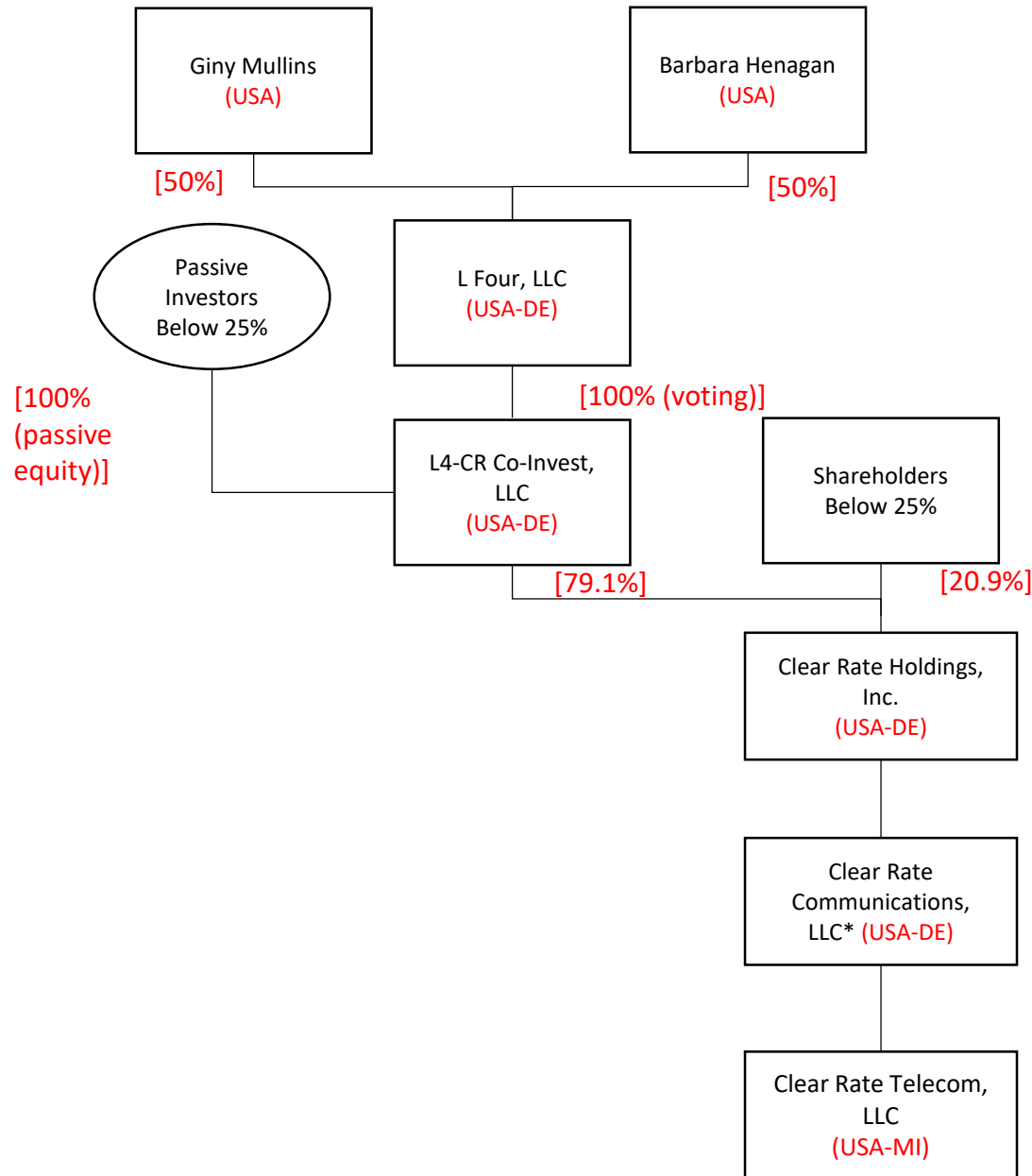
Pre-Transaction Corporate Structure of Clear Rate Communications, Inc. and Clear Rate Telecom LLC



All ownership is 100% unless stated otherwise

The entities/persons depicted here are only those with a 20% or greater equity or voting interest, direct or indirect in authorization holders.

Post-Transaction Corporate Structure of Clear Rate Communications, LLC and Clear Rate Telecom, LLC*



All ownership is 100% and reflects equity/voting unless stated otherwise

The entities/persons depicted here are only those with a 20% or greater equity or voting interest, direct or indirect in authorization holders.

*Reflects conversion from Michigan corporation to Delaware LLC prior to closing under the *Pro Forma* Restructuring