

04-3e5

STEEL
HECTOR
DAVIS
INTERNATIONAL

RETURN COPY

DOCKET FILE COPY ORIGINAL

Steel Hector & Davis LLP
200 South Biscayne Boulevard
Suite 4000
Miami, FL 33131-2398
305.577.7000
305.577.7001 Fax
www.steelhector.com

FCC/MELLON

AUG 27 2004

Patrick J. O'Connor
305.577.7047
pocconnor@steelhector.com

August 26, 2004

GRANTED

SEP 28 2004

Ms. Marlene H. Dortch, Secretary
Office of the Secretary
Federal Communications Commission
445 12th St., SW
Washington, DC 20554

COMPETITION POLICY DIVISION
WIRELINE COMPETITION BUREAU

Re: QuantumShift Communications, Inc., Request for Special Temporary Authority to Operate Pending Approval of Section 214 Transfer of Control Application

Dear Ms. Dortch:

Pursuant to 47 U.S.C. § 214, QuantumShift Communications, Inc. ("QuantumShift"), a common carrier providing interstate services, by its attorneys, hereby requests Special Temporary Authority ("STA") to continue to provide service pending Commission approval of a contemporaneous joint application for transfer of control ("Joint Application").

QuantumShift provides interstate services pursuant to authority granted by 47 C.F.R. § 63.01. Prior to May 28, 2004, QuantumShift was a wholly-owned subsidiary of QuantumShift, Inc., a California corporation. On May 28, 2004, QuantumShift was the subject of a stock transaction resulting in the acquisition of 100% of the issued and outstanding stock of the company by VCOM Solutions, Inc. ("VCOM"), also a California corporation. While the parties to the transaction were unaware of their federal filing obligations at closing, both parties acknowledge (and, indeed, the terms of the Stock Purchase Agreement recognize) that the transaction is not final until all proper regulatory approvals have been granted.

The transfer of control of QuantumShift is the result of an effort by its former parent corporation, QuantumShift, Inc., to divest itself of and redistribute its assets within industries relevant to its core competencies, including telecommunications. Absent the transfer of control to VCOM, it is likely that QuantumShift would have petitioned the Commission for permission to discontinue operations. However, as a result of the transfer of control, QuantumShift was infused with additional resources, permitting it (with the Commission's permission, solicited here) to continue to provide high-quality services to customers in 47 states and the District of Columbia. As such, grants of both this request for STA and the Joint Application are in the public interest.

No. of Copies rec'd 2
List ABCDE

Miami West Palm Beach Tallahassee Naples Key West
Buenos Aires Caracas London Rio de Janeiro Santo Domingo São Paulo

QuantumShift qualifies for and has requested streamlined treatment of its Joint Application pursuant to 47 C.F.R. § 63.03. In the meantime, in order to permit it to continue to provide service to its customers, QuantumShift respectfully requests a grant of Special Temporary Authority to operate pending formal Commission approval of the Joint Application.

Please contact the undersigned counsel for QuantumShift with any questions or concerns.

Sincerely,



Patrick J. O'Connor

Counsel to QuantumShift Communications, Inc.

RETURN COPY

Before the
FEDERAL COMMUNICATIONS COMMISSION

Washington, D.C. 20554

FCC/MELLON

SEP 09 2004

In the Matter of)
QuantumShift Communications, Inc., and)
VCOM Solutions, Inc., Application for)
Authority to Transfer Control Pursuant to)
Section 214 of the Communications Act)
of 1934, as amended)

File No. _____

**JOINT COMBINED APPLICATION FOR
APPROVAL OF TRANSFER OF CONTROL**

Pursuant to Section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214, and Sections 63.03, 63.04, 63.18 and 63.24 of the Commission's Rules, 47 C.F.R. §§ 63.03, 63.04, 63.18 and 63.24, QuantumShift Communications, Inc. ("QuantumShift"), a domestic corporation organized under the laws of California, hereby requests authority to transfer control of the company to VCOM Solutions, Inc. ("VCOM"), likewise a domestic corporation organized under the laws of California. QuantumShift and VCOM are herein together referred to as "Joint Applicants".

On May 25, 2004, Joint Applicants entered into a Stock Purchase Agreement. Unaware of their application and approval obligations at the Commission, Joint Applicants formally closed the transaction on May 28, 2004. Nevertheless, the terms of the Stock Purchase Agreement recognize, and Joint Applicants acknowledge, that lawful completion of the transaction is dependent upon Commission approval. Upon being informed of their obligations by counsel, Joint Applicants took prompt, affirmative steps to come into compliance by filing this Joint Application accompanied by two requests for Special Temporary Authority ("STA") to permit VCOM to assume control of QuantumShift's section 214 licenses (domestic and

international) pending approval of the transaction by the Commission. Under the terms of the transaction, VCOM will assume 100% of the outstanding shares of common stock in QuantumShift. QuantumShift will remain a separate operating company and the transaction will be transparent to QuantumShift's subscribers. The Stock Purchase Agreement contemplates that VCOM will continue to operate as a telecommunications services provider only in California, where it is properly certificated.

Joint Applicants seek authority to sell 100% of the issued and outstanding stock in QuantumShift to VCOM. As a result of the proposed transaction, QuantumShift will become a wholly-owned subsidiary of VCOM, but will continue to exist as a separate entity. QuantumShift is currently authorized to provide interstate interexchange and international telecommunications services, and will continue to operate as a telecommunications services provider under the name QuantumShift Communications, Inc., subsequent to approval of the transaction. Approval of the transaction will result in a stronger financial position from which to continue providing quality service options to customers of QuantumShift.

In support of this Application, Joint Applicants provide the following summary information pursuant to 47 C.F.R. § 63.18(a)-(d):

I. QuantumShift

QuantumShift Communications, Inc., is a privately held corporation organized pursuant to the laws of California. QuantumShift is authorized to provide local exchange and intrastate interexchange telecommunications services in 47 states and the District of Columbia. QuantumShift is also authorized to provide interstate interexchange and international telecommunications services. QuantumShift received international global resale authority under Section 214 pursuant to file number ITC-214-19971229-00820, granted August 16, 2001.

QuantumShift will continue its operations from VCOM's current headquarters location:

QuantumShift Communications, Inc.
12647 Alcosta Boulevard, Suite 470
San Ramon, CA 94583
Telephone: (925) 244-1800
Facsimile: (925) 244-1940

II. VCOM

VCOM Solutions, Inc., is a privately-held corporation organized pursuant to the laws of California. VCOM provides a full spectrum of telecommunications services to small- and medium-sized businesses, including voice, data, conferencing, Internet hosting and access, pursuant to authority granted by 47 C.F.R. § 63.01 and the California Public Utilities Commission. Under the terms of the transaction, VCOM will not provide telecommunications services, except indirectly through QuantumShift, outside of California. VCOM is located at the following address:

VCOM Solutions, Inc.
12647 Alcosta Boulevard, Suite 470
San Ramon, CA 94583
Telephone: (925) 244-1800
Facsimile: (925) 244-1940

III. Contact Information

The name and address of the individual to contact regarding this filing is as follows:

Patrick J. O'Connor, Esq.
STEEL HECTOR & DAVIS LLP
200 South Biscayne Boulevard
Suite 4000
Miami, Florida 33131
Telephone: (305) 577-7047
Facsimile: (305) 577-7001

The name and address of the individual who handles regulatory affairs on behalf of Joint Applicants is as follows:

Ms. Jenna Brown, Manager of Regulatory Affairs
VCOM Solutions, Inc.
12647 Alcosta Boulevard, Suite 470
San Ramon, CA 94583
Telephone: (925) 244-1800
Facsimile: (925) 244-1940

IV. In support of this Application, Joint Applicants also provide the following summary information pursuant to 47 C.F.R. § 63.18 (h)-(p):

- (h) Joint Applicants certify that there exist no interlocking directorates with any foreign carrier. In support of their request Joint Applicants submit the following information on the ten percent or greater direct and indirect shareholders or other equity holders in VCOM:

Name/Address	Ownership	Citizenship	Principal Business
Mr. Gary Storm, Director/CEO/CFO VCOM Solutions, Inc. 12647 Alcosta Boulevard, Suite 470 San Ramon, CA 94583	29.7%	USA	Telecommunications
Mr. Sameer Hilal, Director/COO VCOM Solutions, Inc. 12647 Alcosta Boulevard, Suite 470 San Ramon, CA 94583	25.9%	USA	Telecommunications
Mr. Joe Condy, Director/VP VCOM Solutions, Inc. 12647 Alcosta Boulevard, Suite 470 San Ramon, CA 94583	24.4%	USA	Telecommunications
Mr. Mike Storm, Director VCOM Solutions, Inc. 12647 Alcosta Boulevard, Suite 470 San Ramon, CA 94583	12.6%	USA	Telecommunications

- (i) Joint Applicants submit that neither VCOM nor QuantumShift is a foreign carrier, nor is either affiliated with or controls a foreign carrier, as defined in 47 C.F.R. § 63.09(d), in any destination market.
- (j) Joint Applicants do not seek to provide international telecommunications services to any destination country identified in Section 63.18(j)(1)-(4).

- (k) Not applicable.
 - (l) Not applicable.
 - (m) Not applicable.
 - (n) Joint Applicants certify that they have not agreed to accept special concessions directly or indirectly from any foreign carrier with respect to any U.S. international route, where the foreign carrier possesses sufficient market power on the foreign end of the route to affect competition adversely in the U.S. market, and will not enter into such agreements in the future.
 - (o) Joint Applicants certify that no party to this Application is subject to a denial of Federal benefits, as provided in the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 853a.
 - (p) Joint Applicants request streamlined processing of this Application pursuant to 47 C.F.R. § 63.12. In support of this request, Joint Applicants state that they are not affiliated with a foreign carrier in a destination market, are not affiliated with a dominant U.S. carrier whose international switched or private line services it plans to resell, nor do they seek authority to provide switched basic services over private lines to a country for which the Commission has not previously authorized the provision of switched services over private lines.
- V. In support of this Application, Joint Applicants also provide the following information pursuant to 47 C.F.R. § 63.04(a)(7)-(12):**
- (7) QuantumShift is an authorized local and long distance telecommunications services provider in 47 states and the District of Columbia. QuantumShift also provides domestic interstate telecommunications services to its customers. VCOM is an authorized local and long distance telecommunications services provider in California. VCOM also provides domestic interstate telecommunications services to its customers.

- (8) This Application qualifies for presumptive streamlined processing under Section 63.03 (b) on the basis that:
- (2) the proposed Transfer will result in Joint Applicants having less than 10 percent share of the interstate, interexchange market; local exchange services will be provided in geographic areas served by a dominant local exchange carrier who is not a party to this transaction; and neither QuantumShift nor VCOM is a dominant carrier with respect to any service.
- (9) No other applications related to the transaction, with the exception of the contemporaneous filing of requests for Special Temporary Authority, have been filed with the Commission.
- (10) Joint Applicants do not request any special consideration as neither party to the transaction is facing imminent business failure.
- (11) No waiver requests have been filed with respect to this transaction, and none are sought.
- (12) Grant of this application will not have any significant impact on competition in the domestic market. However, competition in the market - including the competition of Joint Applicants - benefits consumers of domestic and international telecommunications services. The benefits of competition include lower prices and increased availability of a variety of service options.

The proposed transaction described herein will be transparent to customers, and will not result in the change of any rate, term or condition of service. Customers will continue to receive the same high-quality service at the same rates, terms and conditions. Significantly, customers should benefit from the proposed transaction, as it will ensure that QuantumShift has the capital necessary to grow and expand its business. It will also improve QuantumShift's overall financial

condition by replacing high cost debt with lower cost debt, improving cash flow and thus enabling realization of significant economic and marketing efficiencies, thereby allowing QuantumShift to compete more effectively and efficiently in the competitive telecommunications marketplace, and enhancing its ability to offer high-quality cost-competitive services. Thus, the grant of this application is consistent with the public interest.

Respectfully submitted this 26th day of August, 2004,

By: 
Patrick O'Connor
STEEL HECTOR & DAVIS LLP
200 South Biscayne Blvd.
Suite 4000
Miami, Florida 33131
Ph: 305.577.7047
Fax: 305.577.7001
poconnor@steelhector.com

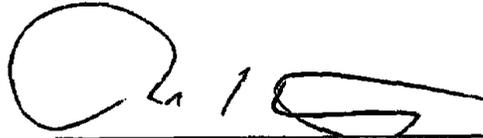
Attorney for Joint Applicants

VERIFICATION

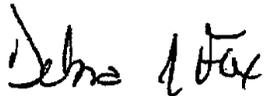
STATE OF CALIFORNIA)
)
COUNTY OF SANTA CLARA)

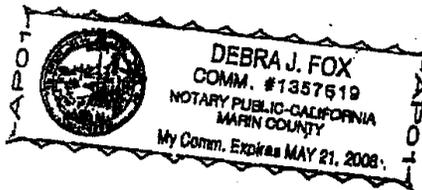
SS

Richard I. Kadet states: that he is an officer of QuantumShift Communications, Inc.; that, in such capacity, he is qualified and authorized to file and verify the foregoing application on its behalf; that he has carefully examined all the statements and matters contained in the application; and that all such statements made and matters set forth therein are true and correct to the best of his knowledge, information and belief. Affiant further states that the application is made in good faith, with the intention of presenting evidence in support thereof in every particular.


Richard I. Kadet

Subscribed and sworn to before me, a Notary Public in and for the State and County above named, this 29 day of July 2004.

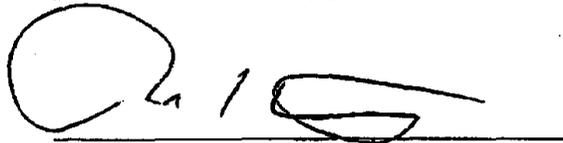




VERIFICATION

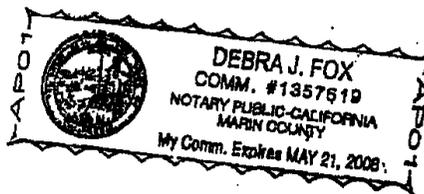
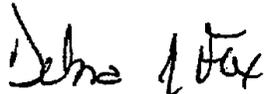
STATE OF CALIFORNIA)
)
COUNTY OF SANTA CLARA) SS

Richard I. Kadet states: that he is an officer of QuantumShift Communications, Inc.; that, in such capacity, he is qualified and authorized to file and verify the foregoing application on its behalf; that he has carefully examined all the statements and matters contained in the application; and that all such statements made and matters set forth therein are true and correct to the best of his knowledge, information and belief. Affiant further states that the application is made in good faith, with the intention of presenting evidence in support thereof in every particular.



Richard I. Kadet

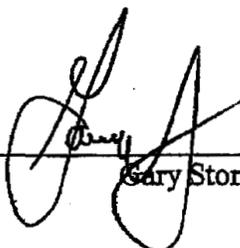
Subscribed and sworn to before me, a Notary Public in and for the State and County above named, this 29 day of July 2004.



VERIFICATION

STATE OF CALIFORNIA)
)
COUNTY OF CONTRA COSTA) SS

Gary Storm, being duly sworn, states: that he is an Officer of VCOM Solutions, Inc., is qualified and authorized to sign and verify the foregoing application on its behalf, and has carefully examined all the statements and matters contained in the application; that all such statements made and matters set forth therein are true and correct to the best of his knowledge, information, and belief; and that the application is made in good faith, with the intention of presenting evidence in support thereof in every particular.



Gary Storm

Subscribed and sworn to before me, a
Notary Public in and for the State and
County above named, this 3 day of
~~July~~ August 2004.



