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Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

**Re: Proposed Transfer of Control Over Telecommunications
Service Provider**

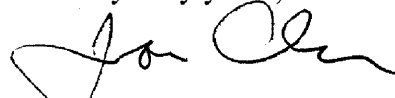
Dear Sir or Madam:

We are sending this letter to advise the Commission of the proposed transfer of control over Telscape Communications, Inc. from TSG Capital Fund III, LP ("TSG") to Gemini Partners, Inc. ("Gemini"), and Scorpion Capital Partners, L.P. ("Scorpion"). Telscape was issued authority to provide competitive local exchange telephone service in Florida by Order No. PSC-04-0735-PAA-TX in Docket No.040583-TX, but is not yet actively providing service in Florida.

As is shown in the attached materials, which provide a description of the proposed transaction and other related information, the change in control will have no effect on the operations or day-to-day management of Telscape.

We believe that the nature of this transaction is such that no application should be required. If further information is needed, or if the Commission determines that a formal application is necessary, please advise. Thank you.

Very truly yours,



John L. Clark

Enclosure

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FPSC-COMMISSION CLERK

DESCRIPTION OF PROPOSED TRANSFER OF CONTROL
OVER TELSCAPE COMMUNICATIONS, INC.

Telscape Communications, Inc. ("Telscape"), TSG Capital Fund III, LP ("TSG"), Gemini Partners, Inc. ("Gemini"), and Scorpion Capital Partners, L.P. ("Scorpion") are providing this memorandum to provide the Commission with information pertinent to the proposed transfer of control of Telscape from TSG to Gemini and Scorpion.

Telscape is a competitive local exchange carrier based in Monrovia, California. It focuses on the provision of local and long distance telephone service to Spanish-language-dominant Hispanic households. Telscape was issued authority to provide competitive local exchange telephone service in Florida by Order No. PSC-04-0735-PAA-TX in Docket No.040583-TX, but is not yet actively providing service in Florida.

As described in detail below, the proposed transaction will result in a change in the ownership of Telscape, but the management and operations of Telscape will continue largely unchanged. Telscape will retain its authorization to provide telecommunications services in Florida. The end result to Telscape on a day-to-day management basis will be that it is stronger financially and, therefore, better able to serve its current customers and compete for new customers.

In order to provide the Commission with an understanding of the proposed transaction, we have provided the following shown below:

I. DESCRIPTION OF THE RELEVANT PARTIES

A. Telscape

Telscape is a corporation organized and existing under the laws of Delaware with its principal place of business located at 600 E. Huntington Drive, Monrovia, California 91016. As

noted above, Telscape focuses on the provision of local and long distance telephone service to Spanish-language-dominant Hispanic households. Telscape was authorized by the Commission to provide service in Florida in August, 2004, but is not yet actively providing service in the State. Telscape also holds authority to provide intrastate service in Arizona, California, Nevada, New Jersey, New York, and Texas, but currently operates only in California and Nevada.

B. Gemini

Gemini Partners, Inc. is a California-based investment and financial consulting company. Gemini provides a variety of financial and transaction-related services for small and medium sized businesses, including equity and debt financial sourcing, merger and acquisition advice, and merchant banking. Through various affiliates and subsidiaries, Gemini holds investments in a number of industries.

Gemini's address and telephone number are as follows:

Gemini Partners, Inc.
1080 Wilshire Blvd., Suite 500
Los Angeles, CA 90024
Tel 310-696-4001
Fax: 310-696-4007

C. Scorpion

Scorpion Capital Partners, L.P. is a private equity investment firm focusing on middle market companies that Scorpion believes are positioned for strong future performance. Scorpion makes its investments in partnership with companies' senior management teams in order to help ensure appropriate alignment of interests. In addition, Scorpion provides a variety of investment and financial services.

Scorpion's address and telephone number are as follows:

Scorpion Capital Partners, L.P.
245 Fifth Avenue, 25th Floor
New York, New York 10016

Tel: 212-213-9190
Fax: 212-213-9607

D. TSG

TSG is an equity investment fund. It is reaching the end of its established life. Under the terms of the fund's sunset provisions, the fund's managers are obligated to liquidate the fund's beneficial ownership in Telscape at this time.

II. DESIGNATED CONTACT

Communications and questions concerning this matter should be directed to:

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San Francisco, CA 94111
Tel: 415-765-8443
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III. DESCRIPTION OF THE PROPOSED TRANSACTION

The proposed change of control will take place in connection with the sale by Telscape's current shareholders, including TSG, of 100% of the stock in Telscape to a new investment entity that is being formed for the purposes of this transaction. The new entity will be managed jointly by Gemini and Scorpion, but will be subject to the ultimate control of Scorpion. The purchase price for stock will be paid in cash, subject to standard adjustments and hold backs for various contingencies. As part of the transaction, employment agreements will be entered into between Telscape and its existing principal executive management team, Ruben Garcia, who is Telscape's chief executive officer, and Philip Siegel, who is Telscape's chief financial officer. The proposed transaction involves only the transfer of stock in Telscape. No conveyance of any property by Telscape is involved.

IV. QUALIFICATIONS OF GEMINI AND SCORPION

While neither Gemini nor Scorpion intend to engage in day-to-day management of Telscape, they will be in positions to lend considerable business and financial expertise to Telscape's directors and upper management. Attached as Exhibit A are brief biographical statements of Gemini and Scorpion.

V. PUBLIC INTEREST ANALYSIS

The transfer of control of Telscape from TSG to Gemini and Scorpion will serve the public interest. As noted above, under the terms of TSG's fund sunset provisions, the fund's managers are obligated to liquidate the fund's beneficial ownership of Telscape. Telscape's management and remaining shareholders have worked closely with the fund's managers to negotiate a sale of the fund's shares to investors with a demonstrated interest in promoting Telscape's continued operation in a manner consistent with the needs of Telscape's customers. Gemini and Scorpion meet this key criterion. Their investments in Telscape's on-going business will provide them with a significant stake in the company's future success, and will provide Telscape with strong partners whose expertise and positions in the financial marketplace should significantly enhance Telscape's ability to access the capital it needs in order to fund continued growth and transition to new technologies. In short, the transaction will have a beneficial impact on competition.

At the same time, the change in ultimate ownership of Telscape will not have any adverse impact on rates or the provision of safe and adequate service at just and reasonable rates. Since this is a stock transaction as opposed to an asset sale, the transfer of control of Telscape will not result in a change of carrier for Telscape's customers or any transfer of authorizations. Immediately following consummation of the transaction, Telscape will operate its business as

before. The operations of Telscape will continue to be determined by the same management, technical, and customer service personnel that currently oversee those operations.

Based on the foregoing, we believe that there should be no need for the filing of an application in this instance. However, should the Commission further information is necessary or that an application must be filed, please let us know.

Exhibit A

Gemini Partners, Inc. -- Principal Biographies

Matthew Johnson, Principal

Mr. Johnson brings to the Gemini Partners team over fifteen years of investment banking and executive operational experience. Mr. Johnson worked previously in investment banking for Prudential Securities and Credit Suisse First Boston in New York. He has financed and strategically advised a number of small and middle market companies, including a healthcare software firm where he also served as CFO. Mr. Johnson is a Board Member of Media Partners Publishing, Inc. and Vicariant, Inc. both funded through Gemini Partners. Mr. Johnson holds an M.B.A. from the Kellogg Graduate School of Management, Northwestern University and is a Chartered Financial Analyst (CFA) candidate.

Nathan Johnson, Principal

Mr. Johnson brings to Gemini Partners over fifteen years of investment banking, international finance, and turnaround operational experience. Most recently, Mr. Johnson served as an executive with a number of companies funded by JP Morgan Partners working specifically on financial and operational turnarounds. In addition, Mr. Johnson worked at General Motors Corporation in their New York Treasury Office serving roles in corporate finance, M&A and international finance. Mr. Johnson is a Board Member of several companies funded through Gemini Partners. Mr. Johnson holds an M.B.A. from the Wharton School of Business and an M.A. in International Business from the Lauder Institute, University of Pennsylvania and is a Chartered Financial Analyst (CFA) candidate.

Tad Neeley, Principal

Mr. Neeley brings to Gemini Partners over fifteen years of transaction and operations experience in the telecommunication industry. Most recently, Mr. Neeley was a Managing Director at RHK, where he advised leading telecomm service providers and technology vendors on strategic business issues related to deploying and operating emerging broadband access technologies. Mr. Neeley has led the international business development for a Bechtel company building wireless data networks in Europe and Latin America as well as leading corporate development for Corrigo, a wireless application start-up. Mr. Neeley began his career at Booz, Allen & Hamilton where he advised Fortune 50 companies on competing in deregulating markets and structuring post-merger integrations. He has a BA from the University of California, Berkeley; an MBA from the Wharton School of Business, and an MA in International Economics from the University of Pennsylvania.

John Garofolo, Principal

Mr. Garofolo brings to the Gemini Partners team over fifteen years of business development, operations execution and international management consulting experience in both North and South America. Mr. Garofolo worked for over ten years at Ernst & Young's consulting practice and IBM Global Services, and brings deep expertise in corporate & entrepreneurial strategy and planning, business strategy development, marketplace strategy development, process & systems implementation, and organizational change for a variety of industries. He holds an M.B.A. from the Kellogg Graduate School of Management, Northwestern University and is a Certified Public Accountant (CPA).

Faiz Bhora, MD, Principal

Faiz Bhora, MD is Assistant Professor of Cardiothoracic Surgery at UCLA Medical Center in Los Angeles. Dr. Bhora is faculty and surgeon at UCLA Hospital and the David Geffen School of Medicine. He is currently a consultant to Bayer HealthCare Pharmaceutical and has served as both consultant and advisor to Medtronic Corporation and Guidant Corporations, all leaders in the field of pharmaceutical and medical technology. Dr. Bhora is able to combine his outstanding medical training and economic background to analyze innovative biotech investment opportunities from both an analytical and practical perspective. Dr. Bhora received his education from Cambridge and London Universities, UK (honors in economics), The George Washington University Hospital, Washington, DC and UCLA Medical Center in Los Angeles. He is board certified in general surgery, cardiothoracic surgery and is a fellow of the American College of Surgeons.

Adam Eckhart, Vice President

Prior to joining Gemini Partners, Inc., Mr. Eckhart was a Partner at Sekits Capital, a Los Angeles based investment bank specializing in mergers & acquisitions for middle market companies. Mr. Eckhart was previously the Director of Finance at TheWorks USA Inc., a rapidly growing and profitable technology company where he managed finance, accounting and corporate development. Prior, Mr. Eckhart spent four years with Arthur Andersen's Valuation Services Group and also worked at Summit Partners, a venture capital firm in Newport Beach, sourcing potential investments within the software technology and information services industries. In addition, Mr. Eckhart worked at Dean Witter Reynolds' investment banking group in Los Angeles as a financial analyst. Mr. Eckhart received his MBA from the Anderson Graduate School of Management at UCLA and his Bachelor of Arts in economics and psychology from Claremont McKenna College where he was awarded Magna Cum Laude and Phi Beta Kappa. Mr. Eckhart is a licensed California real estate broker.

Scorpion Capital Partners, L.P. -- Principal Biographies

Nuno Brandolini

Mr. Brandolini co-founded Scorpion Capital Partners, LP in 2004, as well as its predecessor investment firm Scorpion Holdings, Inc. in 1995 and Independence Holdings, Inc. (a \$100 million private equity fund-of-funds) in 1998. Mr. Brandolini was also a co-founder and Managing Director of Rosecliff, Inc., a middle-market private equity fund. Previously, Mr. Brandolini was a Vice President in the investment banking department of Solomon Brothers, Inc., and a Principal with Baltheus Group and Logic Capital, two venture capital firms. Mr. Brandolini began his career as an investment banker with Lazard Freres & Co. Mr. Brandolini received a law degree from the University of Paris and an MBA from the Wharton School.

Kevin McCarthy

Mr. McCarthy co-founded Scorpion Capital Partners, LP in 2004, as well as its predecessor investment firm Scorpion Holdings, Inc. in 1995 and Independence Holdings, Inc. (a \$100 million private equity fund-of-funds) in 1998. Previously, Mr. McCarthy was the Chief Financial Officer of Rosecliff, Inc., a middle-market private equity fund. Mr. McCarthy also spent several years with Ernst & Young (and the predecessor firm Arthur Young) beginning in the audit department and entrepreneurial services group, and most recently as a Partner in its M&A Due Diligence Group. In addition, Mr. McCarthy was the Corporate Controller of Vac-Hyd Corporation, a jet engine repair company. Mr. McCarthy received a B.S. in Accounting from Babson College.

Robert Schoff

Mr. Schoff joined Scorpion in 2004 as Chief Financial Officer. Previously, Mr. Schoff was VP Finance for Bridger Commercial Funding, an originator of commercial loans for the commercial Mortgage Backed Securities market. Prior to that, Mr. Schoff was Manager of Financial Planning and Analysis for National Information Group, a Scorpion Holdings portfolio company. Mr. Schoff spent several years at Ernst and Young as an auditor and an analyst in the M&A Due Diligence group. Mr. Schoff received a BS in accounting from SUNY Buffalo and is a CPA and member of the NYSSCPAs.

Stephen Testa

Mr. Testa joined Scorpion in 2004. Previously, Mr. Testa was a consultant with Nightingale & Associates, a financial restructuring and turnaround advisory firm. Mr. Testa spent several years as a Vice President of Rosecliff Inc. and Buttonwood Capital Inc. (the west-coast affiliate of Rosecliff). Mr. Testa began his career with the investment banking department of Wertheim Schroder & Co. Incorporated. Mr. Testa received a BS in finance from the University of Southern California.