

**COURT OF CHANCERY  
OF THE  
STATE OF DELAWARE**

WILLIAM B. CHANDLER III  
CHANCELLOR

COURT OF CHANCERY COURTHOUSE  
34 THE CIRCLE  
GEORGETOWN, DELAWARE 19947

Submitted: April 6, 2010  
Decided: June 1, 2010

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Re: *Judy v. Preferred Communication Systems, Inc.*  
Civil Action No. 4662-CC

Dear Counsel:

Before the Court is Preferred Spectrum Investment's ("PSI") motion to intervene. For the reasons discussed below, PSI's motion is DENIED.

PSI filed its motion to intervene for the purpose of objecting to certain aspects of the receiver's report and supporting other aspects of the report. PSI is a Delaware limited liability company. Its Class B Unit Owners (the "PSI Owners") allege interests in Preferred Communication Systems ("PCS"), the nominal defendant in this case. PSI does not own any equity or debt interest in PCS. According to the motion, PSI was formed *in part* to protect the interests the PSI Owners have in PCS.

Plaintiff Michael Judy is the President of PSI. PSI explains that on some matters Judy might wish to assert personal objections to the receiver's report and therefore will not adequately represent the PSI Owners on all matters related to the report. Accordingly, PSI seeks to intervene in order to separately represent the interests of the PSI Owners.

PCS opposes the motion to intervene. The gist of PCS's opposition is that PSI has no direct or indirect interest in PCS and therefore does not have an "interest relating to the property or transaction which is the subject of the action" to be entitled to intervention as of right under Rule 24(a)(2). PCS also argues that permissive intervention under Rule 24(b) is not appropriate because the PSI Owners were free to file their objections in their individual capacity.

PSI points out that an association of PCS investors was previously allowed to intervene in this case. When the motion to appoint a receiver was considered, Preferred Investors' Association ("PIA") was permitted to intervene and argue about the scope of the receiver's authority. PIA does not own a direct interest in PCS. Rather, it is an association of PCS investors formed as an unincorporated non-profit association to protect the individual interests its associates have in PCS.

In my opinion, there are important differences between PIA and PSI, differences that make it inappropriate for PSI to intervene in this case. The sole purpose of PIA is to advance the interests its associates hold individually in PCS. PSI, on the other hand, was not formed solely to protect its members' interests in PCS; it was also formed to pursue other business opportunities in the wireless licensing arena. To that end, PSI has secured investors who have no personal interest in PCS. If PSI is permitted to intervene, these investors would subsidize the cost of intervention for the PSI Owners. In sum, PSI is a for-profit operation that seeks to intervene in a matter in which it has no direct interest. PIA, on the other hand, is a non-profit association that exists solely to advance its associates individual interests in PCS. It seems to me that PSI is not appropriately situated to assert organizational standing on the PSI Owners' behalf.

The deadline to file objections to the receiver's report was April 23, 2010. Based on my ruling today, the objection PSI filed on that date will not be considered in the upcoming trial in July. I do not, however, wish to exclude the PSI Owners from asserting their objections based on this ruling. Accordingly, the PSI Owners may file objections, individually or as a group, by June 11, 2010. This

will provide sufficient time for the Court and all parties to consider the PSI Owners' objections prior to trial.

IT IS SO ORDERED.

Very truly yours,

A handwritten signature in cursive script that reads "William B. Chandler III". The signature is written in black ink and includes a horizontal line under the "III" at the end.

William B. Chandler III

WBCIII:arh