

LEON L. NOWALSKY  
MONICA R. BORNE

NOWALSKY & BRONSTON, L.L.P.  
ATTORNEYS AT LAW

3900 NORTH CAUSEWAY BOULEVARD  
SUITE 1275  
METAIRIE, LOUISIANA 70002  
TELEPHONE: (504) 832-1984  
FACSIMILE: (504) 831-0892  
E-MAIL: NowalBron@aol.com

RECEIVED  
FLORIDA PUBLIC  
SERVICE COMMISSION  
BENJAMIN W. BRONSTON  
ARD P. GOTHARD  
Of Counsel  
AUG 14 AM 10:17  
MAIL ROOM ORIGINAL  
FILE COPY

July 30, 1996

960918-TI

Florida Public Service Commission  
Division of Administration  
2450 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

RE: LONG DISTANCE NETWORK, INC.

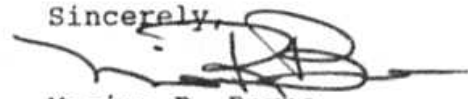
Dear Sirs:

Enclosed herewith for filing please find an original and twelve (12) copies of the application for authority to provide interexchange telecommunications service submitted on behalf of Long Distance Network, Inc.

Please acknowledge receipt of this filing by date stamping and returning the additional copy of this letter in the self-addressed envelope provided.

Thank you for your assistance. If you should have any questions, please do not hesitate to contact this office.

Sincerely,

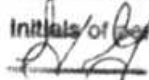


Monica R. Borne

Enclosure

Check received with filing and forwarded to Fiscal for deposit. Fiscal to forward a copy of check to RAR with proof of deposit.

Initials of person who forwarded check:



ACK \_\_\_\_\_  
AFA \_\_\_\_\_  
APP \_\_\_\_\_  
CAF \_\_\_\_\_  
CMF \_\_\_\_\_  
CTR \_\_\_\_\_  
EAT \_\_\_\_\_  
LE \_\_\_\_\_  
LR \_\_\_\_\_  
OF \_\_\_\_\_  
R \_\_\_\_\_  
SL \_\_\_\_\_  
WAS \_\_\_\_\_  
OTH \_\_\_\_\_

DOCUMENT NUMBER - DATE  
08501 AUG 14 96  
FPSC-RECORDS/REPORTING

LEON L. NOWALSKY  
MONICA R. BORNE

NOWALSKY & BRONSTON, L.L.P.  
ATTORNEYS AT LAW

3900 NORTH CAUSEWAY BOULEVARD  
SUITE 1275  
METAIRIE, LOUISIANA 70002  
TELEPHONE: (504) 832-1984  
FACSIMILE: (504) 831-0892  
E-MAIL: NowalBron@aol.com

BENJAMIN W. BRONSTON  
EDWARD P. GOTHARD  
Of Counsel

July 30, 1996

#1040  
\$250.00  
no postmark  
3/14/96  
LAF

Florida Public Service Commission  
Division of Administration  
2450 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

DEPOSIT	TREAS. REC.	DATE
D358		AUG 15 '96

RE: LONG DISTANCE NETWORK, INC.


Dear Sirs:

Enclosed herewith for filing please find an original and twelve (12) copies of the application for authority to provide interexchange telecommunications service submitted on behalf of Long Distance Network, Inc.

Please acknowledge receipt of this filing by date stamping and returning the additional copy of this letter in the self-addressed envelope provided.

Thank you for your assistance. If you should have any questions, please do not hesitate to contact this office.

Sincerely,

  
Monica R. Borne

Enclosure

RECEIVED  
FLORIDA PUBLIC  
SERVICE COMMISSION  
AUG 14 AM 10:47  
MAIL ROOM '96

ORIGINAL  
FILE COPY

**\*\* FLORIDA PUBLIC SERVICE COMMISSION \*\***

**DIVISION OF COMMUNICATIONS**  
**BUREAU OF SERVICE EVALUATION**  
101 E. Gaines Street  
Fletcher Building  
Tallahassee, Florida 32399-0866

**APPLICATION FORM**  
**for**  
**AUTHORITY TO PROVIDE INTEREXCHANGE TELECOMMUNICATIONS SERVICE**  
**WITHIN THE STATE OF FLORIDA**

**Instructions**

- A. This form is used for an original application for a certificate and for approval of sale, assignment or transfer of an existing certificate. In case of a sale, assignment or transfer, the information provided shall be for the purchaser, assignee or transferee (See Appendix A).
- B. Respond to each item requested in the application and appendices. If an item is not applicable, please explain why.
- C. Use a separate sheet for each answer which will not fit the allotted space.
- D. If you have questions about completing the form, contact:

Florida Public Service Commission  
Division of Communications  
Bureau of Service Evaluation  
101 East Gaines Street  
Tallahassee, Florida 32399-0866  
(904) 488-1280

- E. Once completed, submit the original and twelve (12) copies of this form along with a non-refundable application fee of \$250.00 to:

Florida Public Service Commission  
Division of Administration, Room G-50  
101 East Gaines Street  
Tallahassee, Florida 32399-0850  
(904) 488-4733

FORM PSC/CMU 31 (4/91)  
Required by Commission Rule Nos. 25-24.471,  
25-24.473 & 25-24.480(2)

DOCUMENT NUMBER-DATE  
08501 AUG 14 88  
FPSC-RECORDS/REPORTING

ORIGINAL  
FILE COPY

**\*\* FLORIDA PUBLIC SERVICE COMMISSION \*\***

**DIVISION OF COMMUNICATIONS**  
**BUREAU OF SERVICE EVALUATION**  
101 E. Gaines Street  
Fletcher Building  
Tallahassee, Florida 32399-0866

**APPLICATION FORM**  
**for**  
**AUTHORITY TO PROVIDE INTEREXCHANGE TELECOMMUNICATIONS SERVICE**  
**WITHIN THE STATE OF FLORIDA**

---

**Instructions**

- A. This form is used for an original application for a certificate and for approval of sale, assignment or transfer of an existing certificate. In case of a sale, assignment or transfer, the information provided shall be for the purchaser, assignee or transferee (See Appendix A).
- B. Respond to each item requested in the application and appendices. If an item is not applicable, please explain why.
- C. Use a separate sheet for each answer which will not fit the allotted space.
- D. If you have questions about completing the form, contact:

Florida Public Service Commission  
Division of Communications  
Bureau of Service Evaluation  
101 East Gaines Street  
Tallahassee, Florida 32399-0866  
(904) 488-1280

- E. Once completed, submit the original and twelve (12) copies of this form along with a non-refundable application fee of \$250.00 to:

Florida Public Service Commission  
Division of Administration, Room G-50  
101 East Gaines Street  
Tallahassee, Florida 32399-0850  
(904) 488-4733

---

FORM PSC/CMU 31 (4/91)  
Required by Commission Rule Nos. 25-24.471,  
25-24.473 & 25-24.480(2)

DOCUMENT NUMBER-DATE  
08501 AUG 14 88  
FPSC-RECORDS/REPORTING

1. This is an application for (check one):
- Original Authority (New company).
  - Approval of Transfer (To another certificated company).
  - Approval of Assignment of existing certificate (To a noncertificated company).
  - Approval for transfer of control (To another certificated company).
2. Name of corporation, partnership, cooperative, joint venture or sole proprietorship:  
 Long Distance Network, Inc.
3. Name under which the applicant will do business (fictitious name, etc.):  
 N/A
4. National address (including street name & number, post office box, city, state and zip code).  
 Long Distance Network, Inc.  
 1600 Promenade Center, Suite 1510  
 Richardson, TX 75080
5. Florida address (including street name & number, post office box, city, state and zip code):  
 None
6. Structure of organization;
- Individual
  - Foreign Corporation
  - General Partnership
  - Other, \_\_\_\_\_
  - Corporation
  - Foreign Partnership
  - Limited Partnership
7. If applicant is an individual or partnership, please give name, title and address of sole proprietor or partners.
- (a) Provide proof of compliance with the foreign limited partnership statute (Chapter 620.169 FS), if applicable.

- (b) Provide proof of compliance with the fictitious name statute (Chapter 865.09 FS), if applicable.

Fictitious name registration number: \_\_\_\_\_

- (c) Indicate if any of the officers, directors, or any of the ten largest stockholders have previously been:

(1) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. If so, please explain. No

(2) officer, director, partner or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with company, give reason why not. No

8. If incorporated, please give:

- (a) Proof from the Florida Secretary of State that the applicant has authority to operate in Florida.

Corporate charter number: F96000002873

- (b) Name and address of the company's Florida registered agent. NRAI Services, Inc.  
526 E. Park Avenue  
Tallahassee, FL 32301

- (c) Indicate if any of the officers, directors, or any of the ten largest stockholders have previously been:

(1) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. If so, please explain.

No



(2) officer, director, partner or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with company, give reason why not. n/a

9. Who will serve as liaison with the Commission in regard to (please give name, title, address and telephone number):

- (a) The application; Monica R. Borne, Nowalsky & Bronston  
3900 N. Causeway Blvd, Suite 1275  
Metairie, Louisiana 70002  
Ph. (504) 832-1984
- (b) Official Point of Contact for the ongoing operations of the company;  
Jack W. Matz, Jr., President  
1600 Promenade Center, Suite 1510  
Richardson, TX 75080 Ph. (214) 301-6467
- (c) Tariff; Monica R. Borne, Nowalsky & Bronston  
3900 N. Causeway Blvd., Suite 1275  
Metairie, LA 70002  
Ph. (504) 832-1984; Fx. (504) 831-0892
- (d) Complaints/Inquiries from customers;

Customer Service: 1-800-999-0395

10. List the states in which the applicant:

- (a) Has operated as an interexchange carrier.  
Michigan, New Jersey, Pennsylvania
- (b) Has applications pending to be certificated as an interexchange carrier.  
Maryland, New York
- (c) Is certificated to operate as an interexchange carrier.  
Pennsylvania
- (d) Has been denied authority to operate as an interexchange carrier and the circumstances involved.  
None

(e) Has had regulatory penalties imposed for violations of telecommunications statutes and the circumstances involved.

None

(f) Has been involved in civil court proceedings with an interexchange carrier, local exchange company or other telecommunications entity, and the circumstances involved.

None ..

11. The applicant will provide the following interexchange carrier services (Check all that apply):

MTS with distance sensitive per minute rates

Method of access is FGA

Method of access is FGB

Method of access is FGD

Method of access is 800

MTS with route specific rates per minute

Method of access is FGA

Method of access is FGB

Method of access is FGD

Method of access is 800

MTS with statewide flat rates per minute (i.e. not distance sensitive)

Method of access is FGA

Method of access is FGB

Method of access is FGD

Method of access is 800

MTS for pay telephone service providers

Block-of-time calling plan (Reach out Florida, Ring America, etc.).

800 Service (Toll free)



- WATS type service (Bulk or volume discount)
- Method of access is via dedicated facilities
- Method of access is via switched facilities

- Private Line services (Channel Services)  
(For ex. 1.544 mbs., DS-3, etc.)

**Travel Service**

- Method of access is 950
- Method of access is 800

- 900 service

**Operator Services**

- Available to presubscribed customers
- Available to non presubscribed customers (for example to patrons of hotels, students in universities, patients in hospitals)
- Available to inmates

**Services included are:**

- Station assistance
- Person to Person assistance
- Directory assistance
- Operator verify and interrupt
- Conference Calling
- Other:

12. What does the end user dial for each of the interexchange carrier services that were checked in services included (above).

1+ the number called

13. What services will the applicant offer to other certificated telephone companies: None

- ( ) Facilities. ( ) Operators.
- ( ) Billing and Collection. ( ) Sales.
- ( ) Maintenance.
- ( ) Other: \_\_\_\_\_

14. Will your marketing program:

- Pay commissions?
- Offer sales franchises?
- Offer multi-level sales incentives?
- Offer other sales incentives?

15. Explain any of the offers checked in question 15 (To whom, what amount, type of franchise, etc.).  
Commissions paid based on volume sold.

16. Who will receive the bills for your service (Check all that apply)?

- Residential customers.       Business customers.
- PATS providers.                       PATS station end-users.
- Hotels & motels.       Hotel & motel guests.
- Universities.                       Univ. dormitory residents.
- Other: (specify) \_\_\_\_\_.

17. Please provide the following (if applicable):

(a) Will the name of your company appear on the bill for your services, and if not who will the billed party contact to ask questions about the bill (provide name and phone number) and how is this information provided?

Yes

(b) Name and address of the firm who will bill for your service.

U.S. Billing, Inc. (USBI)

18. Please submit the proposed tariff under which the company plans to begin operation. Use the format required by Commission Rule 25-24.485 (example enclosed) Attached

**\*\* APPLICANT ACKNOWLEDGEMENT STATEMENT \*\***

1. **REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of its gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of \$50 is required.
2. **GROSS RECEIPTS TAX:** I understand that all telephone companies must pay a gross receipts tax of one and one-half percent on all intra and interstate business.
3. **SALES TAX:** I understand that a seven percent sales tax must be paid on intra and interstate revenues.
4. **APPLICATION FEE:** A non-refundable application fee of \$250.00 must be submitted with the application.
5. **LEC BYPASS RESTRICTIONS:** I acknowledge the Commission's policy that interexchange carriers shall not construct facilities to bypass the LECs without first demonstrating to the Commission that the LEC cannot offer the needed facilities at a competitive price and in a timely manner.
6. **RECEIPT AND UNDERSTANDING OF RULES:** I acknowledge receipt and understanding of the Florida Public Service Commission's Rules and Orders relating to my provision of interexchange telephone service in Florida. I also understand that it is my responsibility to comply with all current and future Commission requirements regarding interexchange telephone service.
7. **ACCURACY OF APPLICATION:** By my signature below, I attest to the accuracy of the information contained in this application and associated attachments.

X Paul Mella  
Typed name and signature of owner  
or chief officer.

7/30/96  
Date

**ATTACHMENTS:**

- A - CERTIFICATE TRANSFER STATEMENT
  - B - CUSTOMER DEPOSITS AND ADVANCE PAYMENTS
  - C - INTRASTATE NETWORK
  - D - FLORIDA TELEPHONE EXCHANGES  
AND EAS ROUTES
  - E - GLOSSARY
- FORM PSC/CMU 31 (4/91)

\*\* APPENDIX A \*\*

CERTIFICATE TRANSFER STATEMENT

**NOT APPLICABLE**

I, (TYPED NAME) \_\_\_\_\_,  
current holder of certificate number \_\_\_\_\_, have  
reviewed this application and join in the petitioner's request.

\_\_\_\_\_  
Signature of owner or chief  
officer of the certificate  
holder

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

**\*\* APPENDIX B \*\***

CUSTOMER DEPOSITS AND ADVANCE PAYMENTS

A statement of how the Commission can be assured of the security of the customer's deposits and advance payments may be responded to in one of the following ways (applicant please check one):

- (X)      The applicant will not collect deposits nor will it collect payments for service more than one month in advance.
- ( )      The applicant will file with the Commission and maintain a surety bond in an amount equal to the current balance of deposits and advance payments in excess of one month. (Bond must accompany application.)

X \_\_\_\_\_  
Typed name and signature of  
Owner or Chief officer

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\*\* APPENDIX C \*\*

INTRASTATE NETWORK

1. POP: Addresses where located, and indicate if owned or leased. N/A

1) 2)

3) 4)

2. SWITCHES: Address where located, by type of switch, and indicate if owned or leased. N/A

1) 2)

3) 4)

3. TRANSMISSION FACILITIES: Pop-to-Pop facilities by type of facilities (microwave, fiber, copper, satellite, etc.) and indicate if owned or leased.

N/A

1) POP-to-POP                      TYPE                      OWNERSHIP

2)

4. ORIGINATING SERVICE: Please provide the list of exchanges where you are proposing to provide originating service within thirty (30) days after the effective date of the certificate (Appendix D).

All

5. **TRAFFIC RESTRICTIONS:** Please explain how the applicant will comply with the EAEA requirements contained in Commission Rule 25-24.471 (4) (a) (copy enclosed). The Company will comply by using only Commission certificated underlying carriers which are in compliance. The Company's initial carrier(s) will be MCI and/or WorldCom.
6. **CURRENT FLORIDA INTRASTATE SERVICES:** Applicant has ( ) or has not (XXX) previously provided intrastate telecommunications in Florida. If the answer is has, fully describe the following:
- a) What services have been provided and when did these services begin?
- b) If the services are not currently offered, when were they discontinued?

P Paul Miller  
Typed name and signature or  
Owner or Chief officer.

PRESIDENT  
Title

7/30/96  
Date



\*\* APPENDIX D \*\*

FLORIDA TELEPHONE EXCHANGES

AND

EAS ROUTES

Describe the service area in which you hold yourself out to provide service by telephone company exchange. If all services listed in your tariff are not offered at all locations, so indicate.

In an effort to assist you, attached is a list of major exchanges in Florida showing the small exchanges with which each has extended area service (EAS).

*P. Paul Mully, Jr.*  
Typed name and signature of  
Owner/Chief Officer  
President  
Title

FLORIDA TELEPHONE EXCHANGES

PERSON COMPLETING FORM	SIGNATURE			DATE		
Alachua.....	Cherry Lake.....	Ft. Meade.....	Jacksonville.....	Melbourne.....	Panama City.....	Spring Lake.....
Alford.....	Chiefland.....	Ft. Myers.....	Jacksonville Bch..	Melrose.....	Panama City Beach..	Starke.....
Alligator Point...	Chipley.....	Ft. Myers Beach...	Jasper.....	Miami.....	Paxton.....	Stuart.....
Altha.....	Citra.....	Ft. Pierce.....	Jay.....	Micanopy.....	Pensacola.....	Sugarloaf Key.....
Apalachicola.....	Clearwater.....	Ft. Walton Beach...	Jennings.....	Middleburg.....	Perrine.....	Sunny Hills.....
Apopka.....	Clermont.....	Ft. White.....	Jensen Beach.....	Milton.....	Perry.....	Tallahassee.....
Arcadia.....	Clewiston.....	Freeport.....	Julington.....	Molino.....	Pierson.....	Tampa.....
Archer.....	Cocoa.....	Frostproof.....	Jupiter.....	Monticello.....	Pine Island.....	Tarpon Springs....
Astor.....	Cocoa Beach.....	Gainesville.....	Keaton Beach.....	Montverde.....	Plant City.....	Tavares.....
Avon Park.....	Coral Springs.....	Geneva.....	Kenansville.....	Moore Haven.....	Polk City.....	The Beaches.....
Baker.....	Cottondale.....	Glendale.....	Key Largo.....	Mount Dora.....	Pomona Park.....	Titusville.....
Balwin.....	Crawfordville.....	Graceville.....	Key West.....	Mulberry.....	Pompano Beach.....	Trenton.....
Bartow.....	Crescent City.....	Grand Ridge.....	Keystone Heights..	Munson.....	Ponce De Leon.....	Trilacoochee.....
Belle Glade.....	Crestview.....	Green Cove Spa....	Kingsley Lake....	Myakka.....	Ponte Vedra Beach..	Tyndall AFB.....
Belleview.....	Cross City.....	Greensboro.....	Kissimmee.....	Naples.....	Port Charlotte....	Unatilla.....
Beverly Hills....	Crystal River.....	Greenville.....	La Belle.....	New Port Richey...	Port St Joe.....	Valparaiso.....
Big Pine.....	Dade City.....	Greenwood.....	Lady Lake.....	New Smyrna Beach..	Port St Lucie....	Venice.....
Blountstown.....	Daytona Beach.....	Gretna.....	Lake Buena Vista..	Newberry.....	Punta Gorda.....	Vernon.....
Boca Grande.....	Debary.....	Groveland.....	Lake Butler.....	North Cape Coral..	Quincy.....	Vero Beach.....
Boca Raton.....	Deerfield Beach...	Gulf Breeze.....	Lake City.....	North Dade.....	Ralford.....	Waldo.....
Bonifay.....	Defuniak Springs..	Haines City.....	Lake Placid.....	North Fort Myers..	Reedy Creek.....	Walnut Hill.....
Bonita Springs....	Deland.....	Hastings.....	Lake Wales.....	North Key Largo...	Reynolds Hill....	Wauchula.....
Bowling Green....	DeLeon Springs...	Havana.....	Lakeland.....	North Muples.....	St. Augustine....	Weekiwachee Spa...
Boynton Beach....	Delray Beach.....	Hawthorne.....	Laurel Hill.....	North Port.....	St. Cloud.....	Welaka.....
Bradenton.....	Destin.....	High Springs.....	Lewtey.....	Oak Hill.....	St. Marks.....	Wellborn.....
Branford.....	Dowling Park.....	Williard.....	Lee.....	Ocala.....	St. Petersburg...	West Kissimmee...
Bristol.....	Dunnellon.....	Hobe Sound.....	Leesburg.....	Okeechobee.....	Salt Springs.....	West Palm Beach...
Bronson.....	East Orange.....	Holley Navarre....	Lehigh Acres.....	Oklawaha.....	San Antonio.....	Westville.....
Brooker.....	Eastpoint.....	Hollywood.....	Live Oak.....	Old Town.....	Sanderson.....	Wewahitchke.....
Brooksville.....	Eau Gallie.....	Homestead.....	Lynn Haven.....	Orange City.....	Sanford.....	White Springs....
Bunnell.....	Englewood.....	Homosassa Springs.	Luraville.....	Orange Park.....	Sanibel-Captiva..	Wildwood.....
Bushnell.....	Eustis.....	Hosford.....	MacClenney.....	Orange Springs...	Santa Rosa Beach..	Williston.....
Callahan.....	Everglades.....	Howey.....	Madison.....	Orlando.....	Sarasota.....	Windermere.....
Cantonment.....	Fernandina Beach..	Hudson.....	Malone.....	Oviedo.....	Seagrave Beach....	Winter Garden....
Cape Coral.....	Flagler Beach.....	Immokalee.....	Marathon.....	Pace.....	Sebastian.....	Winter Haven....
Cape Haze.....	Florahome.....	Indian Lake.....	Marco Island.....	Pahokee.....	Sebring.....	Winter Park.....
Carabelle.....	Fla Boys Ranch...	Indiantown.....	Marianna.....	Palatka.....	Shalimar.....	Tankeetown.....
Cedar Keys.....	Forest.....	Interlachen.....	Maxville.....	Palm Coast.....	Silver Spa Shores..	Youngstown-Fount..
Century.....	Ft. George.....	Inverness.....	Mayo.....	Palmetto.....	Sneads.....	Yulee.....
Chattahoochee....	Ft. Lauderdale....	Islamorada.....	McIntosh.....	Paruea.....	Sopchoppy.....	Zephyrhills.....
						Zolfo Springs....

\*\* FLORIDA EAS FOR MAJOR EXCHANGES \*\*

<u>Extended Service Area</u>	<u>with</u>	<u>These Exchanges</u>
PENSACOLA:		Cantonment, Gulf Breeze Pace, Milton Holley-Navarre.
PANAMA CITY:		Lynn Haven, Panama City Beach, Youngstown-Fountain and Tyndall AFB.
TALLAHASSEE:		Crawfordville, Havana, Monticello, Panacea, Sopchoppy and St. Marks.
JACKSONVILLE:		Baldwin, Ft. George, Jacksonville Beach, Callahan, Maxville, Middleburg Orange Park, Ponte Vedra and Julington.
GAINESVILLE:		Alachua, Archer, Brooker, Hawthorne, High Springs, Melrose, Micanopy, Newberry and Waldo.
OCALA:		Belleview, Citra, Dunnellon, Forest Lady Lake (B21), McIntosh, Oklawaha, Orange Springs, Salt Springs and Silver Springs Shores.
DAYTONA BEACH:		New Smyrna Beach.
TAMPA:		Central     None East        Plant City North       Zephyrhills South       Palmetto West        Clearwater
CLEARWATER:		St. Petersburg, Tampa-West and Tarpon Springs.
ST. PETERSBURG:		Clearwater.
LAKELAND:		Bartow, Mulberry, Plant City, Polk City and Winter Haven.

\*\* FLORIDA EAS MAJOR EXCHANGES CONTINUE \*\*

ORLANDO: Apopka, East Orange, Lake Buena Vista, Oviedo, Windermere, Winter Garden, Winter Park, Montverde, Reedy Creek, and Oviedo-Winter Springs.

WINTER PARK: Apopka, East Orange, Lake Buena Vista, Orlando, Oviedo, Sanford, Windermere, Winter Garden, Oviedo-Winter Springs Reedy Creek, Geneva and Montverde.

TITUSVILLE: Cocoa and Cocoa Beach.

COCOA: Cocoa Beach, Eau Gallie, Melbourne and Titusville.

MELBOURNE: Cocoa, Cocoa Beach, Eau Gallie and Sebastian.

SARASOTA: Bradenton, Myakka and Venice.

FT. MYERS: Cape Coral, Ft. Myers Beach, North Cape Coral, North Ft. Myers, Pine Island, Lehigh Acres and Sanibel-Captiva Islands.

NAPLES: Marco Island and North Naples.

WEST PALM BEACH: Boynton Beach and Jupiter.

POMPANO BEACH: Boca Raton, Coral Springs, Deerfield Beach and Ft. Lauderdale.

FT. LAUDERDALE: Coral Springs, Deerfield Beach, Hollywood and Pompano Beach.

HOLLYWOOD: Ft. Lauderdale and North Dade.

NORTH DADE: Hollywood, Miami and Perrine.

MIAMI: Homestead, North Dade and Perrine

**\*\* APPENDIX E \*\***

**\*\* GLOSSARY \*\***

**ACCESS CODE:** The term denotes a uniform four or seven digit code assigned to an individual IXC. The five digit code has the form 10XXX and the seven digit code has the form 950-10XX.

**BYPASS:** Transmission facilities that go direct from the local exchange end user to an IXC point of presence, thus bypassing the local exchange company.

**CARRIERS CARRIER:** An IXC that provides telecommunications service, mainly bulk transmission service, to other IXC only.

**CENTRAL OFFICE:** A local operating unit by means of which connections are established between subscribers' lines and trunk or toll lines to other central offices within the same exchange or other exchanges. Each three (3) digit central office code (NXX) used shall be considered a separate central office unit.

**CENTRAL OFFICE CODE:** The term denotes the first three digits (NXX) of the seven (7) digit telephone number assigned to a customer's telephone exchange service.

**COMMISSION:** The Florida Public Service Commission.

**COMPANY, TELEPHONE COMPANY, UTILITY:** These terms may be used interchangeably herein and shall mean any person, firm, partnership or corporation engaged in the business of furnishing communication service to the public under the jurisdiction of the Commission.

**DEDICATED FACILITY:** The term denotes a transmission circuit which is permanently for the exclusive use of a customer or a pair of customers.

**END USER:** The term denotes any individual, partnership, association, corporation, governmental agency or any other entity which (A) obtains a common line, uses a pay telephone or obtains interstate service arrangements in the operating territory of the company or (B) subscribes to interstate services provided by an IXC or uses the services of the IXC when the IXC provides interstate service for its own use.

**EQUAL ACCESS EXCHANGE AREAS:** EAEA means a geographic area, configured based on 1987 planned toll center/access tandem areas, in which local exchange companies are responsible for providing equal access to both carriers and customers of carriers in the most economically efficient manner.



**EXCHANGE:** The entire telephone plant and facilities used in providing telephone service to subscribers located in an exchange area. An exchange may include more than one central office unit.

**EXCHANGE (SERVICE) AREA:** The territory, including the base rate suburban and rural areas served by an exchange, within which local telephone service is furnished at the exchange rates applicable within that area.

**EXTENDED AREA SERVICE:** A type of telephone service furnished under tariff provision whereby subscribers of a given exchange or area may complete calls to, and receive messages from, one or more other contiguous exchanges without toll charges, or complete calls to one or more other exchanges without toll message charges.

**FACILITIES BASED:** An IXC that has its own transmission and/or switching equipment or other elements of equipment and does not rely on others to provide this service.

**FOREIGN EXCHANGE SERVICES:** A classification of exchange service furnished under tariff provisions whereby a subscriber may be provided telephone service from an exchange other than the one from which he would normally be served.

**FEATURE GROUPS:** General categories of unbundled tariffs to stipulate related services.

**Feature Group A:** Line side connections presently serving specialized common carriers.

**Feature Group B:** Trunk side connections without equal digit or code dialing.

**Feature Group C:** Trunk side connections presently serving AT&T-C.

**Feature Group D:** Equal trunk access with subscription.

**INTEREXCHANGE COMPANY:** means any telephone company, as defined in Section 364.02(4), F.S. (excluding Payphone Providers), which provides telecommunication service between exchange areas as those areas are described in the approved tariffs of individual local exchange companies.

**INTER-OFFICE CALL:** A telephone call originating in one central office unit or entity but terminating in another central office unit or entity both of which are in the same designated exchange area.

**INTRA-OFFICE CALL:** A telephone call originating and terminating within the same central office unit or entity.

FORM PSC/CMU 31 (4/91)

**INTRASTATE COMMUNICATIONS:** The term denotes any communications in Florida subject to oversight by the Florida Public Service Commission as provided by the laws of the State.

**INTRA-STATE TOLL MESSAGE:** Those toll messages which originate and terminate within the same state.

**LOCAL ACCESS AND TRANSPORT AREA:** LATA means the geographic area established for the administration of communications service. It encompasses designated exchanges, which are grouped to serve common social, economic and other purposes.

**LOCAL EXCHANGE COMPANY (LEC):** Means any telephone company, as defined in Section 364.02(4), F.S., which, in addition to any other telephonic communication service, provides telecommunication service within exchange areas as those areas are described in the approved tariffs of the telephone company.

**OPTIONAL CALLING PLAN:** An optional service furnished under tariff provisions which recognizes a need of some subscribers for extended area calling without imposing the cost on the entire body of subscribers.

**900 SERVICE:** A service similar to 800 service, except this service is charged back to the customer based on first minute plus additional minute usage.

**PIN NUMBER:** A group of numbers used by a company to identify their customers.

**PAY TELEPHONE SERVICE COMPANY:** Means any telephone company, other than a Local Exchange Company, which provides pay telephone service as defined in Section 364.335(4), F.S.

**POINT OF PRESENCE (POP):** Bell-coined term which designates the actual (physical) location of an IXC's facility. Replaces some applications of the term "demarcation point."

**PRIMARY SERVICE:** Individual line service or party line service.

**RESELLER:** An IXC that does not have certain facilities but purchases telecommunications service from an IXC and then resells that service to others.

**STATION:** A telephone instrument consisting of a transmitter, receiver, and associated apparatus so connected as to permit sending and/or receiving telephone messages.



**SUBSCRIBER, CUSTOMER:** These terms may be used interchangeably herein and shall mean any person, firm, partnership, corporation, municipality, cooperative organization, or governmental agency supplied with communication service by a telephone company.

**SUBSCRIBER LINE:** The circuit or channel used to connect the subscriber station with the central office equipment.

**SWITCHING CENTER:** Location at which telephone traffic, either local or toll, is switched or connected from one circuit or line to another. A local switching center may be comprised of several central office units.

**TRUNK:** A communication channel between central office units or entities, or private branch exchanges.

EXHIBIT A



**FLORIDA DEPARTMENT OF STATE**  
**Sandra B. Mortham**  
Secretary of State

June 10, 1996

**NOWALSKY & BRONSTON, L.L.P.**  
**ATTORNEYS AT LAW**  
**3900 N CAUSEWAY BLVD #1275**  
**METAIRIE, LA 70002**

Qualification documents for LONG DISTANCE NETWORK, INC. were filed on June 6, 1996 and assigned document number F9600002873. Please refer to this number whenever corresponding with this office.

Your corporation is now qualified and authorized to transact business in Florida as of the file date.

The certification you requested is enclosed.

A corporation annual report will be due this office between January 1 and May 1 of the year following the calendar year of the file date. A Federal Employer Identification (FEI) number will be required before this report can be filed. If you do not already have an FEI number, please apply NOW with the Internal Revenue by calling 1-800-829-3676 and requesting form SS-4.

Please be aware if the corporate address changes, it is the responsibility of the corporation to notify this office.

Should you have any questions regarding this matter, please telephone (904) 487-6091, the Foreign Qualification/Tax Lien Section.

Doug Dickinson  
Document Specialist  
Division of Corporations

Letter Number: 096A00028757

# State of Florida



## Department of State

I certify from the records of this office that LONG DISTANCE NETWORK, INC., is a corporation organized under the laws of Texas, authorized to transact business in the State of Florida, qualified on June 6, 1996.

The document number of this corporation is F96000002873.

I further certify that said corporation has paid all fees and penalties due this office through December 31, 1996, and its status is active.

I further certify that said corporation has not filed a Certificate of Withdrawal.

Given under my hand and the  
Great Seal of the State of Florida,  
at Tallahassee, the Capital, this the  
Tenth day of June, 1996



CR2EO22 (1-95)

*Sandra B. Northam*

Sandra B. Northam  
Secretary of State

# State of Florida



## Department of State

I certify the attached is a true and correct copy of the application by LONG DISTANCE NETWORK, INC., a Texas corporation, authorized to transact business within the State of Florida on June 6, 1996 as shown by the records of this office.

The document number of this corporation is F96000002873.

Given under my hand and the  
Great Seal of the State of Florida,  
at Tallahassee, the Capital, this the  
Tenth day of June, 1996



CR2EO22 (1-95)

*Sandra B. Northam*

Sandra B. Northam  
Secretary of State



APPLICATION BY FOREIGN CORPORATION FOR AUTHORIZATION TO  
TRANSACTION BUSINESS IN FLORIDA

IN COMPLIANCE WITH SECTION 607.1503, FLORIDA STATUTES, THE FOLLOWING IS  
SUBMITTED TO REGISTER A FOREIGN CORPORATION TO TRANSACTION BUSINESS IN THE  
STATE OF FLORIDA:

1. Long Distance Network, Inc.  
(Name of corporation: must include the word "INCORPORATED", "COMPANY", "CORPORATION" or words or  
abbreviations of like import in language as will clearly indicate that it is a corporation instead of a natural person  
or partnership if not so contained in the name at present.)

2. Texas 3. \_\_\_\_\_  
(State or country under the law of which it is incorporated) (FEI number, if applicable)

4. March 3, 1989 5. Perpetual  
(Date of incorporation) (Duration: Year corp. will cease to exist or "perpetual")

6. Upon acceptance of this application  
(Date first transacted business in Florida. (See sections 607.1501, 607.1502, and 817.155, F.S.)

7. 1600 Promenade Center, Ste. 1510  
Richardson, Texas 75080  
(Current mailing address)

8. Sale of long distance telecommunications services.  
(Purpose(s) of corporation authorized in home state or country to be carried out in the state of Florida)

9. Name and street address of Florida registered agent:

Name: NRAI Services, Inc.  
Office Address: 526 E. Park Avenue  
Tallahassee, Florida, 32301  
(Zip Code)

10. Registered agent's acceptance:

*Having been named as registered agent and to accept service of process for the above stated  
corporation at the place designated in this application, I hereby accept the appointment as  
registered agent and agree to act in this capacity. I further agree to comply with the provisions  
of all statutes relative to the proper and complete performance of my duties, and I am familiar  
with and accept the obligations of my position as registered agent.*

NRAI Services, Inc.  
By: Charles A. Coyle  
(Registered agent's signature)  
Charles A. Coyle - Assistant Secretary

11. Attached is a certificate of existence duly authenticated, not more than 90 days prior to  
delivery of this application to the Department of State, by the Secretary of State or other official  
having custody of corporate records in the jurisdiction under the law of which it is incorporated.

FILED  
SECRETARY OF STATE  
DIVISION OF CORPORATIONS  
96 JUN 6 AM 11:54

12. Names and addresses of officers and/or directors:

A. DIRECTORS

Chairman: Jack W. Matz, Jr.

Address: 1600 Promenade Center, Ste. 1510  
Richardson, Texas 75080

Vice Chairman: Paul Miller

Address: 1600 Promenade Center, Ste. 1510  
Richardson, Texas 75080

Director: J. David Darnell

Address: 1600 Promenade Center, Ste. 1510  
Richardson, Texas 75080

Director: Terry Houston

Address: 1600 Promenade Center, Ste. 1510  
Richardson, Texas 75080

B. OFFICERS

President: Paul R. Miller

Address: 1600 Promenade Center, Ste. 1510  
Richardson, Texas 75080

Vice President: J. Darnell David

Address: 1600 Promenade Center, Ste. 1510  
Richardson, Texas 75080

Secretary: John Q. Ebert


Address: 1600 Promenade Center, Ste. 1510  
Richardson, Texas 75080

Treasurer: J. Darnell David

Address: 1600 Promenade Center, Ste. 1510  
Richardson, Texas 75080

NOTE: If necessary, you may attach an addendum to the application listing additional officers and/or directors.

13.

  
(Signature of Chairman, Vice Chairman, or any officer listed in number 12 of the application)

Paul Miller President

14.

(Typed or printed name and capacity of person signing application)





# The State of Texas

SECRETARY OF STATE

IT IS HEREBY CERTIFIED, that  
Articles of Incorporation  
of

LONG DISTANCE NETWORK, INC.  
CHARTER NO. 1106822-0


were filed in this office and a certificate of incorporation was issued on  
MARCH 3, 1989;

IT IS FURTHER CERTIFIED, that no certificate of dissolution has been issued, and  
that the corporation is still in existence.

FILED  
SECRETARY OF STATE  
DIVISION OF CORPORATIONS  
96 JUN '6 AM 11:54



*IN TESTIMONY WHEREOF, I have hereunto  
signed my name officially and caused to be  
impressed hereon the Seal of State at my office in  
the City of Austin, on May 28, 1996.*

  
Antonio O. Garza, Jr.  
Secretary of State

DEM

**EXHIBIT B**

Consolidated Financial Statements of SA Holdings, Inc.  
Long Distance Network, Inc. is a wholly-  
owned subsidiary of SA Holdings

SA HOLDINGS, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
December 31, 1994 and 1993

ASSETS

	<u>1994</u>	<u>1993</u>
CURRENT ASSETS		
Cash	\$ 331,431	\$1,198,392
Accounts and notes receivable		
Trade, net of allowance for doubtful accounts of \$178,368 and \$31,141, respectively	985,174	546,478
Other, net of allowance for doubtful accounts of \$48,825 in 1994	142,301	88,586
Inventory	123,790	123,790
Prepaid expenses and other	<u>341,290</u>	<u>277,531</u>
Total current assets	<u>1,923,986</u>	<u>2,234,777</u>
NET ASSETS OF DISCONTINUED TITLE PLANT SERVICES OPERATION	<u>3,537,386</u>	<u>3,625,045</u>
PROPERTY AND EQUIPMENT	979,022	140,224
Less accumulated depreciation	<u>(187,169)</u>	<u>(30,952)</u>
Net property and equipment	<u>791,853</u>	<u>109,272</u>
EXCESS OF COST OVER NET ASSETS ACQUIRED, net of accumulated amortization	<u>4,943,494</u>	-
OTHER ASSETS		
Employee note receivable	195,904	-
Other	<u>384,211</u>	<u>376,089</u>
Total other assets	<u>580,115</u>	<u>376,089</u>
<b>TOTAL ASSETS</b>	<b><u>\$11,776,834</u></b>	<b><u>\$6,345,183</u></b>

- Continued -

The accompanying notes are an integral part of these consolidated financial statements.

SA HOLDINGS, INC. AND SUBSIDIARIES  
 CONSOLIDATED BALANCE SHEETS - Continued  
 December 31, 1994 and 1993

LIABILITIES AND SHAREHOLDERS' EQUITY

	<u>1994</u>	<u>1993</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable - trade	\$ 223,362	\$ 46,730
Accrued telecommunications expenses	755,669	638,725
Other accrued expenses	163,195	64,105
Notes payable	129,610	-
Current maturities of long-term obligations	<u>90,248</u>	<u>-</u>
Total current liabilities	<u>1,362,084</u>	<u>749,560</u>
<b>LONG-TERM OBLIGATIONS,</b> less current maturities	<u>430,393</u>	<u>-</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Preferred stock, \$.00001 par value, 12,500,000 shares authorized; no shares issued and outstanding	-	-
Common stock, \$.0001 par value, 50,000,000 shares authorized; 10,566,139 and 7,372,661 issued, respectively	1,057	737
Additional paid-in capital	15,629,114	8,572,764
Retained deficit	(5,404,864)	(2,957,878)
Treasury stock (136,516 shares and 71,073 shares, respectively) at cost	<u>(240,950)</u>	<u>(20,000)</u>
Total shareholders' equity	<u>9,984,357</u>	<u>5,595,623</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>\$11,776,834</u>	<u>\$6,345,183</u>

The accompanying notes are an integral part of these consolidated financial statements.

SA HOLDINGS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS  
Years ended December 31, 1994 and 1993

	<u>1994</u>	<u>1993</u>
<b>OPERATING REVENUES</b>		
Telecommunications services	\$9,601,446	\$2,548,153
Other	<u>153,897</u>	<u>44,320</u>
Total operating revenues	<u>9,755,343</u>	<u>2,592,473</u>
<b>OPERATING EXPENSES</b>		
Cost of revenue	8,298,430	2,395,044
General and administrative	2,535,654	1,035,210
Depreciation and amortization	<u>413,317</u>	<u>142,796</u>
Total operating expenses	<u>11,247,401</u>	<u>3,573,050</u>
<b>LOSS FROM CONTINUING OPERATIONS BEFORE OTHER INCOME (EXPENSE)</b>	<u>(1,492,058)</u>	<u>(980,577)</u>
<b>OTHER INCOME (EXPENSE)</b>		
Interest expense	(29,903)	(11,721)
Bad debt expense	(318,583)	(61,552)
Litigation settlement	-	100,417
Other	<u>21,474</u>	<u>(15,971)</u>
Total other income (expense)	<u>(327,012)</u>	<u>11,173</u>
<b>LOSS FROM CONTINUING OPERATIONS</b>	<u>(1,819,070)</u>	<u>(969,404)</u>
<b>DISCONTINUED OPERATIONS</b>		
Loss from title plant services operations	(477,916)	(106,204)
Provision for operating losses during phase-out period	<u>(150,000)</u>	<u>-</u>
Loss from discontinued operations	<u>(627,916)</u>	<u>(106,204)</u>
<b>NET LOSS</b>	<u><b>\$(2,446,986)</b></u>	<u><b>\$(1,075,608)</b></u>
<b>Loss per weighted average common share outstanding</b>		
Continuing operations	<u><b>\$(0.20)</b></u>	<u><b>\$(0.15)</b></u>
Discontinued operations	<u><b>(0.07)</b></u>	<u><b>(0.02)</b></u>
Net loss per share	<u><b>\$(0.27)</b></u>	<u><b>\$(0.17)</b></u>
<b>Weighted average number of common shares outstanding</b>	<u><b>9,199,720</b></u>	<u><b>6,208,259</b></u>

The accompanying notes are an integral part of these consolidated financial statements.

**SA HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
Years ended December 31, 1994 and 1993

	Common Stock		Additional paid-in capital	Retained deficit	Treasury Stock	Total
	Shares	Amount				
Balances at December 31, 1992	5,471,411	\$547	\$8,357,488	\$(1,882,270)	\$(20,000)	\$6,455,765
Private placements of common stock	1,407,274	141	1,621,358	-	-	1,621,499
Issuance of common stock for exercise of options	1,511,236	151	1,093,816	-	-	1,093,967
Cancellation of shares held in escrow for:						
Foreign trade license agreements	(567,260)	(57)	(249,943)	-	-	(250,000)
Coal methane gas leases agreement	(450,000)	(45)	(2,249,955)	-	-	(2,250,000)
Net loss for the year	-	-	-	(1,075,608)	-	(1,075,608)
Balances at December 31, 1993	7,372,661	737	8,572,764	(2,957,878)	(20,000)	5,595,623
Private placements of common stock	834,317	84	1,885,264	-	-	1,885,348
Issuance of common stock for:						
Exercise of options	1,057,075	106	1,421,216	-	(220,950)	1,200,372
Acquisition of Long Distance Network	1,302,086	130	3,749,870	-	-	3,750,000
Net loss for the year	-	-	-	(2,446,986)	-	(2,446,986)
Balances at December 31, 1994	<u>10,566,139</u>	<u>\$1,057</u>	<u>\$15,629,114</u>	<u>\$(5,404,864)</u>	<u>\$(240,950)</u>	<u>\$9,984,357</u>

The accompanying notes are an integral part of these consolidated financial statements.

SA HOLDINGS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
Years ended December 31, 1994 and 1993

	<u>1994</u>	<u>1993</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$(2,446,986)	\$(1,075,608)
Adjustments to reconcile net loss to net cash used by operating activities		
Loss from discontinued operations	477,916	106,204
Provision for discontinued operating losses	150,000	-
Depreciation and amortization	413,317	142,796
Provision for losses on accounts receivable	318,583	61,552
Litigation settlement	-	(100,417)
Other	15,280	28,494
(Increase) decrease, net of effect of acquisition		
Accounts and notes receivable	(150,480)	(510,206)
Prepaid expenses and other	(63,759)	(62,468)
Other assets	(16,581)	(53,434)
Increase (decrease), net of effect of acquisition		
Accounts payable and accrued expenses	<u>(544,907)</u>	<u>507,103</u>
Net cash used in operating activities	<u>(1,847,617)</u>	<u>(955,984)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property and equipment	(208,317)	(101,396)
Purchase of LDN, net of cash acquired	(1,330,397)	-
Other	<u>(9,451)</u>	<u>14,180</u>
Net cash used in investing activities	<u>(1,548,165)</u>	<u>(87,216)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net changes in short-term loans	(35,437)	(30,000)
Borrowings	120,000	-
Proceeds from private placements of common stock	1,885,348	1,621,499
Proceeds from exercise of options	1,200,372	1,093,967
Principal payments on long-term obligations	<u>(4,205)</u>	<u>(70,000)</u>
Net cash provided by financing activities	<u>3,166,078</u>	<u>2,615,466</u>
<b>NET CASH USED BY DISCONTINUED OPERATIONS</b>	<u>(637,257)</u>	<u>(399,446)</u>
<b>INCREASE (DECREASE) IN CASH</b>	<b>(866,961)</b>	<b>1,172,820</b>
Cash at beginning of year	<u>1,198,392</u>	<u>25,572</u>
Cash at end of year	<u>\$ 331,431</u>	<u>\$1,198,392</u>

The accompanying notes are an integral part of these consolidated financial statements.



## SA HOLDINGS, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE A - DESCRIPTION OF BUSINESS AND ORGANIZATION

SA Holdings, Inc. d/b/a SA Telecommunications, Inc. (STEL or the Company) is a global telecommunications carrier that provides intrastate, interstate and international service, as well as a variety of operator and other services. In 1995, the Company plans on making a name change to SA Telecommunications, Inc. from SA Holdings, Inc. to better reflect the focus on its core telecommunications business.

At December 31, 1994, the Company's wholly-owned subsidiaries consist of Long Distance Network, Inc. (LDN), North American Telecommunications Corporation (NATC), Strategic Abstract and Title Corporation (SATC), Baltic States and CIS Ventures, Inc. (BS/CIS), and CIS Intelligence Information Services, Inc. (CIS). Also, the Company has a 47.5% interest in Western Siberia Telecommunications (USA), Inc. (WST), and a 50% interest in Intertex Trading Corporation (ITC).

The Company conducts its domestic telecommunications operations through LDN (acquired effective March 1, 1994 - see Note C). LDN is a domestic interexchange carrier providing one-plus direct dial long distance service to businesses and residences, as well as long distance telecommunications operator services (telephone calling card, collect, third party billing, and credit card calls requiring operator assistance) to hotels, motels, hospitals, private pay telephone owners, and residences. During 1994, LDN revenues comprised approximately 76% of total consolidated revenues.

The Company conducts its international telecommunications operations mainly in Central and South America through NATC. NATC is a private telecommunications carrier which provides various long distance telecommunications services to its foreign customers, including interexchange services, operator services, international long distance, voice mail, conference calling, and facsimile distribution. During 1994 and 1993, NATC revenues comprised approximately 22% and 98%, respectively, of total consolidated revenues. NATC conducts business under the service mark of "GlobalCOM".

BS/CIS facilitates joint ventures established under a protocol executed by and between STEL and the West-Siberian Commercial Bank of Tyumen Oblast, Russia (a/k/a Zapsibcombank). WST provides telecommunications services via NATC into the Baltic States and Commonwealth of Independent States (formerly the Soviet Union). ITC develops import and/or export trade ventures (principally involving textiles) by and between companies located in Russia and the United States. CIS provides electronic database services by and between companies located in Russia and the United States. These operations had no significant impact on the consolidated balance sheets at December 31, 1994 and 1993 or the consolidated statements of operations for the years then ended.

## SA HOLDINGS, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

#### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries listed above. All significant intercompany accounts and transactions have been eliminated in consolidation. Certain prior period amounts have been reclassified for comparative purposes.

##### Financial Instruments

The fair market value of financial instruments is determined by reference to various market data and other valuation techniques as appropriate. The Company believes that the fair values of financial instruments approximate their recorded values.

##### Business and Credit Concentrations

In the normal course of business, the Company extends unsecured credit to its customers related to telecommunication services. All international telecommunications services are billed and principally paid in U. S. dollars; therefore, the Company is exposed to minimal foreign currency translation risk. Because of the credit risk involved, management has provided an allowance for doubtful accounts to provide for amounts which may eventually become uncollectible and to provide for any disputed charges. During 1994, two domestic telecommunications customers accounted for approximately 31% and 8%, respectively, of total consolidated revenues.

##### Inventory

Inventory is valued at the lower of cost or market with the cost determined using the first-in, first-out method. Inventory consists of prepaid travel vouchers held for resale.

##### Property and Equipment

Property and equipment are stated at cost. Depreciation for financial statement purposes is provided by the straight-line method over the estimated useful lives of the depreciable assets. Maintenance and repairs are expensed as incurred while replacements and betterments are capitalized.

## SA HOLDINGS, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

#### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

##### Goodwill and Related Intangibles

Goodwill and related intangibles reflect the acquired cost of goodwill, customer lists, non-compete agreements, and related items. These intangibles are amortized by the straight-line method over their estimated useful lives. It is the Company's policy to periodically review the net realizable value of its intangible assets through an assessment of the estimated future cash flows related to such assets. The specific business to which these intangible assets relate is reviewed to determine whether future cash flows, over the remaining estimated life of the asset, provide for recovery of the assets. In the event that assets are found to be stated at amounts which are in excess of those which are supported by estimated future cash flows, then the intangible assets are adjusted for impairment to a level commensurate with a discounted cash flow analysis of the underlying assets.

##### Revenue Recognition

The Company recognizes revenue based on customer usage, net of an estimate for uncollectible revenue. At December 31, 1994 and 1993, unbilled services were minimal. The Company sells its services to its customers primarily on a measured time basis.

##### Loss Per Share

Loss per share is computed by dividing the net loss by the weighted average number of shares of common stock outstanding during the periods. The effect of outstanding options and warrants on the computation of net loss per share is antidilutive and, therefore, is not included in the computation for the years ended December 31, 1994 and 1993.

##### Federal Income Taxes

Effective January 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS #109"). Deferred income taxes are calculated utilizing an asset and liability approach whereby deferred taxes are provided for basis differences for assets and liabilities arising from differing treatments for financial and income tax reporting purposes. Valuation allowances against deferred tax assets are provided where appropriate. There was no impact on the consolidated financial statements upon adoption of SFAS #109.

##### Statement of Cash Flows

Cash paid for interest for the years ended December 31, 1994 and 1993 was \$21,896 and \$13,463, respectively.

SA HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

NOTE C - ACQUISITION OF LONG DISTANCE NETWORK, INC.

Effective March 1, 1994, the Company acquired all of the outstanding common stock of Long Distance Network, Inc. (LDN), a domestic interexchange long distance carrier located in Dallas, Texas. The acquisition was accomplished through the payment of \$1,354,660 in cash and the issuance of 1,302,086 shares of unregistered, restricted common stock of the Company to the shareholders of LDN. The Company utilized working capital and funds generated from private placements of unregistered, restricted common stock to complete the cash portion of the transaction. Of the total 1,302,086 shares of unregistered, restricted common stock issued, 1,041,666 shares related to the acquisition of LDN stock and 260,420 shares related to "Covenants Not to Compete".

The acquisition was accounted for as a purchase whereby the excess purchase price over net assets acquired has been recorded based upon the fair values of assets acquired and liabilities assumed. The fair value of the stock issued in connection with the acquisition was estimated to be approximately \$3,750,000, which reflects a discount of approximately 25% from the market price of the Company's publicly traded stock and, in management's view, is reasonable given the restricted nature.

The Company's consolidated statements of operations include the results of operations of LDN since March 1, 1994. The Company will also include LDN in its consolidated federal income tax return.

A summary of excess of cost over net assets acquired is as follows:

	December 31, 1994	<u>Life</u>
Goodwill	\$3,983,080	25 Years
Covenants not to compete	750,000	10 Years
Customer acquisition costs	<u>442,563</u>	10 Years
	5,175,643	
Accumulated amortization	<u>(232,149)</u>	
	<u>\$4,943,494</u>	

SA HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

NOTE C - ACQUISITION OF LONG DISTANCE NETWORK, INC. - continued

Pro Forma Results of Operations

The following table presents summarized, unaudited consolidated results of operations for the Company assuming the acquisition of LDN was completed on January 1, 1993. These pro forma amounts represent the historical operating results of LDN combined with those of the Company, with appropriate adjustments which give effect for amortization and shares of common stock issued. These pro forma amounts are not necessarily indicative of consolidated operating results which would have occurred if LDN had been included in the operations of the Company during the periods presented, or which may result in the future, because these amounts do not reflect full transmission and switched service cost optimization, and the synergistic effect on operating, selling, general and administrative expenses.

	(Unaudited) For the year ended December 31,	
	<u>1994</u>	<u>1993</u>
Revenues	\$11,136,615	\$11,097,986
Cost of revenues	9,452,202	9,819,371
Operating and other expenses	<u>3,531,223</u>	<u>2,519,326</u>
Loss from continuing operations	(1,846,810)	(1,240,711)
Discontinued operations	<u>(627,916)</u>	<u>(106,204)</u>
Net loss	<u>\$ (2,474,726)</u>	<u>\$ (1,346,915)</u>
Net loss per weighted average common share outstanding	<u>\$ (0.26)</u>	<u>\$ (0.17)</u>
Weighted average shares outstanding	<u>9,483,345</u>	<u>7,810,345</u>

NOTE D - DISCONTINUED OPERATIONS

As part of an overall plan of disposition, on December 28, 1994, the Company's Board of Directors approved a spinoff of approximately 55% to 60% of its title plant services subsidiary, SATC, in the form of a stock dividend to shareholders. During the first part of 1995, SATC will file a Form 10-SB registration statement with the Securities and Exchange Commission to become a publicly traded company prior to the distribution to shareholders. Under the plan of distribution, each common shareholder of the Company would receive a pro-rata number of shares of common stock of SATC. This would be based on the number of shares of the Company's common stock owned as of the record date for the distribution.

## SA HOLDINGS, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

#### NOTE D - DISCONTINUED OPERATIONS - continued

SATC's automated Title Plant data base allows SATC to offer title abstracting and title insurance services. SATC is a licensed agent authorized to issue and sell title insurance. The Title Plants consist of the summarization of all historical records of all matters affecting titles to parcels of real property in Midland County, Texas and Ector County, Texas. In accordance with Statement of Financial Accounting Standards No. 61, "Accounting for Title Plant", all costs incurred to construct a Title Plant, including the costs incurred to obtain, organize, and summarize historical information in an efficient and useful manner, are capitalized until the Title Plant can be used by the Company to conduct title searches. Capitalized costs of the Title Plant are not depreciated or charged against income unless permanent impairment of the value of the Title Plant occurs.

Revenues of the title plant services segment were \$142,212 in 1994 and \$315,078 in 1993. As of December 31, 1994 and 1993, assets of the discontinued segment, principally consisting of the title plants, amounted to \$3,727,153 and \$3,670,089, respectively, and liabilities were \$189,767 (including estimated operating losses during the phase-out period) and \$45,044, respectively.

#### NOTE E - TRADE CREDITS AND PREPAID TRAVEL VOUCHERS

During 1991, the Company purchased \$1,000,000 in trade credits from American Marketing Complex International, Inc. (AMC). The terms of the agreement allow the Company to use these credits to purchase various goods and services, as available, using a combination of cash and trade credits. The trade credits are transferable to other parties and the Company anticipates using a portion of these credits in conjunction with the acquisition of other companies. All unused trade credits expire on January 1, 1997.

At December 31, 1994 and 1993, the trade credits were reflected in the consolidated balance sheets at \$361,510 and \$390,000, respectively. The carrying value reflects the net discounted present value of the credits expected to be utilized by the Company prior to their expiration on January 1, 1997.

Prepaid travel vouchers have a face value of approximately \$483,000 and are valued at \$123,790 at December 31, 1994 and 1993. Management intends to hold these prepaid travel vouchers for resale and, accordingly, they are classified as inventory in the accompanying consolidated balance sheets.



SA HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment at December 31, consists of:

	<u>1994</u>	<u>1993</u>	<u>Life</u>
Land	\$ 34,000	\$ -	-
Building	136,596	-	40 Years
Switching equipment	470,893	-	5 Years
Software	37,584	30,939	5 Years
Office equipment	230,039	89,206	5 Years
Furniture and fixtures	<u>69,910</u>	<u>20,079</u>	5 Years
	<u>\$979,022</u>	<u>\$140,224</u>	

The switching equipment included above was acquired under a capital lease in December, 1994. The Company has the option to purchase the switching equipment upon the expiration of the lease. Total depreciation expense, including amortization of equipment under capital leases, charged to operations for the years ended December 31, 1994 and 1993 was \$158,612 and \$122,082, respectively.

NOTE G - NOTES PAYABLE

Notes payable at December 31, consists of:

	<u>1994</u>
Note payable to an officer and director with interest at 12% due in June 1995.	\$ 30,610
Note payable to a financing institution with interest at 2% over prime due in April 1995.	<u>99,000</u>
	<u>\$129,610</u>

SA HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

NOTE H - LONG-TERM OBLIGATIONS

Long-term obligations at December 31, consists of:

	<u>1994</u>
Note payable to a trust (collateralized by land and building) due in monthly installments of \$1,586 including interest at 10% with the balance due in 2004.	\$115,796
Capital lease obligation - Note M	404,845
	<u>520,641</u>
Less current maturities	
Long-term debt	(7,801)
Capital lease obligations	<u>(82,447)</u>
Long-term portion	<u>\$430,393</u>

Scheduled maturities of long-term obligations are as follows:

Year ending December 31,	<u>Amount</u>
1995	\$ 90,248
1996	94,903
1997	104,369
1998	114,780
1999	48,622
Thereafter	<u>67,719</u>
	<u>\$520,641</u>

NOTE I - CAPITAL STOCK TRANSACTIONS

At December 31, 1994, the President of the Company voted an aggregate 1,703,781 shares of common stock (16% of voting control) pursuant to various voting trust agreements. The agreements were established in conjunction with the LDN acquisition and other operating activities of the Company where compensation or consideration was made in securities of the Company.

**EXHIBIT C**

**Management Profiles**

### PROFILES OF KEY MANAGEMENT

Jack W. Matz, Jr. - Mr. Matz has served for the past seven years as Chairman of the Board, Chief Executive Officer and a director of the Company and its predecessor Strategic Abstract & Title Corporation and/or an executive officer for the following corporations: Strategic Industries, an investment company; El Dorado Systems (Canada), Inc., a computer systems firm; HCS Drilling and Operating Corporation, an oil and gas firm; and Koewell Oil and Gas Corporation. Prior to these relationships, Mr. Matz held numerous responsible positions with Chrysler Corporation, ending with zone sales manager for the Rocky Mountain States in 1981.

Paul R. Miller - Mr. Miller was elected President, Chief Operating Officer and a director of the Company in February, 1995. He previously served as Executive Vice President of LDN since 1991. LDN was acquired by the Company in March, 1994. Mr. Miller's career in telecommunications began in 1981 with U.S. Tel as a member of the management team. His last position with that company was Vice President of Sales, Southwest. He left U.S. Tel in 1984 and for the next 2 1/2 years was involved in other start-up companies concentrating in the field of telecommunications. In 1987, Mr. Miller was appointed Vice President of Sales, North Region for ClayDesta International, Inc. as Vice President of Sales where he directed a nationwide sales effort. He left ClayDesta in 1988 to join Telesphere International, Inc. as Vice President of Sales where he directed a nationwide sales force in acquiring commercial customers for both operator service and long distance service for the company.

J. David Darnell - Mr. Darnell has been Vice President and Chief Financial Officer of the Company since October 1, 1993. He became a director in December, 1993. Mr. Darnell, a Certified Public Accountant, began his career with Ernst & Young where he served as Senior Audit Manager responsible for audits of both public and privately owned companies. In 1979, Mr. Darnell became Vice-President/Treasurer of Mitre Industries, a multi-faceted investment firm. From 1986 to 1989, Mr. Darnell held key financial management positions with TIC United Corporation, a privately held conglomerate with over \$200 million of annual revenues, and a group of privately owned insurance companies, the largest of which was American Equitable Life Insurance Company. Immediately prior to joining the Company, Mr. Darnell was Chief Financial Officer of Messagephone, Inc., a privately held intellectual property company which develops, patents and licenses technology for the telecommunications industry.

**Terry R. Houston** - Mr. Houston has been Vice President of Telecom Acquisitions and a director of the Company since July of 1994. Prior to this time he served as President and Chief Executive Officer of LDN since 1989, a company he founded. LDN was acquired by the Company in March, 1994. Mr. Houston spent ten years with Southwestern Bell from 1971-1981, before leaving to join U.S. Telephone, Inc. where he held various positions, the last being Regional Manager of Major Accounts. From 1984 to 1987 Mr. Houston was Vice President of Metromedia Long Distance. In January 1987, Mr. Houston joined ClayDesta Communications where he spent approximately fourteen months.

**John O. Ebert** - Mr. Ebert has served as director and Secretary of the Board since April, 1990. He joined the Company as Vice President in December of 1993. Mr. Ebert was formerly the Chairman and Chief Executive Officer of Redlake Corporation of Carmel, Indiana, a 35 year old company focused on the enhancement of high technology in video imaging. Prior to Mr. Ebert's association with Redlake, he was President and CEO of ATEK Information Services, an information services company with 25 years experience in providing technology based systems and solutions to state and local governments. ATEK was acquired in January, 1992 by Redlake Corporation. Before the ATEK relationship, Mr. Ebert was President of The Ebert Corporation, a company specializing in the development and administration of computerized appraisals and property databases for property tax administration.

**EXHIBIT D**

Tariff



**TITLE SHEET**

**LONG DISTANCE NETWORK, INC.**

**TARIFF NO. 1**

This tariff contains the description, regulations, and rates applicable to the provision of telecommunications service by LONG DISTANCE NETWORK, INC. ("LDN") with principal offices located at 1600 Promenade Center, Suite 1510, Richardson, Texas 75080. This tariff is on file with the Florida Public Service Commission and copies may be inspected during normal business hours at the Company's principal place of business.

---

**ISSUED:** July 30, 1996

**EFFECTIVE:**

**ISSUED BY:** Jack W. Matz, Jr., President  
Long Distance Network, Inc.  
1600 Promenade Ceenter, Suite 1510  
Richardson, Texas 75080

CHECK SHEET

All sheets of this tariff are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this page.

<u>Sheet</u>	<u>Revision</u>	<u>Sheet</u>	<u>Revision</u>
1	Original	21	Original
2	Original	22	Original
3	Original	23	Original
4	Original	24	Original
5	Original	25	Original
6	Original	26	Original
7	Original	27	Original
8	Original		
9	Original		
10	Original		
11	Original		
12	Original		
13	Original		
14	Original		
15	Original		
16	Original		
17	Original		
18	Original		
19	Original		
20	Original		

---

**ISSUED:** July 30, 1996**EFFECTIVE:**

**ISSUED BY:** Jack W. Matz, Jr., President  
Long Distance Network, Inc.  
1600 Promenade Ceenter, Suite 1510  
Richardson, Texas 75080

---

**TABLE OF CONTENTS**

Title Sheet.....01  
Check Sheet.....02  
Table of Contents.....03  
Symbols.....04  
Tariff Format.....05  
Section 1: Definitions and Abbreviations.....06  
Section 2: Rules and Regulations.....09  
Section 3: Description of Service.....20  
Section 4: Rates and Charges.....24

---

**ISSUED:** July 30, 1996

**EFFECTIVE:**

**ISSUED BY:** Jack W. Matz, Jr., President  
Long Distance Network, Inc.  
1600 Promenade Center, Suite 1510  
Richardson, Texas 75080

SYMBOLS

The following are the only symbols used for the purposes indicated below:

- D - Deleted or Discontinued Material
- I - Change Resulting In A Rate Increase
- M - Moved From Another Tariff Location
- N - New Material
- R - Change Resulting In A Rate Reduction
- T - Change In Text or Regulation Only

---

**ISSUED:** July 30, 1996

**EFFECTIVE:**

**ISSUED BY:** Jack W. Matz, Jr., President  
Long Distance Network, Inc.  
1600 Promenade Ceenter, Suite 1510  
Richardson, Texas 75080

---

**TARIFF FORMAT**

- A. Sheet Numbering - Sheet numbers appear in the upper-right corner of the sheet. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between existing sheets with whole numbers, a decimal is added. For example, a new sheet added between Sheets 34 and 35 would be Sheet 34.1.
- B. Sheet Revision Numbers - Revision numbers also appear in the upper-right corner of the sheet. These numbers are used to determine the most current sheet version on file with the Commission. For example, 4th Revised Sheet 34 cancels 3rd Revised Sheet 34.
- C. Paragraph Numbering Sequence - There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level of coding.
- 2.
  - 2.1.
  - 2.1.1.
  - 2.1.1.A.
  - 2.1.1.A.1.
  - 2.1.1.A.1.(a)
  - 2.1.1.A.1.(a).I.
  - 2.1.1.A.1.(a).I.(i)
  - 2.1.1.A.1.(a).I.(i).(1)
- D. Check Sheets - When a tariff filing is made with the Commission, an updated check sheet accompanies the tariff filing. The check sheet lists the sheets contained in the tariff, with a cross reference to the current revision number. When new sheets are added, the check sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (\*). There will be no other symbols used on this sheet if these are the only changes made to it (i.e., the format, etc., remains the same, just revised revision levels on some sheets). The tariff user should refer to the latest check sheet to find out if a particular sheet is the most current sheet on file with the Commission.

---

**ISSUED:** July 30, 1996**EFFECTIVE:**

**ISSUED BY:** Jack W. Matz, Jr., President  
Long Distance Network, Inc.  
1600 Promenade Ceenter, Suite 1510  
Richardson, Texas 75080

---

1.1 Definitions: (continued)

Evening Rate Period - 5:00 p.m. to 10:59 p.m. Sunday through Friday.

Holidays - Carrier's recognized holidays are New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

Holiday Rate Period - The Evening Rate will apply to calls made on Carrier recognized Holidays listed herein, provided, however, that calls made on Holidays during the Night/Weekend Rate Period shall be billed at the lower of the Evening Rate and the Night/Weekend Rate.

Measured Use Service - The provision of long distance measured time communications telephone service to customers who access the carrier's services at its switching and call processing equipment by means of access facilities obtained from another carrier by the customer or otherwise provided at its own expense (the customer is responsible for arranging for the access line).

Night/Weekend Rate Period - 11:00 p.m. to 7:59 a.m. every day; 8:00 a.m. to 10:59 p.m. Saturday; and 8:00 a.m. to 4:59 p.m. Sunday.

Normal Business Hours - Normal business hours are 8:00 a.m. to 5:00 p.m., Monday through Friday excluding holidays.

Point-of-Presence (POP) - A Carrier-designated location where a facility is maintained for the purpose of providing access to its service.

Premises - The space designated by a customer as its place or places of business for termination of service (whether for its own communications needs or for its resale customers). In the case of a non-profit sharing group, this term includes space at each sharer's place or places of business as well as space at the customer's place(s) of business.

---

**ISSUED:** July 30, 1996

**EFFECTIVE:**

**ISSUED BY:** Jack W. Matz, Jr., President  
Long Distance Network, Inc.  
1600 Promenade Ceenter, Suite 1510  
Richardson, Texas 75080



1.1 Definitions: (continued)

Terminal Equipment - All telephone instruments, large and small key PBX systems and other devices and apparatus, and associated wiring, which are intended to be connected electrically, acoustically or inductively to the telecommunication system of the telephone utility.

United States - The forty-eight contiguous United States and the District of Columbia.

1.2 Abbreviations:

LATA - Local Access Transport Area

LDA - Local Distribution Area

LEC - Local Exchange Carrier

MTS - Message Toll Service

NSF - Non-Sufficient Funds

OSP - Operator Service Provider

PBX - Private Branch Exchange

SAL - Special Access Line

V&H - Vertical and Horizontal

WATS - Wide Area Telephone Service

---

ISSUED: July 30, 1996

EFFECTIVE:

ISSUED BY: Jack W. Matz, Jr., President  
Long Distance Network, Inc.  
1600 Promenade Ceenter, Suite 1510  
Richardson, Texas 75080

---

**SECTION 2 - RULES AND REGULATIONS****2.1 Carrier Undertaking**

Carrier provides long distance message toll telephone service to customers for their direct transmission of voice, data, and other types of telecommunications.

Communications originate when the customer accesses Carrier directly or through the facilities of the local service carrier via one or more access lines, equal access or on a dial-up basis. Carrier may act as the customer's agent for ordering access connection facilities provided by other carriers or entities when authorized by the customer, to allow connection of a customer's location to the Carrier network. The customer shall be responsible for all charges due for such service arrangements.

The Company's services are provided on a monthly basis unless otherwise stated in this tariff, and are available twenty-four (24) hours per day, seven (7) days per week.

**2.2 Limitations on Service**

2.2.1 Carrier reserves the right to provide services to and from locations where the necessary facilities and/or equipment are available and subject to the provisions of this tariff.

2.2.2 Carrier reserves the right to discontinue furnishing service upon written notice, when necessitated by conditions beyond its control or when the customer is using the service in violation of the provisions of this tariff or in violation of the law.

2.2.3 Title to any equipment provided by Carrier under these regulations remains with Carrier. Carrier's prior written permission is required before any assignment or transfer. All regulations and conditions contained in this tariff shall apply to any such assignee or transferee.

---

**ISSUED:** July 30, 1996**EFFECTIVE:**

**ISSUED BY:** Jack W. Matz, Jr., President  
Long Distance Network, Inc.  
1600 Promenade Center, Suite 1510  
Richardson, Texas 75080

---

### 2.3 Use of Service

Service may not be used for any unlawful purposes.

The minimum period for service is one month (30 days), unless otherwise noted in the service description.

### 2.4 Limitation of Liability

2.4.1 Carrier shall not be liable to any person, firm or entity for damages, either direct, indirect, consequential, special, incidental, actual, punitive, or for any other damages or for any lost profits, arising out of mistakes, accidents, errors, omissions, interruptions, delays or defects in transmissions, and not caused by the negligence of the Carrier, commencing upon activation of service and in no event exceeding an amount equivalent to the proportionate charge to the customer for the period of service during which mistakes, accidents, errors, omissions, interruptions, delays or defects in transmission occur. Carrier makes no warranty, whether express, implied or statutory, as to the description, quality, merchantability, completeness or fitness for any purpose of the service or local access, or as to any other matter, all of which warranties by Carrier are hereby excluded and disclaimed.

2.4.1 Carrier will indemnify the customer and hold it harmless in respect to any loss, damage, liability or expense asserted against the customer by a third party on account of any property damage or personal injury caused by the negligent or willful misconduct of Carrier or its agents or representatives arising out of performance by Carrier of any testing or other activities on the customer's premises pursuant to this tariff. Carrier's obligations under the immediately preceding sentence shall be subject to the customer's full performance of this tariff and subject further to the customer's duty to take reasonable precautions in the location, construction, maintenance and operation of all activities, facilities and equipment for the protection against hazard or injury and so as to not interfere with the services provided by Carrier.

---

ISSUED: July 30, 1996

EFFECTIVE:

ISSUED BY:

Jack W. Matz, Jr., President  
Long Distance Network, Inc.  
1600 Promenade Ceenter, Suite 1510  
Richardson, Texas 75080

---

**2.4 Limitation of Liability (continued)**

- 2.4.2 Carrier shall be indemnified and held harmless by the customer against:
- A. Claims for libel, slander, infringement of patent or copyright, or unauthorized use of any trademark, trade name, or service mark arising out of the material, data information, or other content transmitted over the carrier's facilities; and
  - B. All other claims arising out of any act or omission by the customer in connection with any service provided by Carrier.
- 2.4.3 Carrier shall not be liable for, and the customer indemnifies and holds Carrier harmless from, any and all loss, claims, demands, suits, or other actions, or any liability whatsoever, whether suffered, made, instituted, or asserted by the customer or by any party or persons, for personal injury to, or death of, any person or persons, and for any loss, damage, defacement, or destruction of the premises of the customer or any other property, whether owned by the customer or others, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, condition, location, or use that is not the direct result of the carrier's negligence. No agents or employees or other carriers shall be deemed to be agents or employees of Carrier.
- 2.4.4. With respect to the routing of calls by Carrier to public safety answering points or municipal Emergency Service providers, Carrier's liability, if any, will be limited to the lesser of: (a) the actual monetary damages incurred and proved by the Customer as the direct result of Carrier's action, or failure to act in routing the call, or (b) the sum of \$1,000.00.

---

**ISSUED:** July 30, 1996**EFFECTIVE:**

**ISSUED BY:** Jack W. Matz, Jr., President  
Long Distance Network, Inc.  
1600 Promenade Ceenter, Suite 1510  
Richardson, Texas 75080

---

**2.5 Interruption of Service**

A credit allowance for interruptions of service which are not due to Carrier's testing or adjusting, to the negligence of the customer, or to the failure of the channels, equipment, and/or communications systems provided by the customer, are subject to the general liability provisions set forth herein. It shall be the obligation of the customer to notify Carrier of any interruption in service. Before giving such notice, the customer shall ascertain that the trouble is not being caused by any action or omission by or within the customer's control and is not in wiring or equipment connected to Carrier's terminal.

**2.6 Restoration of Service**

The use and restoration of service in emergencies shall be in accordance with the Part 64, Subpart D of the Federal Communications Commission's Rules and Regulations which specifies the priority system for such activities.

---

**ISSUED:** July 30, 1996**EFFECTIVE:**

**ISSUED BY:** Jack W. Matz, Jr., President  
Long Distance Network, Inc.  
1600 Promenade Ceenter, Suite 1510  
Richardson, Texas 75080

---

**2.7 Customer Responsibility**

2.7.1 All customers assume general responsibilities in connection with the provisions and use of Carrier's service. When facilities, equipment, and/or communication systems provided by others are connected to Carrier's facilities, the customer assumes additional responsibilities. All customers are responsible for the following:

- A. The customer is responsible for placing orders for service, paying all charges for service rendered by the Carrier and complying with all regulations governing the service. The customer is also responsible for assuring that its users comply with regulations.
- B. When placing an order for service, the customer must provide:
  - 1. The name(s) and address(es) of the person(s) responsible for the payment of service charges.
  - 2. The name(s), telephone number(s), and address(es) of the customer contact person(s).
- C. The customer must pay Carrier for the replacement or repair of Carrier's equipment when the damage results from:
  - 1. The negligence or willful act of the customer or user;
  - 2. Improper use of service; or
  - 3. Any use of equipment or service provided by others.
- D. After receipt of payment for the damages, Carrier will cooperate with the customer in prosecuting a claim against any third party causing damage.

---

**ISSUED: July 30, 1996****EFFECTIVE:**

**ISSUED BY:** Jack W. Matz, Jr., President  
Long Distance Network, Inc.  
1600 Promenade Center, Suite 1510  
Richardson, Texas 75080



---

2.7.2 Maintenance, Testing, and Adjustment

Upon reasonable notice, the equipment provided by Carrier shall be made available for any testing and adjustment which may be necessary to maintain them in satisfactory condition. No interruption allowance will be granted for the time during which such tests and adjustments are made.

2.7.3 A. Deposits

The Company does not require a deposit from the customer.

B. Advance Payments

For customers whom the Company feels an advance payment is necessary, Carrier reserves the right to collect an amount not to exceed one (1) month's estimated charges as an advance payment for service. This will be applied against the next month's charges and, if necessary, a new advance payment will be collected for the next month.

2.7.4 Credit Allowances

Credit for failure of service or equipment will be allowed only when failure is caused by or occurs in equipment owned, provided and billed for, by Carrier.

A. Credit allowances for failure of service or equipment starts when the customer notifies Carrier of the failure or when Carrier becomes aware of the failure and ceases when the operation has been restored and an attempt has been made to notify the customer.

B. The customer shall notify Carrier of failures of service or equipment and make reasonable attempts to ascertain that the failure is not caused by customer provided facilities, any act, or omission of the customer or in wiring or equipment connected to the terminal.

---

ISSUED: July 30, 1996

EFFECTIVE:

ISSUED BY: Jack W. Matz, Jr., President  
Long Distance Network, Inc.  
1600 Promenade Ceenter, Suite 1510  
Richardson, Texas 75080

---

2.7.4 Credit Allowances (continued)

- C. Only those portions of the service or equipment operation disabled will be credited. No credit allowances will be made for:
1. Interruptions of service resulting from Carrier performing routine maintenance;
  2. Interruptions of service for implementation of a customer order for a change in the service;
  3. Interruption caused by the negligence of the customer or his authorized user;
  4. Interruptions of service due to customer or authorized user provided facilities.

2.7.5 Cancellation by Customer

If a customer orders services requiring special equipment and/or facilities dedicated to the customer's use and then cancels his order before the service begins, the customer will be charged for all non-recoverable portions of expenditures or liabilities incurred by Carrier on behalf of the customer.

2.7.6 Application of Charges

The charge for service are those in effect for the period that service is furnished.

---

ISSUED: July 30, 1996

EFFECTIVE:

ISSUED BY: Jack W. Matz, Jr., President  
Long Distance Network, Inc.  
1600 Promenade Ceenter, Suite 1510  
Richardson, Texas 75080

---

**2.7.7 Payment and Charges for Services**

Charges for service are applied on a recurring and non-recurring basis. Service is provided and billed on a monthly basis. Service continues to be provided until disconnection is requested by the customer, in writing.

In the event of a dispute concerning a bill, Customer must pay a sum equal to the amount of the undisputed portion of the bill and proceed with complaint procedures set forth in this tariff.

Payment will be considered timely if paid within 15 days after the bill is rendered. The bill shall be considered rendered when deposited in the U.S. mail with postage prepaid. Interest as stated in this tariff will accrue on any unpaid amount commencing on the twenty-first day after rendition of the bill.

The customer is responsible for payment of all charges for service furnished to the customer under this tariff. The initial billing may consist of one month estimated usage billed in advance. Thereafter, charges based on actual usage during a month will be billed monthly in arrears.

Service may be denied or discontinued for non-payment charges. Disconnection will not occur before fifteen (15) days from the due date and Carrier will give five (5) days written notice before any disconnection occurs. Restoration of service will be subject to any applicable installation charges.

---

**ISSUED: July 30, 1996****EFFECTIVE:**

**ISSUED BY:** Jack W. Matz, Jr., President  
Long Distance Network, Inc.  
1600 Promenade Ceenter, Suite 1510  
Richardson, Texas 75080

2.7.8 Taxes

Customer is responsible for payment of any state and local taxes (i.e. gross receipts tax, sales tax, municipal utilities tax) which will be listed as separate line items and which are not included in the quoted rates.

2.7.9 Customer Complaint Procedure

Carrier will resolve any disputes brought to its attention as promptly and effectively as possible. Customer Service Representatives can be reach via the following 800 telephone number: 1-800-999-0395.

Customers have the right to refer any unresolved dispute or complaint to the Florida Public Service Commission.

In the event of a dispute concerning an invoice, the customer must pay a sum equal to the amount of the undisputed portion of the bill and notify the Company of the disputed portion.

---

ISSUED: July 30, 1996

EFFECTIVE:

ISSUED BY: Jack W. Matz, Jr., President  
Long Distance Network, Inc.  
1600 Promenade Ceenter, Suite 1510  
Richardson, Texas 75080

---

**2.8 Carrier Responsibility****2.8.1 Calculation of Credit Allowance**

Pursuant to limitations set forth in Section 2.7.4, when service is interrupted the credit allowance will be computed on the following basis:

- A. No credit shall be allowed for an interruption of less than two hours.
- B. The customer shall be credited for each hour or major fraction thereof that an interruption continues beyond two hours.
- C. When a minimum usage charge is applicable and the customer fails to meet a usage minimum, credit for the outage shall be applied against that minimum equal to  $1/360$ th of the monthly minimum charges associated with the portion of service disabled beyond two hours.

**2.8.2 Cancellation of Credit**

Where Carrier cancels a service or the provision of equipment and the final service period is less than the monthly billing period, a credit will be issued for any amounts billed in advance, prorated at  $1/30$ th of the monthly recurring charge for each day the service was rendered or the equipment was provided. This credit will be issued to the customer or applied against the balance remaining on the customer's account.

---

**ISSUED:** July 30, 1996**EFFECTIVE:**

**ISSUED BY:** Jack W. Matz, Jr., President  
Long Distance Network, Inc.  
1600 Promenade Center, Suite 1510  
Richardson, Texas 75080

---

**2.8.3**      Disconnection of Service by Carrier

Carrier, upon 5 days written notice to the customer, may discontinue service or cancel an application for service without incurring any liability for any of the following reasons:

- A. Non-payment of any sum due to Carrier for regulated service for more than thirty days beyond the date of rendition of the bill for such service;
- B. A violation of any regulation governing the service under this tariff;
- C. A violation of any law, rule, or regulation of any government authority having jurisdiction over the service; or
- D. Carrier is prohibited from furnishing services by order of a court or other government authority having jurisdiction.

**2.8.4**      Fractional Charges

Charges for a fractional part of a month are calculated by counting the number of days remaining in the billing period after service is furnished or discontinued beginning with the day after service was furnished or discontinued. Divide the number of days by thirty days and multiply the resultant fraction by the monthly charge.

**2.9**      Exclusion Requirements

The Carrier does not have any exclusion requirements regarding provision of services to customers.

**2.10**      Employee Concessions

The Company does not offer any employee concessions at this time.

---

**ISSUED:** July 30, 1996**EFFECTIVE:**

**ISSUED BY:** Jack W. Matz, Jr., President  
Long Distance Network, Inc.  
1600 Promenade Ceenter, Suite 1510  
Richardson, Texas 75080



---

**SECTION 3 - DESCRIPTION OF SERVICE AND RATES****3.1 Timing of Calls**

The customer's monthly usage charges are based upon the total number of minutes use by the customer and the service options subscribed to. Usage begins when the called party picks up the receiver, (i.e. When two-way communications, often referred to as "conversation time" is possible.). When the called party picks up is determined by hardware answer supervision in which the local telephone company sends a signal to the switch or the software utilizing audio tone detection. When software answer supervision is employed, up to sixty (60) seconds of ringing is allowed before it is billed as usage of the network. A call is terminated when the calling or called party hangs up. There are no charges incurred for uncompleted calls.

**3.2 Start of Billing**

For billing purposes, the start of service is the day following acceptance by the customer of Carrier's service or equipment. The end of service date is the day on which service was discontinued.

**3.3 Interconnection**

Service furnished by Carrier may be interconnected with services or facilities of other authorized communications common carriers and with private systems, subject to the technical limitations established by Carrier. Interconnection with the facilities or services of other carriers shall be under the applicable terms and conditions of other carriers' tariffs.

**3.4 Terminal Equipment**

Carrier's service may be used with or terminated in customer provided terminal equipment or customer provided communication systems, such as teleprinters, handsets, or data sets. Such terminal equipment shall be furnished and maintained at the expense of the customer. The Customer is responsible for all costs at his premises, including customer personnel, wiring, electrical power, and the like incurred in his use of carrier's service. Carrier may, upon written notice, require the use of protective equipment at the customer's expense. If this fails to produce satisfactory quality and safety, Carrier may, upon written notice, terminate the customer's service.

---

**ISSUED:** July 30, 1996**EFFECTIVE:**

**ISSUED BY:** Jack W. Matz, Jr., President  
Long Distance Network, Inc.  
1600 Promenade Ceenter, Suite 1510  
Richardson, Texas 75080



### 3.5 Calculation of Distance

Usage charges for all mileage sensitive products are based on the airline distance between rate centers associated with the originating and terminating points of the call.

The airline mileage between rate centers is determined by applying the formula below to the vertical and horizontal coordinates associated with the rate centers involved. The company uses the rate centers and associated vertical and horizontal coordinates currently used within the telephone industry.

Formula: 
$$\sqrt{\frac{(V1 - V2)^2 + (H1 - H2)^2}{10}}$$

### 3.6 Minimum Call Completion Rate

The customer can expect a call completion rate of 99% of calls attempted during peak use periods for all Feature Group D (1+) services.

### 3.7 Hearing or Speech Impaired Persons

Rates for calls are reduced for residence or single-line business customers who meet the following requirements:

A. The customer is certified to the Company as having a hearing or speech impairment that prevents telephone voice communications.

B. The customer uses a telecommunications device for the deaf (TDD) or other non-voice equipment for telecommunications.

C. The customer provides a written application to the Company for reduced rates.

D. The customer designates to the Company one telephone number associated with that customer's service and telecommunications device.

Intrastate toll message rates for hearing and speech impaired persons meeting the above requirements shall be Evening rates for daytime calls and Night rates for evening and night calls.

---

ISSUED: July 30, 1996

EFFECTIVE:

ISSUED BY: Jack W. Matz, Jr., President  
Long Distance Network, Inc.  
1600 Promenade Ceenter, Suite 1510  
Richardson, Texas 75080

---

**3.8 Services Offerings**

The Company provides the following services:

**3.8.1 Message Toll Service (MTS)**

1+ Dialing, Calling Card and 800 services are available from Feature Group D end offices within the State.

**3.8.2 800 Service**

800 Service is virtual banded inbound toll service which permits calls to be completed at the subscriber's location without charge to the calling party. Access to the service is gained by dialing a ten digit telephone number which terminates at the customer's location. 800 services originate via normal shared use facilities and are terminated via the customers' local exchange service access line. The 800 service offered by Carrier is available to customers as a stand-alone offering.

Carrier will accept a prospective 800 service customer's request for up to ten (10) 800 telephone numbers and will reserve such number(s) on a first come first serve basis. All requests for 800 number reservations must be made in writing, dated and signed by a responsible representative of the customer. Carrier does not guarantee the availability of number(s) until assigned. The 800 services telephone number(s) so requested, if found to be available, will be reserved for and furnished to the eligible customer.

If a customer who has received an 800 number does not subscribe to 800 service within 90 days, the company reserves the right to make the assigned number available for use by another customer.

---

**ISSUED:** July 30, 1996**EFFECTIVE:**

**ISSUED BY:** Jack W. Matz, Jr., President  
Long Distance Network, Inc.  
1600 Promenade Ceenter, Suite 1510  
Richardson, Texas 75080

3.8.3 Travel Card Service

Allows subscribers who are away from home or office to place calls by gaining access to the Carrier's network via an 800 number.

3.8.4 Directory Assistance

Allows a requesting party to obtain listed telephone numbers from a directory assistance operator. Carrier will not provide Directory Assistance service at this time.

---

ISSUED: July 30, 1996

EFFECTIVE:

ISSUED BY: Jack W. Matz, Jr., President  
Long Distance Network, Inc.  
1600 Promenade Ceenter, Suite 1510  
Richardson, Texas 75080

---

**SECTION 4 - RATES AND CHARGES****4.1. Usage Charges and Billing Increments****4.1.1 Usage Charges**

Unless flat rated, usage charges are determined by the time of day rate periods and minutes of use within each rate period. The rate period is determined by the time and day of call origination at the customer's location.

**4.1.2 Billing Increments**

Usage is billed in accordance with the billing increments set forth in the individual product rate sections of this tariff. All partial usage will be rounded up to the next highest applicable billing increment.

**4.1.3 Rounding**

All calls are rounded to the next highest billing interval. Any partial cents per call will be rounded up to the next highest whole cent.

---

**ISSUED:** July 30, 1996**EFFECTIVE:**

**ISSUED BY:** Jack W. Matz, Jr., President  
Long Distance Network, Inc.  
1600 Promenade Ceenter, Suite 1510  
Richardson, Texas 75080

4.2 Outbound MTS Rates4.2.1 **Plan #1: Time of Day Rates**

<u>Day</u>	<u>Evening</u>	<u>N/WE</u>
\$0.334/min.	\$0.305/min.	\$0.305/min.

Billed in one minute increments.

Monthly Recurring Charge: \$1.50

4.2.2 **Plan #2: Volume-Based Rates**

<u>Monthly Usage (in Dollars)</u>	<u>Rate Per Minute</u>
\$ 0 - \$ 25	\$0.2400
\$ 26 - \$ 50	\$0.2350
\$ 51 - \$ 75	\$0.2300
\$ 76 - \$100	\$0.2250
\$101 - \$125	\$0.2200
\$126 - \$175	\$0.2150
\$176 - \$200	\$0.2100
\$201 - \$225	\$0.1950
\$226 - \$250	\$0.1900
\$251 - \$275	\$0.1850
\$276 - \$300	\$0.1800
\$301 - \$325	\$0.1750
\$326 +	\$0.1700

Billed in one minute increments.

4.3 Inbound 800 Service Rates

\$0.25 per minute.

Billed in one minute increments.

Monthly Recurring Charge: \$3.05

Minimum Monthly Usage Charge: \$5.00 per month.

ISSUED: July 30, 1996EFFECTIVE:

**ISSUED BY:** Jack W. Matz, Jr., President  
Long Distance Network, Inc.  
1600 Promenade Ceenter, Suite 1510  
Richardson, Texas 75080

4.4 Travel Card Service Rates

One-time installation charge of \$4.96.

\$0.50 per call surcharge.

\$0.25 per minute.

Billed in one minute increments.

Minimum Monthly Usage Charge: \$6.00 per month.

4.5 Directory Assistance

Customers will be billed the following per call charge to be connected to the local exchange company directory assistance service for directory assistance calls within the state. All verified handicapped customers will be allowed fifty (50) free Directory Assistance calls per month.

Directory Assistance Charge per call.....\$0.85

4.6 Late Payment Penalty

Customers will be charged 1.5% of any amounts owed to the Company beyond the due date as set forth within this tariff.

4.7 Dishonored Check Charge

Any person submitting a check to the Carrier as payment for services, which is subsequently returned by the issuing institution, shall be charged the greater of 5% of the amount of the check or \$20.00.

4.8 Restoration of Service Charge

The Company does not charge for restoration of services.

4.9 Special Promotions

Carrier will receive Commission approval prior to offering any Special Promotions. Any reduced rates offered under a Special Promotion will in no event last for more than 90 days per 12 month period.

---

ISSUED: July 30, 1996

EFFECTIVE:

ISSUED BY: Jack W. Matz, Jr., President  
Long Distance Network, Inc.  
1600 Promenade Ceenter, Suite 1510  
Richardson, Texas 75080

---

**4.10 Discounts for Hearing Impaired Customers**

A telephone toll message which is communicated using a telecommunications device for the deaf (TDD) by properly certified hearing or speech impaired persons or properly certified business establishments or individuals equipped with TDDs for communicating with hearing or speech impaired persons will receive, upon request, credit on charges for certain intrastate toll calls placed between TDDs. Discounts do not apply to surcharges or per call add-on charges for operator services when the call is placed by a method that would normally incur the surcharge.

- A.) The credit to be given on a subsequent bill for such calls placed between TDDs will be equal to applying the evening rate during business day hours and the night/weekend rate during the evening rate period.
- B.) The credit to be given on a subsequent bill for such calls placed by TDDs with the assistance of the relay center will be equal to 50% of the rate for the applicable rate period. If either party is both hearing and visually impaired, the call shall be discounted at 60% of the applicable rate.

**4.11 Directory Assistance for Handicapped Persons**

Handicapped customers are entitled to 50 free directory assistance calls per billing cycle in accordance with FAC 25-4.115(3).

---

**ISSUED:** July 30, 1996**EFFECTIVE:**

**ISSUED BY:** Jack W. Matz, Jr., President  
Long Distance Network, Inc.  
1600 Promenade Ceenter, Suite 1510  
Richardson, Texas 75080



NOWALSKY & BRONSTON, L.L.P.  
ATTORNEYS AT LAW

LEON L. NOWALSKY  
MONICA R. BORNE

BENJAMIN W. BRONSTON  
EDWARD P. GOTHARD  
Of Counsel

3900 NORTH CAUSEWAY BOULEVARD  
SUITE 1275  
METAIRIE, LOUISIANA 70002  
TELEPHONE: (504) 832-1984  
FACSIMILE: (504) 831-0892  
E-MAIL: NowalBron@aol.com

July 30, 1996

#1040  
\$250.00  
no postmark  
8/14/96  
LAF

Florida Public Service Commission  
Division of Administration  
2450 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

DEPOSIT TREAS. REC. DATE  
0358 . AUG 15 '96

RE: LONG DISTANCE NETWORK, INC.

Dear Sirs:

Enclosed herewith for filing please find an original and twelve (12) copies of the application for authority to provide interexchange telecommunications service submitted on behalf of Long Distance Network, Inc.

Please acknowledge receipt of this filing by date stamping and returning the additional copy of this letter in the self-addressed envelope provided.

Thank you for your assistance. If you should have any questions, please do not hesitate to contact this office.

Sincerely,

Monica R. Borne

Enclosure

RECEIVED  
FLORIDA PUBLIC  
SERVICE COMMISSION  
AUG 14 AM 10:47  
MAIL ROOM

NOWALSKY-BRONSTON 3900 N. CAUSEWAY BLVD., STE. 1275 METAIRIE, LA 70002		1040
DATE 8/13/96		
Florida PSC		\$ 250.00
Two Hundred Fifty		DOLLARS
Jefferson Guaranty Bank P.O. Box 8827 • Metairie, LA 70001		
LDN		