

Phone1, Inc.

ORIGINAL

October 4, 2001

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

011339-TI

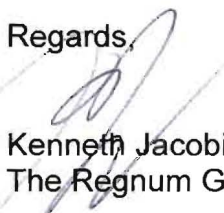
RE: Phone1 Application for a Certificate of Public Convenience and Necessity

To Whom It May Concern,

Please find attached 1 original and 6 copies and a check for \$250.00, which will cover the filing fee.

Should you have any questions or concerns please feel free to contact me at 305-914-3364.

Regards,


Kenneth Jacobi
The Regnum Group

KJ/lw

Enclosures

- APP
- CAF
- CMP
- COM
- CTR
- ECR
- LEG
- OPC
- PAI
- RGO
- SEC
- SER
- OTH

Check received with filing and forwarded to Fiscal for deposit.
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Initials of person who forwarded check:



100 North Biscayne
25th Floor
Miami, FL 33132

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011339-

FLORIDA PUBLIC SERVICE COMMISSION
DIVISION OF TELECOMMUNICATIONS
BUREAU OF CERTIFICATION AND SERVICE EVALUATION

Application Form for Authority to Provide
Interexchange Telecommunications Service
Between Points Within the State of Florida

Instructions

This form is used as an application for an original certificate and for approval of assignment or transfer of an existing certificate. In the case of an assignment or transfer, the information provided shall be for the assignee or transferee (See Appendix A).

Print or Type all responses to each item requested in the application and appendices. If an item is not applicable, please explain why.

Use a separate sheet for each answer which will not fit the allotted space. Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of \$250.00 to:

**Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6770**

Note: No filing fee is required for an assignment or transfer of an existing certificate to another certificated company.

If you have questions about completing the form, contact:

**Florida Public Service Commission
Division of Telecommunications
Bureau of Certification and Service Evaluation
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6600**

1. This is an application for (check one)

Original certificate (new company).

Approval of transfer of existing certificate:

Example, a certificated company purchases an existing certificated company and desires to retain the authority of both certificates.

Approval of assignment of existing certificate:

Example, a non-certificated company purchases an existing company and desires to retain the certificate of authority rather than apply for a new certificate.

Approval of transfer of control:

Example, a company purchases 51 % of a certificated company. The Commission must approve the new controlling entity.

2. Name of company:

Phone1, Inc.

3. Name under which applicant will do business (fictitious name, etc.):

Phone1, Inc.

4. Official mailing address (including street name & number, post office box, city, state, zip code):

100 N Biscayne Blvd. Suite 2500 Miami, Florida 33132

5. Florida address (including street name & number, post office box, city, state, zip code):

100 N Biscayne Blvd. Suite 2500 Miami, Florida 33132

Select type of business your company will be conducting (Check all that apply)

- Facilities-based carrier** - company owns and operates or plans to own and operate telecommunications switches and transmission facilities in Florida.
- Operator Service Provider** - company provides or plans to provide alternative operator services for IXCs; or toll operator services to call aggregator locations; or clearinghouse services to bill such calls.
- Reseller** - company has or plans to have one or more switches but primarily leases the transmission facilities of other carriers. Bills its own customer base for services used.
- Switchless Rebiller** - company has no switch or transmission facilities but may have a billing computer. Aggregates traffic to obtain bulk discounts from underlying carrier. Rebills end users at a rate above its discount but generally below the rate end users would pay for unaggregated traffic.
- Multi-Location Discount Aggregator** - company contracts with unaffiliated entities to obtain bulk/volume discounts under multi-location discount plans from certain underlying carriers, then offers resold service by enrolling unaffiliated customers.
- Prepaid Debit Card Provider** - any person or entity that purchases 800 access from an underlying carrier or unaffiliated entity for use with prepaid debit card service and/or encodes the cards with personal identification numbers.

7. Structure of organization;
- | | |
|--|---|
| <input type="checkbox"/> Individual | <input checked="" type="checkbox"/> Corporation |
| <input type="checkbox"/> Foreign Corporation | <input type="checkbox"/> Foreign Partnership |
| <input type="checkbox"/> General Partnership | <input type="checkbox"/> Limited Partnership |
| <input type="checkbox"/> Other _____ | |

8. **If individual**, provide:

Name: _____

Title: _____

Address: _____

City/State/Zip: _____

Telephone No.: _____ Fax No.: _____

Internet E-Mail Address: _____

Internet Website Address: _____

9. **If incorporated in Florida.** provide proof of authority to operate in Florida:
- (a) **The Florida Secretary of State Corporate Registration number:** _____
10. **If foreign corporation.** provide proof of authority to operate in Florida:
- (a) **The Florida Secretary of State Corporate Registration number:** _____
11. **If using fictitious name-d/b/a.** provide proof of compliance with fictitious name statute (Chapter 865.09, FS) to operate in Florida:
- (a) **The Florida Secretary of State fictitious name registration number:** _____
12. **If a limited liability partnership,** provide proof of registration to operate in Florida:
- (a) **The Florida Secretary of State registration number:** _____
13. **If a partnership,** provide name, title and address of all partners and a copy of the partnership agreement.
- Name:** _____
- Title:** _____
- Address:** _____

City/State/Zip: _____

Telephone No.: _____ Fax No.: _____

Internet E-Mail Address: _____

Internet Website Address: _____

14. **If a foreign limited partnership.** provide proof of compliance with the foreign limited partnership statute (Chapter 620.169, FS), if applicable.

(a) The Florida registration number: _____

15. Provide F.E.I Number (if applicable): _____

16. Provide the following (if applicable):

(a) Will the name of your company appear on the bill for your services?
() **Yes** () **No**

(b) If not, who will bill for your services?

Name: _____

Title: _____

Address: _____

City/State/Zip: _____

Telephone No.: _____ **Fax No.** _____

(c) How is this information provided?

17. Who will receive the bills for your service?

() Residential Customers

() PATs providers

() Hotels & motels

() Business Customers

() PATs station end-users

() Hotel & motel guests

() Universities () Universities dormitory residents
() Other: (specify) _____

18. Who will serve as liaison to the Commission with regard to the following?

(a) The application:

Name: Mr. Kenneth Jacobi or Mr. Edward A. Maldonado, Esq.

Title: Regulatory Affairs for Phone1, Inc.

Address: 1020 NW 163rd Drive

City/State/Zip: Miami, Florida 33169

Telephone No.: 305-914-3364

Fax No.: 305-914-3435

Internet E-Mail Address: kenjacobi@usa.net

Internet Website Address: None

(b) Official point of contact for the ongoing operations of the company:

Name: Dario Echeverry

Title: Director & CEO Phone1, Inc.

Address: 100 N Biscayne Blvd. Suite 2500

City/State/Zip: Miami, Florida 33132

Telephone No.: 305-371-3300

Fax No.: 305-503-7658

Internet E-Mail Address: N/A

Internet Website Address: N/A

(c) Complaints/Inquiries from customers:

Name: Dario Echeverry

Title: Director & CEO Phone1, Inc.

Address: 100 N Biscayne Blvd. Suite 2500

City/State/Zip: Miami, Florida 33132

Telephone No.: 305-371-3300 Fax No.: 305-503-7658

Internet E-Mail Address: N/A

Internet Website Address: N/A

19. List the states in which the applicant:

(a) has operated as an interexchange telecommunications company.

None.

(b) has applications pending to be certificated as an interexchange telecommunications company.

Florida Only

(c) is certificated to operate as an interexchange telecommunications company.

None

(d) has been denied authority to operate as an interexchange telecommunications company 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

20. Indicate if any of the officers, directors, or any of the ten largest stockholders have previously been:

(a) 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.

None

(b) an 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.

None

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

a. _____ **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

b. _____ **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

c. _____ **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

d. _____ **MTS for pay telephone service provider**

e. _____ **Block-of-time calling plan (Reach Out Florida, Ring America, etc.).**

f. _____ **800 service (toll free)**

g. _____ **WATS type service (bulk or volume discount)**

_____ **Method of access is via dedicated facilities**

_____ **Method of access is via switched facilities**

h. _____ **Private line services (Channel Services)**

(For ex. 1.544 mbs., DS-3, etc.) (For ex. 1.544 mbs., DS-3, etc.)

i. _____ **Travel Services**

_____ Method of access is 850

_____ Method of access is 800

k. _____ **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

I. **Services included are:**

- _____ Station assistance
- _____ Person-to-person assistance
- _____ Directory assistance
- _____ Operator verify and interrupt
- _____ Conference calling

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

23. Submit the following:

A. **Financial capability.**

The application should contain the applicant's audited financial statements for the most recent 3 years. If the applicant does not have audited financial statements, it shall so be stated.

The unaudited financial statements should be signed by the applicant's chief executive officer and chief financial officer affirming that the financial statements are true and correct and should include:

1. the balance sheet;
2. income statement; and
3. statement of retained earnings.

NOTE: This documentation may include, but is not limited to, financial statements, a projected profit and loss statement, credit references, credit bureau reports, and descriptions of business relationships with financial institutions.

Further, the following (which includes supporting documentation) should be provided:


1. **A written explanation** that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.
2. **A written explanation** that the applicant has sufficient financial capability to maintain the requested service.
3. **A written explanation** that the applicant has sufficient financial capability to meet its lease or ownership obligations.

B. Managerial capability; give resumes of employees/officers of the company that would indicate sufficient managerial experiences of each.

C. Technical capability; give resumes of employees/officers of the
company that would indicate sufficient technical experiences or indicate what company has been contracted to conduct technical maintenance.

**** 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 gross operating revenue derived from intrastate business. Regardless of its gross operating revenue of a company, minimum annual \$50 is required
2. **GROSS RECEIPTS TAX:** I understand that all telephone companies must pay a gross receipts tax of two 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:** I understand that a non-refundable application fee of \$250.00 must be submitted with the application.

<u>UTILITY OFFICIAL:</u>	
Signature	 _____ Date <u>9/12/2001</u>
Title	<u>Director & CEO Phone1, Inc.</u>
Address:	<u>100 N Biscayne Blvd. Suite 2500 Miami, Florida 33132</u>
Telephone No.	<u>305-371-3300</u> Fax No. <u>305-503-7658</u>

ATTACHMENTS:


- A - CERTIFICATE~ SALE, TRANSFER, OR ASSIGNMENT STATEMENT**
- B - CUSTOMER DEPOSITS AND ADVANCE PAYMENTS**
- C - CURRENT FLORIDA INTRASTATE NETWORK**
- D - AFFIDAVIT - FLORIDA TELEPHONE EXCHANGES AND EAS ROUTES GLOSSARY**

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 provided in one of the following ways (applicant, please i check one):

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

UTILITY OFFICIAL:

Signature  Date 9/12/2001

Title **Director & CEO Phone1, Inc.**

Address: **100 N Biscayne Blvd. Suite 2500 Miami, Florida 33132**

Telephone No. **305-371-3300** Fax No. **305-503-7658**

CURRENT FLORIDA INTRASTATE SERVICES ** APPENDIX C **


Applicant has () or has not () previously provided interstate telecommunications in Florida.

If the answer is ~ 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 ?

UTILITY OFFICIAL:

Signature  Date 9/12/2001

Title **Director & CEO Phone1, Inc.**

Address: **100 N Biscayne Blvd. Suite 2500 Miami, Florida 33132**

Telephone No. **305-371-3300** Fax No. **305-503-7658**

AFFIDAVIT

By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide alternative local exchange company service in the State of Florida. I have read the foregoing and declare that, to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders.

Further, I am aware that, pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083."

UTILITY OFFICIAL:

Signature  Date 9/12/2001

Title **Director & CEO Phone1, Inc.**

Address: **100 N Biscayne Blvd. Suite 2500 Miami, Florida 33132**

Telephone No. **305-371-3300** Fax No. **305-503-7658**

State of Florida



Department of State

I certify from the records of this office that PHONE1, INC., is a corporation organized under the laws of the State of Florida, filed on December 7, 2000.

The document number of this corporation is P00000112547.

I further certify that said corporation has paid all fees due this office through December 31, 2001, that its most recent annual report/uniform business report was filed on May 16, 2001, and its status is active.

I further certify that said corporation has not filed Articles of Dissolution.

Given under my hand and the
Great Seal of the State of Florida
at Tallahassee, the Capitol, this the
Fourth day of October, 2001



CR2EO22 (1-99)

Katherine Harris

Katherine Harris
Secretary of State

ARTICLES OF INCORPORATION

OF

PHONE1, INC.,
a Florida Corporation

ARTICLE I

NAME

The name of this corporation is Phone1, Inc. and its principal and mailing address is 600 Brickell Avenue, Suite 206E, Miami, Florida 33131.

ARTICLE II

NATURE OF BUSINESS

This Corporation is being formed for the following purposes:

- a. To engage in any and all lawful business or activity permitted under the laws of the United States, and the State of Florida;
- b. To generally have and exercise all powers, rights and privileges necessary and incident to carrying out properly the objects herein mentioned; and
- c. To do anything and everything necessary, suitable, convenient or proper for the accomplishment of any of the purposes or the attainment of any or all of the objects hereinbefore enumerated or incidental to the purposes and powers of the corporation or which at any time appear conducive thereto or expedient.

ARTICLE III

TERM OF EXISTENCE

This Corporation shall have perpetual existence unless sooner dissolved in accordance with the laws of the State of Florida. The date on which corporate existence shall begin is the date on which these Articles of Incorporation are filed with the Secretary of State of the State of Florida.

ARTICLE IV

CAPITAL STOCK

This Corporation is authorized to issue one thousand (1,000) shares of common stock, \$0.001 par value, which shall be designated "Common Stock".

ARTICLE V

INITIAL REGISTERED OFFICE AND AGENT

The street address of the initial registered office of the Corporation is: 1201 Hays Street, Tallahassee, Florida 32301, and the name of the initial registered agent of this Corporation at that address is Corporation Service Company.

ARTICLE VI

INITIAL BOARD OF DIRECTORS

The Corporation shall have one (1) initial director. The number of directors may be either increased or diminished from time to time by the By-Laws, but shall never be less than one. The name and address of the initial director of this Corporation is:

Dario Echeverry
600 Brickell Avenue
Suite 206E
Miami, Florida 33131

ARTICLE VII

AMENDMENTS TO ARTICLES OF INCORPORATION AND BY-LAWS

This Corporation reserves the rights to amend or repeal any provisions contained in these Articles of Incorporation or any amendments hereto and any right conferred upon the shareholders is subject to this reservation. Further, the power to adopt, alter, amend or repeal the By-Laws shall be vested in the Board of Directors of this Corporation.

ARTICLE VIII

INDEMNIFICATION

This Corporation shall indemnify and may advance expenses to any and all of its directors, officers, employees or agents or former directors, officers, employees or agents or any person or persons who may have served at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise in which it owns shares of capital stock or of which it is a creditor, to the full extent permitted by law. Said indemnification shall include, but not be limited to, the expenses, including the cost of any judgments, fines, settlements and counsel's fees, actually and necessarily paid or incurred in connection with any action, suit or proceedings, whether civil, criminal, administrative or investigative, and any appeals thereof, to which any such person or his legal representative may be made a party or may be threatened to be made a party, by reason of his being or having been a director, officer, employee or agent as herein provided. The foregoing right of indemnification shall not be exclusive of any other rights to which any director, officer, employee or agent may be entitled as a matter of law or which he may be lawfully granted.

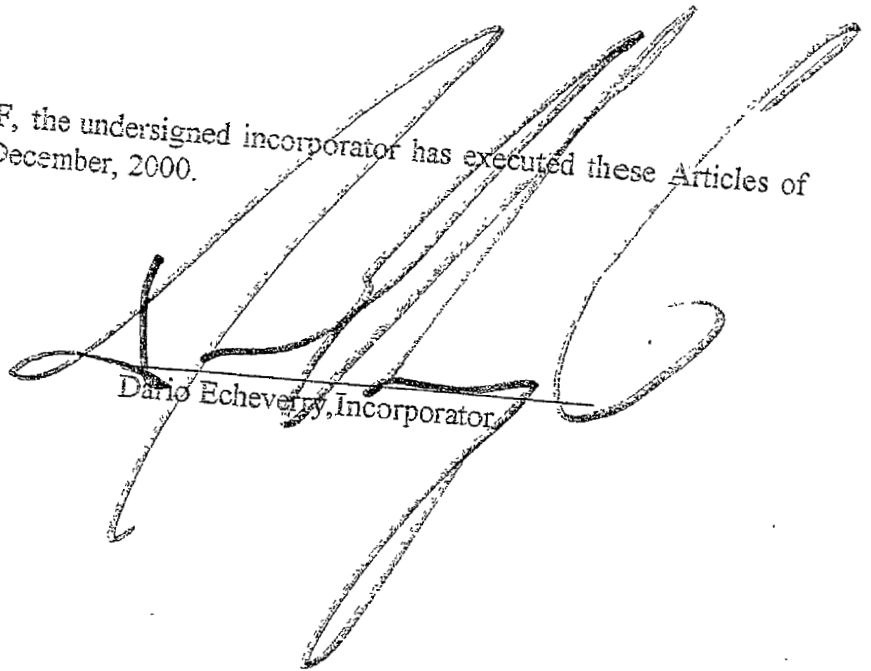
ARTICLE IX

INCORPORATOR

The name and address of the person signing these Articles is:

Dario Echeverry
600 Brickell Avenue
Suite 206E
Miami, Florida 33131

IN WITNESS WHEREOF, the undersigned incorporator has executed these Articles of
Incorporation on this ___ day of December, 2000.



Dario Echeverry, Incorporator

CERTIFICATE DESIGNATING THE ADDRESS AND AN AGENT UPON
WHOM PROCESS MAY BE SERVED

WITNESSETH

That Phone1, Inc. desiring to organize under the laws of the State of Florida, has named Corporation Service Company as its agent to accept service of process within this state.

ACKNOWLEDGEMENT:

Having been named to accept service of process for the above-stated corporation, at the place designated in this certificate, I hereby agree to act in this capacity, and I further agree to comply with the provisions of all statutes relative to the proper and complete performance of my duties, and I accept the duties and obligations of Section 607.0505, Florida Statutes.

Dated this ____ day of December, 2000.

_____, Registered Agent

TITLE SHEET

FLORIDA TELECOMMUNICATIONS TARIFF

This tariff contains the description, regulations, and rates applicable to the furnishing of service and facilities for telecommunications services provided by Phone1, Inc with principal offices at 100 N. Biscayne Blvd, Suite 2500, Miami, Florida 33132. This tariff applies for services furnished within the State of Florida. 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 September 15, 2001

EFFECTIVE: _____

By:

Dario Echeverry. - Director
100 N. Biscayne Blvd, Suite 2500
Miami, Florida 33132

CHECK SHEET

The sheets listed below, which are inclusive 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 of the bottom of this page.

<u>SHEET</u>	<u>REVISION</u>
1	Original
2	Original
3	Original
4	Original
5	Original
6	Original
7	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

ISSUED September 15, 2001

EFFECTIVE: _____

By:

Dario Echeverry. - Director
100 N. Biscayne Blvd, Suite 2500
Miami, Florida 33132

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Section 3 - Description of Service 10

Section 4 - Rates 14

ISSUED September 15, 2001

EFFECTIVE: _____

By:

Dario Echeverry, - Director
100 N. Biscayne Blvd, Suite 2500
Miami, Florida 33132

SYMBOLS SHEET

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

- D - Delete or Discontinue
- I - Change Resulting In An Increase to a Customer's Bill
- M - Moved From Another Tariff Location
- N - New
- R - Change Resulting In A Reduction To A Customer's Bill
- T - Change in Text Or Regulation But No Change In A Rate Or Charge

ISSUED September 15, 2001

EFFECTIVE: _____

By:

Dario Echeverry. - Director
100 N. Biscayne Blvd, Suite 2500
Miami, Florida 33132

TARIFF FORMAT SHEETS

- A. Sheet Numbering - Sheet numbers appear in the upper right corner of the page. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between sheets 14 and 15 would be 14.1.
- B. Sheet Revision Numbers - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current sheet version on file with the FPSC. For example, the 4th revised Sheet 14. Because of various suspension periods, deferrals, Etc., the FPSC follows in their tariff approval process, the most current sheet number on file with the Commission is not always the tariff page in effect. Consult the Check Sheet for the sheet currently in effect.
- C. Paragraph Numbering Sequence - There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:
 - 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 FPSC, 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 pages 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 page if these are the only changes made to it (i.e., the format, etc. remains the same, just revised revision levels on some pages). The tariff user should refer to the latest check sheet to find out if a particular sheet is the most current on file with the FPSC.

ISSUED September 15, 2001

EFFECTIVE: _____

By:

Dario Echeverry. - Director
100 N. Biscayne Blvd, Suite 2500
Miami, Florida 33132

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

Access Line - An arrangement, which connects the customer's location to the Company's network switching center.

Authorization Code - A numerical code, one or more of which are available to a customer to enable him/her to access the carrier, and which are used by the carrier both to prevent unauthorized access to its facilities and to identify the customer for billing purposes.

Company or Carrier - Phone1, Inc

Customer - The person, firm, corporation or other entity, which orders, service and is responsible for payment of charges due and compliance with the Company's tariff regulations.

Day - From 8:00 AM up to, but not including, 5:00 PM local time, Sunday through Friday.

Evening - From 5:00 PM up to, but not including, 11:00 PM local time, Sunday through Friday.

Holidays - The Company's recognized holidays are New Year's Day, Memorial Day, July 4th, Labor Day, Thanksgiving Day, and Christmas Day.

Night/Weekend - From 11:00 PM, up to, but not including, 8:00 AM Sunday through Friday, and 8:00 AM Saturday, up to, but not including, 5:00 PM Sunday.

Prepaid Account - An inventory of Telecom Units purchased in advance by the Customer, and associated with one and only one Authorization Code as contained in a specific Prepaid Calling Card.

Prepaid Calling Card - A card issued by the Company, containing an Authorization Code which identifies a specific Prepaid Account of Telecom Units, which enables calls to be processed, account activity to be logged, and balances to be maintained, on a prepayment basis.

Telecom Unit - A measurement of telecommunications service equivalent to one minute of usage between any two points within the State of Florida.

Telecommunications - The transmission of voice communications or, subject to the transmission capabilities of the services, the transmission of data, facsimile, signaling, metering, or other similar communications.

Underlying Carrier - The telecommunications carrier whose network facilities provide the technical capability and capacity necessary for the transmission and reception of Customer telecommunications traffic.

ISSUED September 15, 2001

EFFECTIVE: _____

By:

Dario Echeverry. - Director
100 N. Biscayne Blvd, Suite 2500
Miami, Florida 33132

SECTION 2 - RULES AND REGULATIONS

2.1 Undertaking of the Company.

The Company's services and facilities are furnished for communications originating at specified points within the state of Florida under terms of this tariff.

The Company installs, operates and maintains the communications services provided herein in accordance with the terms and conditions set forth under this tariff. It 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 Company's network. The customer shall be responsible for all charges due for such service arrangements.

The Company's services and facilities are provided on a monthly basis unless ordered on a longer term basis, and are available twenty-four hours per day, seven days per week.

2.2 Limitations.

2.2.1 Service is offered subject to the availability of facilities and provisions of this tariff.

2.2.2 The Company's reserves the right to discontinue furnishing service or limit the use of service necessitated by conditions beyond its control: or when the customer is using service in violation of the law or the provisions of this tariff.

2.2.3 All facilities provided under this tariff are directly controlled by the Company and the customer may not transfer or assign the use of service or facilities, except with the express written consent of the Company. Such transfer or assignment shall only apply where there is no interruption of the use or location of the service or facilities.

2.2.4 Prior written permission from the Company is required before any assignment or transfer. All regulations and conditions contained in this tariff shall apply to all such permitted assignees or transferees, as well as all conditions for service.

2.2.5 Customers reselling or rebilling services must have a Certificate of Public Convenience and Necessity an interexchange carrier from the Florida Public Service Commission.

2.3 Liabilities of the Company.

2.3.1 The Company's liability for damages arising out of mistakes, interruptions, omissions, delays, errors, or defects in the transmission occurring in the course of furnishing service or facilities, and not caused by the negligence of its employees or its agents, in no event shall exceed an amount equivalent to the proportionate charge to the customer for the period during which the aforementioned faults in transmission occur.

ISSUED September 15, 2001

EFFECTIVE: _____

By:

Dario Echeverry, - Director
100 N. Biscayne Blvd, Suite 2500
Miami, Florida 33132

SECTION 2 - RULES AND REGULATIONS continued

2.3 Limitations (Cont.)

2.3.2 The Company shall be indemnified and held harmless by the customer against:

- (A) Claims for libel, slander, or infringement of copyright arising out of the material, data, information or other content transmitted over the Company's facilities.
- (B) All other claims arising out of any act or omission of the customer in connection with any service or facility provided by the Company.

2.4 Interruption of Service

2.4.1 Credit allowance for the interruption of service which is not due to the Company's testing or adjusting, negligence or the customer, or to the failure of channels or equipment provided by the customer, are subject to the general liability provisions set forth in 2.3.1 herein. It shall be the customer's obligation to notify the Company immediately of any service interruption for which a credit allowance is desired. Before giving such notice, the customer shall ascertain that the trouble is not being caused by any action or omission by the customer within his control, or equipment furnished by the customer and connected to the Company's facilities. No refund or credit will be made for the time that the Company stands ready to repair the service and the subscriber does not provide access to the Company for such restoration work.

2.4.2 No credit shall be allowed for an interruption of a continuous duration of less than twenty-four hours after the subscriber notifies the Company.

2.4.3 The customer shall be credited for an interruption of more than twenty-four hours as follows:

Credit Formula:

$$\text{Credit} = A/B \times C$$

"A" - outage time in hours

"B" - 720 hours in month

"C" - total monthly charge for affected facility

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SECTION 2 - RULES AND REGULATIONS continued

2.5 Disconnection of Service by Carrier.

The company (carrier), upon 5 working 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:

- 2. 5. 1 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.
- 2. 5. 2 A violation of any regulation governing the service under this tariff.
- 2. 5. 3 A violation of any law, rule, or regulation of any government authority having jurisdiction over such service.
- 2. 5. 4 The company has given the customer notice and has allowed a reasonable time to comply with any rule, remedy, or deficiency as stated in Rule 25-4.113, F.A.C., Refusal or Discontinuance of Service by Company.

2. 6 Deposits

The Company does not require a deposit from the customer.

2. 7 Advance Payments

For customers whom the Company feels an advance payment is necessary, the Company 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. 8 Taxes

All state and local taxes (i. e., gross receipts tax, sales tax, municipal utilities tax) are listed as a separate line items and are not included in the quoted rates.

2. 9 Billing of Calls

All charges due by the subscriber are payable at any agency duly authorized to receive such payments. Any objection to billed charges should be promptly reported to the Company. Adjustments to customers' bills shall be made to the extent that records are available and/or circumstances exist which reasonably indicate that such charges are not in accordance with approved rates or that an adjustment may otherwise be appropriate.

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SECTION 3 - DESCRIPTION OF SERVICE

3.1 **Timing of Calls**

3.1.1 **When Billing Charges Begin and End For Phone Calls**

The customer's long distance usage charge is based on the actual usage of the Company's network. Usage begins when the called party picks up the received, (i.e. when 2-way communication, 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 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.

3.1.2 **Billing Increments**

The minimum call duration for billing purposes is 1 minute for a connected call and calls beyond 1 minute are billed in 1-minute increments, unless otherwise stated in this tariff.

3.1.3 **Per Call Billing Charges**

Billing will be rounded up to the nearest penny for each call.

3.1.4 **Uncompleted Calls**

There shall be no charges for uncompleted calls.

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SECTION 3 - DESCRIPTION OF SERVICE continued**3.2 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 that are produced by Bell Communications Research in the NPA-NXX V & H Coordinates Tape and Bell's NECA Tariff No. 4.

FORMULA:

The square
root of:
$$\frac{(V1 - V2)^2 + (H1 - H2)^2}{10}$$

3.3 Minimum Call Completion Rate

A customer can expect a call completion rate of not less than 90% during peak use periods for all FG D services ("1+" dialing).

3.4 Service Offerings**3.4.1 Phone1, Inc Long Distance Service**

Phone1, Inc Inc. Long Distance Service is offered to residential and business customers. The service permits direct dialed outbound calling at a single per minute rate. Service is provided from presubscribed, dedicated or shared use access lines. Calls are billed in one-minute increments. Monthly recurring charges or minimum monthly billing requirements apply.

3.4.2 Phone1, Inc 800 / 888 (Inbound) Long Distance Service

Phone1, Inc Inc. 800 / 888 (Inbound) Long Distance Service is offered to residential and business customers. Service is provided from presubscribed, dedicated or shared use access lines. Calls are billed in six-second increments, with six-second minimum call duration. A minimum monthly service charge requirement applies. Customers whose monthly usage is less than the minimum will be billed the minimum amount.

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SECTION 3 - DESCRIPTION OF SERVICE continued**3. 4. 3 Phone1, Inc Calling Card Service**

This service permits use of Prepaid Calling Cards for placing long distance calls. Customers may purchase Phone1, Inc Prepaid Calling Cards Service at a variety of retail outlets or through other distribution channels. Phone1, Inc Prepaid Calling Cards Service is available at a variety of face values ranging from five dollars (\$5.00), in one-dollar (\$1.00) increments. Phone1, Inc Prepaid Calling Cards Service is accessed using the Phone1, Inc Prepaid Calling Cards Service toll-free number printed on the card. The caller is prompted by an automated voice response system to enter his/her Authorization Code, and then to enter the terminating telephone number. Phone1, Inc Prepaid Calling Cards Service's processor tracks the call duration on a real time basis to determine the number of Telecom Units consumed. The total consumed Telecom Units for each call is deducted from the remaining Telecom Unit balance on the Customer's Phone1, Inc Prepaid Calling Cards Service. All calls must be charged against Prepaid Calling Card that has a sufficient telecom Unit balance. A Customer's call will be interrupted with an announcement when the balance is about to be depleted. In order to continue the call, the Customer can either call the toll-free number on the back of the Phone1, Inc Prepaid Calling Cards Service and "recharge" the balance on the card using a nationally recognized credit card, or the Customer can throw the card away and purchase a new one. The Company will terminate calls in progress if the balance on the Phone1, Inc Prepaid Calling Cards Service is insufficient to continue the call and the Customer fails to enter the number of another valid Phone1, Inc Prepaid Calling Cards Service prior to termination.

A card will expire on the date indicated on the card, or if no date is specified, 12 months from the date of first usage, or the date of last recharge, whichever is later. The Company will not refund unused balances. A credit allowance for Phone1, Inc Prepaid Calling Card Service is applicable to calls that are interrupted due to poor transmission, one-way transmission, or involuntary disconnection of a call. To receive the proper credit, the Customer must notify the Company at the designated toll-free customer service number printed on the Phone1, Inc Prepaid Calling Cards Service and furnish the called number, the trouble experienced (e.g. cut-off, noisy circuit, etc.), and the approximate time that the call was placed. When a call charged to a Phone1, Inc Prepaid Calling Cards Service is interrupted due to cut-off, one-way transmission, or poor transmission conditions, the Customer will receive a credit equivalent of one Telecom Unit. Credit allowances for calls pursuant to Phone1, Inc Prepaid Calling Cards Service do not apply for interruptions not reported promptly to the Company or interruptions that are due to the failure of power, equipment or systems not provided by the Company. Credit for failure of service shall be allowed only when such failure is caused by or occurs due to causes within the control of the Company. The Company will block all calls beginning with the NPA "900" and NXX "976" calls, therefore such calls cannot be completed.

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SECTION 3 - DESCRIPTION OF SERVICE continued

Reserved for further Services

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SECTION 4 - RATES

4.1. SERVICE CHARGES

4.1.1. Phone1, Inc Residential Long Distance Services

<u>Rate Plan</u>	<u>Rate Per Minute</u>	<u>Monthly Service Charge</u>	<u>800/888 Option Monthly Service Charge</u>
R1	\$.0955	None	\$3.00
R2	\$.0755	3.00	\$3.00

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SECTION 4 - RATES, Continued

4.1. SERVICES CHARGES, Continued

4.1.2. Phone1, Inc Business Long Distance Services

<u>Rate Plan</u>	<u>Monthly Volume</u>	<u>Rate Per Minute</u>	<u>Monthly Service Charge</u>
B1S	\$0-\$250	\$.0935	\$9.00
B2S	\$251-\$1000	\$.0825	\$7.00
B3S	Over \$1001	\$.0700	\$3.00

4.1.3. Phone1, Inc Dedicated Long Distance Services

<u>Rate Plan</u>	<u>Monthly Volume</u>	<u>Peak Rate Per Minute</u>	<u>Off-Peak Rate Per Minute</u>	<u>Monthly Service Charge</u>
B1D	\$0-\$250	\$.1145	\$.0989	\$100.00
B2D	\$251-\$1000	\$.1040	\$.0889	\$100.00
B3D	\$5001-\$7500	\$.0930	\$.0769	\$ 80.00
B4D	\$7501-\$10000	\$.0850	\$.0639	\$ 50.00
B5D	\$10001-\$125000	\$.0706	\$.0550	\$ 0.00

Installation Charge for Dedicated Service is \$150.00 per line.

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SECTION 4 - RATES, Continued

4.2. MISC. CHARGES

4.2.1. Payphone Surcharge

A surcharge will be added to any completed. Intrastate toll access code and subscriber 800/888 type calls placed from a public or semi-public Pay Phone.

4.2.2. Per Call Surcharge

A surcharge per call will be added for every call that is connected. If an Answer Machine, Fax Machine, Voice Mail or Pager answers it will be considered connected.

4.2.3. Maintenance Surcharge

A weekly surcharge applies to some cards that have been used at least once.

4.2.4. Directory Assistance

The Company provides Directory Assistance as an ancillary service exclusively to its customers. Directory Assistance is accessible by dialing "1", the area code of the desired number and "555-1212".

Directory Assistance, per call: \$.75

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SECTION 4 - RATES continued**4.3. Phone1, Inc Prepaid Calling Cards****Prepaid Calling Card#1**

Rate per minute:	\$.079
Maintenance Surcharge:	\$.35
Per Call Surcharge	\$.00
Payphone Surcharge:	\$.35

Prepaid Calling Card#2

Rate per minute:	\$.099
Maintenance Surcharge	\$.25
Per Call Surcharge	\$.25
Payphone Surcharge	\$.35

Prepaid Calling Card#3

Rate per minute:	\$.065
Maintenance Surcharge	\$.35
Per Call Surcharge	\$.00
Payphone Surcharge	\$.35

Prepaid Calling Card#4

Rate per minute:	\$.085
Maintenance Surcharge	\$.25
Per Call Surcharge	\$.25
Payphone Surcharge	\$.35

Prepaid Calling Card#5

Rate per minute:	\$.059
Maintenance Surcharge	\$.45
Per Call Surcharge	\$.35
Payphone Surcharge	\$.35

Prepaid Calling Card#6

Rate per minute:	\$.019
Maintenance Surcharge:	\$.00
Per Call Surcharge	\$.25
Payphone Surcharge:	\$.35

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SECTION 4 - RATES continued**Prepaid Calling Card#7**

Rate per minute:	\$.02
Maintenance Surcharge	\$.50
Per Call Surcharge	\$.49
Payphone Surcharge	\$.35

Prepaid Calling Card#8

Rate per minute:	\$.01
Maintenance Surcharge	\$.50
Per Call Surcharge	\$.59
Payphone Surcharge	\$.35

Prepaid Calling Card#9

Rate per minute:	\$.015
Maintenance Surcharge	\$.00
Per Call Surcharge	\$.49
Payphone Surcharge	\$.35

Prepaid Calling Card#10

Rate per minute:	\$.015
Maintenance Fee:	\$.00
Per Call Surcharge	\$.49
Payphone Surcharge	\$.35

Prepaid Calling Card#11

Rate per minute:	\$.019
Maintenance Surcharge	\$.00
Per Call Surcharge	\$.25
Payphone:	\$.35

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SECTION 4 - RATES continued

4.4 **Payment of Calls**

4.4.1. **Late Payment Charges**

Interest charges of 1.5% per month will be assessed on all unpaid balances more than thirty days old.

4.4.2. **Return Check Charges**

A return check charge of \$25.00 will be assessed for checks returned for insufficient funds if the face value does not exceed \$50.00, \$30.00 if the face value does exceed \$50.00 but does not exceed \$300.00, \$40.00 if the face value exceeds \$300.00 or 5% of the value of the check, whichever is greater.

4.4.3. **Restoration of Service**

A reconnection fee of \$25.00 per occurrence is charged when service is re-established for customers who had been disconnected for non-payment.

4.4.4. **Special Promotions**

The company will, from time to time, offer special promotions to its customers waiving certain charges. These promotions will be approved by the FPSC with specific starting and ending dates, and will be part of this tariff.

4.5 **Special Rates For The Handicapped**

4.5.1. **Directory Assistance**

There shall be no charge for up to fifty calls per billing cycle from lines or trunks serving individuals with disabilities. The Company shall charge the prevailing tariff rates for every call in excess of 50 within a billing cycle.

4.5.2. **Hearing and Speech Impaired Persona**

Interstate toll message rates for TDD users shall be evening rates for daytime calls and night rates for evening and night calls.

4.5.3. **Telecommunications Relay Service**

For intrastate toll calls received from the relay service, the Company will when billing relay calls discount relay service calls by 50 percent off of the otherwise applicable rate for a voice nonrelay call except that where either the calling or called party indicates that either party is both hearing and visually impaired, the call shall be discounted 60 percent off of the otherwise applicable rate for a voice nonrelay call.

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By:

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Miami, Florida 33132

OCC # 051 7/96



City of Miami

POST THIS LICENSE IN A CONSPICUOUS PLACE
NOT TRANSFERABLE OR VALID AT ANOTHER ADDRESS
UNLESS APPROVED BY THE LICENSE SECTION, CITY
OF MIAMI, P.O. BOX 330708, MIAMI, FL 33233-0708
PHONE (305) 418-1570

THIS IS NOT A BILL
DO NOT PAY

LICENSE YEAR OCT. 1, 2000 THRU SEPT. 30, 2001

LICENSE FOR PHONE 1, INC.

ACCOUNT NO. 427409-00484503
LICENSE NO. 152568-0002 ISSUED APR 27, 2001 TOTAL FEE PAID \$233.50
NAME OF BUSINESS PHONE 1, INC.
LOCATION 100 BISCAYNE BLVD #2500

PHONE 1, INC.
TO → 100 N. BISCAYNE BLVD 255L
MIAMI FL 33112

IS HEREBY LICENSED TO
ENGAGE IN OR MANAGE
THE OPERATION OF

TELECOMMUNICATIONS SERV-DATA EXE

This issuance of an occupational license does not
permit the licensee to violate any zoning laws of the
city nor does it exempt the licensee from any other
license or permits that may be required by law.
This license does not constitute a certification that
the licensee is qualified to engage in the business,
profession or occupation specified hereon.
The license indicates payment of the occupational
license tax only.

2001



City of Miami
CERTIFICATE OF USE

FIRE SAFETY PERMIT

PHONE 1, INC.
103 W. BISCAYNE BLVD 25FL
MIAMI FL 33132

THIS IS NOT A BILL

NOTICE: This certificate is Non-Transferable. If you relocate, sell the business, or change the type of business a new certificate must be obtained from Building and Zoning at 444 S.W. 2nd Avenue, 4th Floor. Phone: (305) 416-1199

DATE ISSUED: 04/23/01
VALID FROM: 01/31/01 TO: 12/31/01

ACCOUNT NO: 427402-427402

SERVICE ADDRESS:
100 BISCAYNE BLVD #2500

APPROVED USE:
OCS-OFFICE BUILDINGS - O.U.

RESTRICTIONS:

- PLEASE DISPLAY THIS CERTIFICATE IN A CONSPICUOUS LOCATION AT OCCUPANCY ADDRESS.
- FAVOR DE MOSTRAR ESTE CERTIFICADO EN UN SITIO VISIBLE EN LA DIRECCION DEL COMERCIO.

DCC #065 (8/97)

Phone1 Marketing Plan – Confidential

1.0 Executive Summary

Phone1, Inc. (“Phone1” or the “Company”) examined and identified a highly lucrative distribution channel for voice over Internet protocol (“VoIP”) service. Simply by extending VoIP service to public payphones, Phone1 will make payphones a highly attractive communications medium. Phone1-enabled payphones will compete against wireless telephony in the Domestic Long Distance (“DLD”) market, and will offer an extremely competitive alternative to dial around and card calling services in the International Long Distance (“ILD”) market. Over the course of three weeks, Phone1 successfully entered into preliminary agreements to immediately provide its service to 50,160 public payphones. This means that at an extremely conservative average 30 minutes use per day, Phone1 will generate 45.8 million minutes per month. Phone1 is poised to become *the* leader in providing low cost VoIP solutions to the payphone market.

The payphone market is limited to high price points because of its reliance on the Public Switched Telephone Network (“PSTN”) platform. Thus, payphones typically charge several dollars in coins for DLD and anywhere from \$0.35 to \$0.50 for local calls. Almost no payphones provide coin transactions for the ILD markets. With such high prices and no presence in the ILD market, payphone operators cannot compete against rapidly growing wireless telephony, dial-around, and calling card services.

The aggressive adoption of VoIP services across industries, commensurate with breakthrough technology, is caused by the significant cost savings that are passed on to the consumer. With Phone1’s VoIP services extended for the first time to the payphone market, a consumer can now insert \$0.50 cents to place a DLD or international call; and do so without the fear of “hidden charges” that are common in the card calling market.

Phone1 intends to achieve the following goals:

- End-Users: target Hispanic ethnic communities, travelers, and students as initial target markets. These groups have high demand for inexpensive, convenient, reliable, and easy-to-use long distance communications services from transient locations.
- Distribution Channels: Capture 50% of the Independent Payphone Provider (“IPP”) market by end of fiscal year 2001.
- Minutes of Use: Generate a minimum 7.6 million “new” minutes every month for the remainder of 2001.

Phone1 has further identified the U.S. Independent Payphone Provider (“IPP”) as the initial distribution channel. The maximum distribution channel for IPPs is 500,000 payphones. IPP payphones that use Phone1 VoIP services will be the Company’s “points of presence.” In the near future, Phone1 plans on targeted

Phone1 Marketing Plan – Confidential

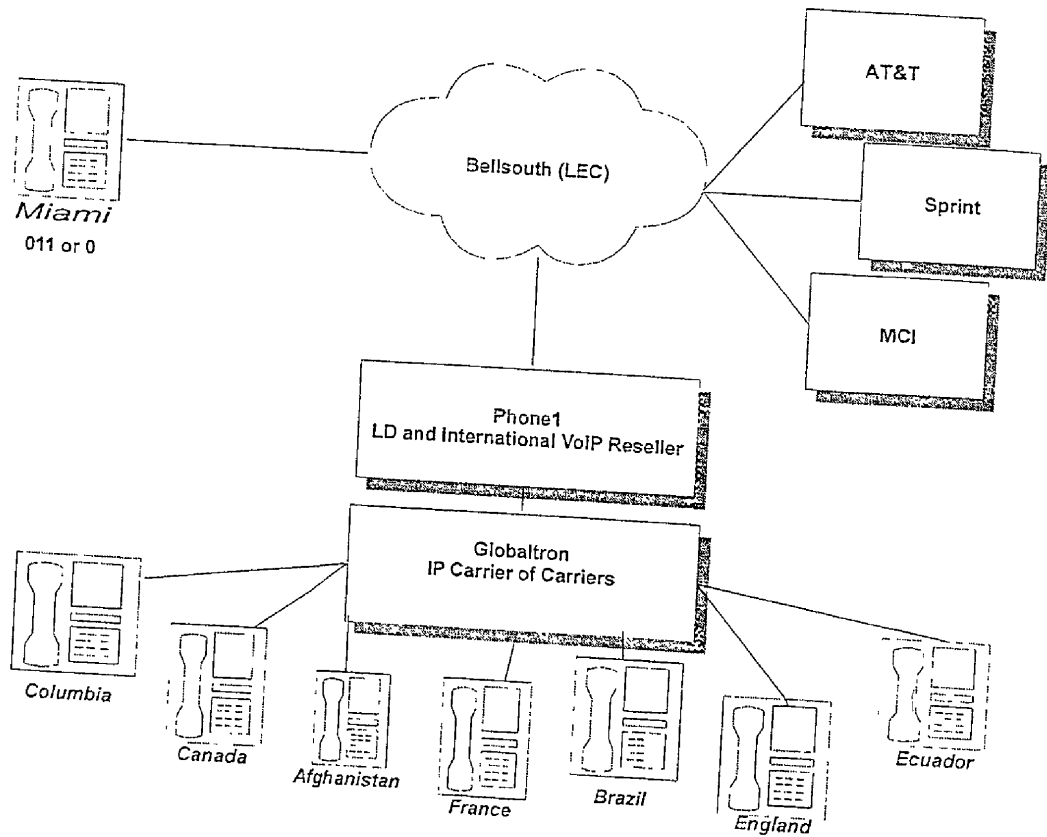
other segments of the payphone owners, such as the Local Exchange Carriers (“LEC”) and Interexchange Carriers (“IXC”).

2.0 Situational Analysis

Phone1 is the first mover in providing low cost VoIP-based DLD and ILD to payphone owners. Through coin and coinless payphone transactions, consumers can now place fewer coins for longer minutes in the DLD and ILD markets. In doing so, Phone1 has identified an efficient and cost effective method to generate substantial usage of its VoIP minutes and thus substantial profits at the wholesale and retail levels.

The business model employed by Phone1 is diagrammed in Flow Chart 1. Today, there are approximately 2.1 million public payphones in the market.¹ Typically, public payphones generate local and DLD minutes only. Appendix A shows that consumers pay a premium price for these services. At the same time, international minutes on public payphones are non-existent except through coinless transactions which yield very little, if any, profits to the owner of the payphones; at the same time, consumers are normally “ripped off” by hidden surcharges.

Flow Chart 1.



¹ Davel Communications 10-K, 1999.

Phone1 Marketing Plan – Confidential

By contracting with existing payphone providers to switch their preferred long distance provider (“IXC”) to Phone1, the following benefits result:

- Consumers: Rates are lowered, and ILLD is possible for a few coins;
- Payphone owners: Revenues collected will increase substantially; and
- Phone1: Significant number of minutes will be generated in a mature market that is in need of a VoIP-based solution.

By identifying such a creative and unique-to-the-payphone industry model, Phone1 successfully developed an approach that will cannibalize the market in a rapid period of time. For example, Phone1 has successfully negotiated switching 50,160 payphones over the course of three weeks.² Additionally, Phone1 has entered the payphone market with virtually no capital expenditure that is normally associated with new entrants into the payphone market. Furthermore, in entering the payphone market, Phone1 has considerably lowered operating costs normally associated with maintaining working operations of public payphones.

Phone1 has identified a leading supplier of VoIP minutes, Globaltron (“VoIP Wholesaler”). Globaltron is a multinational facilities-based provider of integrated communications services in emerging markets. Globaltron transports voice, data and broadband services to foreign networks.

² Contractual agreements will be signed when Globaltron provides competitive rates.

2.1 Market Summary

The potential end-user market for VoIP-based public payphones is massive. Research shows end-users will shop for the best DLD and ILD rates. At the same time, the distribution channel market for Phone1's VoIP minutes, payphone owners, is saturated. This presents a significant opportunity for Phone1 to distribute minutes to end users.

Initially, while Phone1-enabled payphones will be accessible to all consumers, Phone1 intends to target three specific end-user market segments that are considered large consumers of DLD and ILD: Hispanic communities, travelers, and students. To reach this segment market effectively, Phone1 has carefully profiled payphone owners who control seven specific sites, in Florida and New York: Hospitality facilities, transportation facilities, institutional facilities, government buildings, sidewalks, retail establishments, and other carefully selected sites.

There is no doubt VoIP technology is being aggressively deployed in industry. Phone1 has gathered evidence of strong market need and growth in the payphone industry on the retail and wholesale levels for VoIP services.

2.1.1 Market Demographics

To reach the targeted market segments, Phone1 will partner with payphone owners to use their existing payphones as our distribution channel. Phone1 has compiled a list of selected U.S. payphone owners appendix B as well as a complete list of all Florida payphone owners appendix C.

Payphone owner characteristics most suitable to Phone1's objectives include:

- Location points with high traffic of the Hispanic market, with travelers and students to follow;
- Owners of smart phones as opposed to traditional "dumb" phones
- Independent Payphone Provider (IPPs), as a subgroup of the entire Payphone Service Provider market, are to be initially targeted by Phone1.³

³ IPPs make up approximately 25% of the total payphone market, with the remainder dominated by a few LECs. At this time, Phone1 has contacted 10 specific IPPs, all of whom have indicated strong interest in making their payphones Phone1-enabled. This equals approximately 10% of the total payphones owned by IPPs (51,160 of 500,000 IPP operated payphones). After establishing presence in the IPP segment, Phone1 intends to target LECs.

Phone1 Marketing Plan -- Confidential

End User Market Segments

The large influx of immigrants in the west and south east U.S. has generated large volume of payphone calls. Immigrants are more likely to need long distance, especially international long distance services to keep in touch with family, friends, and associates. Wireless communications devices are not practical for these consumers to use to make international long distance calls because of expensive long distance charges, roaming charges, and lack of standardization between wireless devices between countries.

Within the immigrant market, Phone1's preferred target is the Hispanic market. Hispanics currently comprise 12% of the nation's population, growing at a faster rate than that of the general market. The Hispanic demographic is projected to be the largest minority by the year 2010. There are approximately 31,000,000 Hispanic residents in the United States, who spend nearly twice as much as other Americans on monthly long distance; most of these calls are terminating in Latin America.⁴ According to the *The League of United Latin American Citizens*, "lower long distance costs are particularly important to the Hispanic community."⁵

Geographic Market

In targeting the Hispanic community, Phone1 will concentrate on two geographic markets, Florida and New York. Because of the geographic location of the Company, Florida will be the initial geographic target for second quarter 2001.

Targeting these geographic areas makes tremendous sense for the following reasons:

- Phone1's VoIP Supplier has IP facilities located in Florida and New York. Thus calls originating from these two geographic areas will have more cost-benefits since calls need only be connected from LEC to our VoIP Supplier's switches. No need to route the call long distance to connect to the IP switch.
- Florida and New York contain a large portion of our targeted market segment. Los Angeles, New York, and Miami are the top three markets for U.S. Hispanic households. Our geographic target includes two of the top three cities (Miami and New York), with Tampa having the 23d largest Hispanic community in the U.S.
- Florida and New York are International traveling hubs. Miami International Airport, for example, is the primary connecting point for air travel between the Americas and the Caribbean, making MIA the "Hub of the Americas." MIA is among the busiest passenger airport in the world, with approximately 1,500 flights per day and 33.9

⁴ CableFax. September 13, 2000.

⁵ PR Newswire, September 1999.

Phone1 Marketing Plan – Confidential

million total passengers in 1999. Miami International Airport carried 15.8 million international passengers.⁶

Segmenting the Market by Location Type

The public payphone is the primary instrument for consumers wishing to use communications services from transient locations.

Table 1. Public Payphone Usage Patterns by Location Site

Phone1's Rank	Location Types	Revenues generated from payphones at location-types	% of total payphone market
1	Transportation	\$1.07 Billion	18.7%
2	Retail Establishments	\$972.8 Million	16.9%
3	Hospitality	\$936.8 Million	16.3%
4	Sidewalks	\$869.4 Million	15.1%
5	Government Building	\$654 million	
6	Other	\$635.4 Million	11.1%
7	Institutional	\$602.1 million	10.5%

Source: Frost & Sullivan

Hospitality Facilities

This segment consists of hotels, motels, resort centers, hostels and guest houses. Payphones in hospitality locations generated revenues of \$936.8 million in 1998, accounting for 16.3% of the total payphone services market. Due to the consistent growth of the tourist industry, payphone revenues derived from hotel and motel establishments have been increasing, and is expected to account for \$1.23 billion in revenues to payphone owners by 2005. Typically, hotels and motels are mostly regarded as high foot traffic locations by payphone service providers. Consumers at these locations do not have access to their home or office for their communication needs and thus depend on other means such as a public payphone or rooms within hotel, motel, etc. Many consumers desire to avoid the substantial surcharges imposed on calls from hotel rooms. These consumers are a prime target for Phone1-enabled payphone service. Facing intense competitive from dial-around service providers, payphone owners need to take a more proactive role in maintaining their high-yield complementary services. For instance, introducing their own competitive long distance rates through Phone1's IP Network is a good solution for payphone owners.

Transportation facilities

This segment consists of bus terminals, subway stations, train stations, ferry piers, truck stops, and airports. Payphones in transportation locations generated revenues of \$1.07 billion to payphone owners, representing 18.7% of the total payphone owner market. Revenues to payphone owners from payphones located in transportation hubs is expected to reach \$1.65 billion by 2005. An important aspect of the transportation locations is that they are open 24 hours per day. Contracting with payphones located in transportation hubs is well suited to

⁶ Airports Council International (ACI).

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targeting all types of travelers and a steady revenue stream is ensured. In addition, the growing mobility of workers and increase in population has raised the demand for communication services in transportation hubs. In Miami International Airport alone, there were 33.9 million passengers in 1999, and 15.8 million international passengers. In New York's JFK airport there were 18.1 million international passenger.

Institutional facilities

This segment consists of correctional facilities, healthcare facilities, and educational facilities. In 1998, payphones located at institutional facilities generated revenues of \$602.1 million, accounting for 10.5% of the total revenues to payphone owners. Revenues from payphones located at institutional facilities are expected to reach \$874.3 million by 2005. Compared to other segments, the institutional market consists of a larger percentage of coinless call users. Because inmates in correctional facilities are limited to making collect calls, Phone1 will not target payphones located at correctional facilities. However, students will be a targeted market segment for Phone1's VoIP services. Thus, educational facilities will be a prime location for Phone1-enabled payphones.

Government buildings

In 1998, payphones located in governmental buildings accounted for \$654 million of payphone owner revenues, representing 11.4% of the total market. Revenues are expected to reach \$827.8 million by 2005. This segment consists of offices at municipal and county governments and are usually identified as low traffic locations. Thus Phone1 will not concentrate on payphones installed at these locations.

Sidewalks

In 1998, payphones located on sidewalks generated revenues of \$869.4 million, representing 15.1% of the total payphone owner market. Sidewalk payphones have the benefits of high accessibility and great convenience. Ethnic groups are believed to be one of the major end user groups of sidewalk payphones. Leading cities are in the states of New York, Florida, California, and Texas. Because ethnic groups is a prime market segment for Phone1-enabled phones, Phone1 will focus its efforts on obtaining contracts with PSP that have phones in these locales. Revenues from sidewalk payphones are expected to reach \$896.8 million by 2005, due mostly to the influx of immigrants in recent years that have generated the demand for sidewalk payphone services. Immigrant populations are less likely to have home phones due to lack of credit history, and use sidewalk payphones as a basic necessity.

Retail establishments

This segment includes shopping malls, grocery stores, convenience stores, gas stations, service stations, drinking and eating places, and retail stores. These areas are characterized by high traffic flow and great accessibility. Therefore, the payphones at these locations can generate a large number of calls and will be

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specifically targeted by Phone1. This segment generated revenues of \$972.8 million in 1998, representing 16.9% of the total payphone owner market. Revenues in this segment are expected to grow to \$1.53 billion by 2005. This is due to the growing population in major metropolitan cities.

Other facilities

This segment consists of amusement parks, convention centers, exhibition halls, museums, lobbies of residential buildings, and temporary locations for special events. This segment generated revenues of \$635.4 million in 1998, or 11.1% of the total payphone owner market. The dominant end user group includes business travelers and tourists. For this reason, these facilities are a great interest to Phone1. Revenues in this area are expected to grow to \$819.4 million by 2005.

2.1.2 Market Needs

Phone1's objective is to provide a solution to the payphone providers and to end-consumers. Phone1's services will enable payphone owners the opportunity to recapture their revenue base in the DLD and ILD market segments. Currently, payphone owners have to rely on calling card providers and other IXC's to compensate them for long distance calls placed by consumers using post-paid, prepaid, or "dial-around" methods. The compensation paid to payphone owners is \$.24 cents per call. Based on interviews conducted by Phone1, the majority of payphone owners are not getting any compensation for many of the calls. Thus, although there are many calls and many minutes of calls being placed on payphones, the payphone owner is not benefiting from these calls.

The payphone owner can increase revenues significantly by using the low cost and efficiencies of an IP network, Phone1 can provide users of the payphone extremely low domestic and international long distance without the user having to use a prepaid calling card or dial around access. In turn, payphone owners benefit because they receive per minute revenue on the calls made through Phone1's network, and will be less reliant on compensation from dial-around.

The consumer benefits because they are able to make International long distance calls with the change they have in their pocket, without the need to purchase prepaid calling cards, and without the need to dial long and complicated numbers. In addition, they do not have to worry about unreliable calling cards that are inoperable or charge excessive surcharges and fees. A consumer would be able to place DLD and ILD calls using a few coins without minute minimums or surprising surcharges.

2.1.3. Market Trends

General market trends are favoring the Phone1 business concept.

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Payphone Use Trends

The number of calls from payphones has been increasing due to an immediate need for communication services.⁷ This is in part due to the growing mobility of the population, business and tourist travelers, and large ethnic populations that rely on payphones for their communication needs. The number of calls from payphones in 1998 was 15.37 billion calls. This has been increasing since 1995 and is still increasing. By 2005, the number of calls is projected to hit 18.82 billion.⁸

At the same time, payphone owners have been seeing much of their revenues disappearing due to consumers "dialing-around" them to place domestic and international long distance calls. The FCC mandated that carriers that carry "dial-around" calls compensate payphone owner at \$.24 cents per call. However, payphone owners have had difficulty collecting this compensation and there has not been strict enforcement of this rule. An important strategy for payphone owners who wish to succeed in the market is to set up a pricing strategy to offer competitive rates for long distance calls through coin calls. Phone1's services can provide payphone owners this solution.

Consumer distrust of prepaid cards is also high because of the hefty payphone charges. Although calling card's advertised rates seem extremely competitive, the payphone surcharges and other access fees charged by calling card providers remains very high. For example, the connection fee for using an AT&T calling card to place a domestic call has increased to \$0.99. For using a Bell Atlantic calling card, the payphone surcharge range from \$1.25 to \$1.75. Consumers will use Phone1's service for LD and ILD to avoid any surcharges and access fees.

Other payphone-use trends that complement Phone1's business initiative include the increased deployment of smart payphones. Frost & Sullivan research concludes that smart phones have resulted in increased consumer traffic. Phone1 intends to take advantage of smart payphones because of its ability to give consumers more detail instructions of Phone1's rates, services and dialing steps. In addition, smart phones are better able at tracking calls and billing which will assist Phone1 in monitoring call activity by time of day, payphone location, termination city, and so on. This information can be used to further develop our marketing and operational strategies. In addition, smart payphone stimulates usage by consumers and increases sales of minutes through Phone1's network from payphones.

Demographics trends

The large influx of immigrants to the Florida and New York regions has generated a relatively high volume of calls, especially coin calls.⁹ Hispanics, as a sub-segment of the ethnic market, currently comprise 12% of the nation's

⁷ This despite shutdowns and bankruptcies.

⁸ Frost & Sullivan.

⁹ Phone1 research through interviews of payphone owners.

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population and is growing at a faster rate than that of the general market. The Hispanic demographic is expected to be the largest minority by the year 2010. Hispanics are large consumers of ILD minutes.¹⁰ Phone1 can take advantage of this trend because the Hispanic market is estimated to make frequent international long distance calls to their family in Latin America, and they tend to speak twice as long as the general market. Phone1 price rates and efficiencies are most effective on calls terminating in Latin America.

General Telecommunications trends

Calling cards will be Phone1's chief competitor in providing communication services through the medium of public payphones. Consumers are becoming more aware of fraudulent activity in this market. Phone1 will take advantage of this trend as a safe alternative to calling cards. Also, as consumers become aware of inoperable calling cards and low quality, end-users will be more likely to use Phone1's reliable service as an alternative.

At the same time, VoIP has progressed from being ignored to being aggressively deployed in the industry. The availability of VoIP has presented a cost-effective alternative to conventional telephone services. Low price points are extremely appealing to customers who frequently need to make long distance calls. Although service quality and security remain topics of concern in the delivery of voice over IP, customers are becoming more confident about this technology. In large part, customer acceptance is resulting from the continuing improvement in IP platform equipment. (Appendix D). Phone1 enters the market at a time when VoIP Quality of Service ("QoS") issues is higher than in recent years. Phone1 is capable of providing superior price points over PSTN telcos with comparable quality.

2.1.4 Market Growth

Phone1 believes that it can successfully capture a significant portion of the minutes used by consumers from public payphones. Additionally, Phone1 believes its VoIP services will *significantly* expand the payphone revenue services.

In 1999, there were 15.37 billion calls placed from public payphones in the United States. This number has been increasing since 1995 and is expected to reach 18.82 billion calls by the year 2005. The revenues generated from payphone calls equaled \$5.74 billion in 1998 with a market growth rate of 8.4% and is expected to reach \$7.83 billion by the year 2005.

The number of calls from public payphones is increasing due to surging demand for communications services, increasing mobility of population, and deregulation

¹⁰ Informal research indicated that minutes to Columbia per day is 5 million, with calls to Honduras at 3.8 million per day, and to Venezuela at 1.5 million per day.

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in the payphone industry. This momentum is offset, to a certain extent, by the aggressive promotion of wireless technology.

Phone1 will take advantage of the increased number of calls from payphones, while at the same time compete against the growing use of wireless communications and prepaid cards. The payphone revenue coming from calling cards alone in 2000 was \$5.03 billion, with a growth rate of 13.8%. By 2005, calling card revenues placed through payphones is expected to be \$8.8 billion. This revenue only includes compensation paid to payphone owners by calling card providers. The huge portion of payphone revenues that come from calling cards is testament to the substantial demand from consumers of long distance and international long distance from payphones. Phone1's service will allow consumers of payphones to place DLD and ILD calls from pay phones at lower rates than calling cards, without expensive surcharges, access fees, and time limits, and without the need to dial lengthy access numbers. Users of calling cards are usually immigrants who generate a high volume of international traffic.

Although the use of wireless communications is expanding, currently the rates of international long distance makes it impractical for a consumer to place an international call using wireless. Generally, consumers must establish credit with wireless providers of at least six months prior to activating ILD service.¹¹

2.2 SWOT ANALYSIS

Phone1 has examined its business strengths, weaknesses, opportunities and threats ("SWOT").

Strengths

Large Market Share and Significant Revenues. Phone1 has developed a unique-to-the-payphone market opportunity to provide low cost DLD and open up low cost ILD. In doing so, Phone1 will achieve aggressive market deployment, with no significant capital expenditure and extremely low operating costs¹²; Phone1 simply requests payphone owners to choose Phone1 as its supplier of DLD and ILD services. In doing so, Phone1 will capture significant market share and revenue in the second and third quarter 2001, recouping investments in operations and increasing the value of the Company.¹³

¹¹ Bellsouth Mobility.

¹² Because Phone1 contracts with payphone owners, Phone1 does not need to expend funds for manufacturing or installation of payphones in order to provide its VoIP service to consumers. In addition, payphone owners remain responsible for the monthly line charges and maintenance charges incurred by the equipment. In addition, Phone1 avoids the cost of finding and negotiating with site owners for phone installation and saves the monthly commission usually provided to site owners. Phone1's billing is passed on to its VoIP Supplier.

¹³ Phone1 is in position to commence immediate operations. Start of operations is conditioned on its VoIP supplier's readiness to route minutes competitively from Phone1-subscriber public payphones.

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Competitive Advantages. Because of its unique distribution channel, Phone1 will compete effectively on the lowest advertised and actual rates of the competitor card market. Compared to calling cards that are currently highly popular among consumers at transient locations, Phone1-enabled payphones will allow for DLD and ILD service at rates equal to or lower than advertised rates of calling cards, without payphone charges and access fees.

Convenience to the Consumer. Additionally, Phone1 will be convenient to the consumer. There will not be a need for the consumer to find and purchase calling cards (usually requiring a minimum purchase price of \$5). The consumer will simply drop a few coins and speak for 10 or more minutes to the country of his or her choice. Phone1's single step dialing (e.g., 011-44-207 London) is also feasible and convenient, eliminating cumbersome access codes typically associated with card calling.

Reliable Service. Phone1 is committed to providing payphone owners and end-user consumers alike the highest quality service, care and reliability. Consumers do not have to worry about purchasing calling cards later to find out that they are inoperable.

High credibility. Because Phone1's primary distribution channel is the public payphone where coins will be the primary means through which DLD and ILD calls will be made, Phone1 circumvents consumers' distrust of calling card services and will therefore establish credibility. In other words, there are no "fine print" clauses that disguise for hidden surcharges.

Additional Complementary Services May "Coattail Ride" the VoIP Payphone Business. By building brand awareness through labels and instructions placed on payphones, consumers will be aware of Phone1's high quality and inexpensive service. Phone1 intends to bring out numerous value-added services that take advantage of the good-will created. One such example is the Prepaid VoIP Phone1 card that can be used instead of coins at any payphone, residential, hotel room, or other location where our Phone1 logo is found (Appendix E discusses prepaid VoIP calling cards).

Weaknesses

Although Phone1 has identified a sales staff to market Phone1 services to payphone owners, it has not entered into definitive employment agreements with them. Additionally, Phone1 has been unable to generate marketing literature directed specifically to the payphone provider because prices have not been set by its VoIP supplier. These weaknesses must be addressed as soon as possible.

Opportunities

Phone1 can achieve dramatic penetration rates in the payphone markets because of the high frustrations of the payphone owners and those of the consumer.

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Payphone Owner Frustrations. There is little or no enforcement of "dial-around" and calling card compensation, causing payphone owners to lose substantial revenues. Phone1 is perfectly positioned to provide a remedy to payphone owners.

Consumer Frustrations. Consumer distrust of calling cards is high because of hidden charges. Phone1 is perfectly positioned to offer a "no frills pay as you talk" solution at attractive prices.

Threats

The telecommunications transactions market is best described as a "Wild West" market. Although significant opportunities exist in markets receptive to VoIP services, nonetheless, price points are continually under pressure and technology is evolving extremely fast. The mass migration to VoIP from PSTN, as well as the increased use in wireless communications will no doubt affect VoIP by forcing narrower profit margins in the years to come. Because of this, Phone1 expects to lower its rates as competitors enter the market.

2.3 COMPETITION

Competitors fall into three primary categories; prepaid calling cards, wireless services (cellular phones), and long distance carriers that can be accessed by consumers by "dialing-around" the payphone's preferred IXC.

Prepaid Calling Cards. There are approximately 600 calling card providers in the U.S. today. The major players include large IXCs (such as AT&T and Sprint), the RBOC (such as Bellsouth), and a number of resellers. AT&T has the largest market share of the pre-paid card market with 22% of the market. Second-tier prepaid market companies (such as PT1, RSL Comm, and IDT) all held their own or increased market share. Many new markets entrants and lack of customer loyalty helped the third tier companies (Other) to gain 4% of market share in 1999. Prepaid PSTN wireline cards are increasingly facing competition from VoIP-based prepaid wireline cards.

Wireless Services. The wireless industry is growing at a rapid pace. This tremendous growth can be attributed to declining prices making these services more affordable to a broader segment of the market. Wireless services could be a direct substitute for Phone1's VoIP services because both services enable consumers to place calls from transient locations. Wireless rates have been rapidly declining for the past several years developing its attractiveness to a wider consumer base. Secondly, wireless technology has migrated from analog to digital technology, improving the overall quality of voice wireless service where it can rival PSTN. Lastly wireless providers are offering end user's a number of value-added services, such as wireless Internet access, email retrieval, and voice mail.

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The Company believes it can successfully compete against wireless services for a number of reasons. Although wireless rates are indeed dropping significantly, wireless rates for international long distance are still far from being competitive against the low cost rates Phone1 has negotiated from our Supplier. As an illustration, wireless international from Bellsouth Mobility per minute rates are \$2.06 to Argentina, \$1.97 to Brazil, \$1.99 to Colombia. Additionally, many consumers of communications services from public payphones, especially the ethnic market, do not have wireless devices such as cellular phones. This market will use the public payphone for the communications needs. Finally, wireless communication is not always clear, especially when calling internationally - with frequent out-of-service and static during the call.

Long distance carriers that can be accessed by consumers by “dialing-around” the payphone’s preferred IXC. Unless consumers are informed of Phone1 services through effective guru marketing techniques, dial-around may divert minutes of use on public payphones away from Phone1.

2.4 Keys to Success

To ensure profitability and success, four goals should be met:

- deep market penetration in the payphone industry is necessary;
- consumer education is a must;
- Phone1’s VoIP supplier must offer competitive rates;
- Phone1 service should be extended to coin as well as coinless transactions.

Time-to-market is always essential and critical in a highly competitive industry.

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3.0 MARKETING STRATEGY

3.1 MARKET OBJECTIVE

Phone1's objectives for fiscal year 2001 is

- Capture 50% of the independent payphone owner market (approximately 200,000 payphones). Of this number, Phone1 will give preference to payphones operating in the Florida region (gross total for Florida = 115,000) and New York area (gross total for New York = 200,000).
 - Of the 200,000 payphones, Phone 1 should have a minimum 60,000 phones in the New York, Miami and Tampa regions.
 - The 60,000 phones should generate a minimal average of 30 minutes of use per day. This means 1.8 million minutes are consumed per day.
- Diversify product offerings in the VoIP arena to complement the VoIP public phone initiative and to insulate the Company against unexpected fluctuations in revenue earnings. One such offering is discussed in Appendix F and others are in consideration.
- Build customer awareness of Phone1 product offerings through educational programs.
- Maintain an enthusiastic sales staff intent on delivering large payphone owner accounts.
- Build the Phone1 image to a point where it becomes well known in the market it serves; i.e., cheap coin and coinless public payphones.

3.2 TARGET MARKETING

To ensure success, Phone1 will target two main groups.

- **Distribution Channels.** Payphone provider profiles have been studied and segmented into three groups: IXC's, LEC's, and IPP's. Phone1 will target IPP's first. Attractive IPP's will be those that meet the following minimum requirements:
 - Smart phones
 - 50+ payphones are in operation
 - Geographic location will be ideal for Phone1
 - **End Users.** End users can be all those who consume DLD and ILD minutes if our VoIP supplier provides extremely competitive rates. However, we know today that VoIP supplier rates to Latin America are competitive, and therefore Phone1 will initially target Hispanic
-

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consumers. Secondary targets will be students and travelers. Ideal distributions sites will include:

- Transportation hubs
- Hospitality facilities
- Institutional facilities
- Sidewalk markets
- Retail establishments

3.3 POSITIONING

Phone1 will position itself as a consumer friendly company that offers a “high-quality, low cost, and convenient” way to provide DLD and ILD service through coin and coinless transactions. At the same time, Phone1 will revitalize revenue streams for payphone providers, establishing itself as *the* leading supplier of VoIP services to all payphone providers.

3.4 MARKETING RESEARCH

Phone1 will continually conduct market research to fine-tune our service offerings and marketing strategies. This research will include:

- Continuous tracking of Phone1-enabled payphone usage.
 - number of calls made per month for each payphone
 - number of long distance minutes made per month utilizing third party calling cards
 - number of long distance minutes made per month utilizing Phone1's long distance service.
 - Demographics of consumers who tend to use Phone1's services as opposed to third party calling cards
 - tracking of domestic and international long distance from key competitors, including wireless services, calling cards, and "dial-arounds."
- Continuous tracking of payphone owners that would benefit from becoming Phone1-enabled.
- Tracking of other means of distribution channels for delivering our low cost, high quality communications services over IP network. This may include such distribution channels as public access kiosks¹⁴ and Phone1's proprietary VoIP calling card.

¹⁴ For example, Phone1 has entered into discussions with potential partnership opportunities with Official Kiosk Group (“OKG”), a dynamic Miami-based Kiosk provider that has won contracts to place kiosks at 50 greyhound terminals.

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4.0 Financials

Monthly Sales & Earnings Estimates

(Conservative Model using 1.5 cents per minute gross margin)

Number of Payphone ¹	50,160
Number of monthly minutes ²	45,771,000
Net Sales (monthly)³	\$6,865,650.00

Cost of Sales

Interconnect Fees ⁴	\$0.030
DS3 & T1 Costs (prorated) ⁵	\$0.005
VoIP supplier rates to Phone1 ⁶	\$0.100
Total cost per minute	\$0.135
Total cost of service	\$6,179,085.00

Gross Margin	\$686,565.00
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General & Administration ⁷	\$70,000.00
Marketing ⁸	\$45,375.00
Total overhead expenses	\$115,375.00

Net Monthly Income before taxes	\$571,190.00
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1. Based on discussions with Payphone Owners who together own 50,160 installed payphones and who have shown indications of interest in immediately routing all domestic and international long distance minutes generated from their payphones to Phone1's VoIP Network;
2. Based on each Phone1-enabled payphone (50,160) generating 30 minutes per day of traffic routed through its VoIP Network;
3. \$.15 per minute retail price billed to Payphone Owners.
4. Interconnect fees are the per minute fees charged by the LEC's to transmit calls from central office to Tandem facilities for final connection to Globaltron's switches. These fees based on numbers estimated by Globaltron's Mr. Caplinger
5. Monthly cost of DS3 and T1 connections paid to LEC to transfer minute traffic from tandem facilities to Globaltron's switches. Estimated by prorating monthly cost into number of minutes. Higher minute traffic equals lower per minute costs. These costs based on numbers estimated by Globaltron's Mr. Caplinger.
6. Per minute rates charged to Phone1 by Globaltron for use of VoIP Network. These rates are preliminary findings and are expected to be lower than stated.
7. Includes \$45,000 for management costs and \$25,000 for other consultants;
8. Estimate. The exact figures to be determined after January 9, 2001 status update & market strategy meeting. \$45,375,000 includes \$35,000 per month for TV advertising (including production costs), \$5000 per month for radio, \$2000 per month for Newspaper print, \$125 for Phone1's website, \$1,250 for marketing literature, and \$2000 other.

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CONFORMED SUBMISSION TYPE: 8-K/A

PUBLIC DOCUMENT COUNT: 1

CONFORMED PERIOD OF REPORT: 20010613

ITEM INFORMATION: Acquisition or disposition of assets

ITEM INFORMATION: Financial statements and exhibits

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STREET 1:	100 N BISCAYNE BLVD SUITE 2500
CITY:	MIAMI
STATE:	FL
ZIP:	33132
BUSINESS PHONE:	3053713300

MAIL ADDRESS:

STREET 1:	100 N BISCAYNE BLVD SUITE 2500
CITY:	MIAMI
STATE:	FL
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FORMER COMPANY:

FORMER CONFORMED NAME:	WIN GATE EQUITY GROUP INC
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K-A

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

June 13, 2001

0-6770

Date of Report (Date of earliest event reported)

Commission File Number

GLOBALTRON CORPORATION
(Exact name of registrant as specified in its charter)

Florida

65-06698942

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer Identification Number)

100 N. Biscayne Blvd., Suite 2500
Miami, Florida 33132

(Address of Principal Executive Offices) (Zip Code)

(305) 371-3300

(Registrant's telephone number, including area code)

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Item 2. Acquisition or Disposition of Assets

Agreement with Phonel, Inc.

On June 13, 2001, Globaltron Corporation acquired all of the outstanding common stock of Phonel, Inc., a telecommunications company ("Phonel"). The transaction is expected to close by May 31, 2001. Globaltron will issue 12.0 million restricted shares of its common stock for 100% of the outstanding common stock of Phonel. As security for the indemnification provisions given by the Phonel shareholders described in the Agreement, 7.2 million shares of the Company

shares issued to the Phonel shareholders will be pledged, pursuant to a pledge and security agreement.

Phonel has developed a marketing and business concept for the placement of domestic and international long distance telephone calls from the United States to anywhere in the world from public payphones at very competitive consumer rates. The service is currently being offered on a "test basis" in the South Florida area. The business plan is to roll out the service in six of the largest metropolitan areas of the United States. The concept will utilize Globaltron's existing United States and international ATM/VOIP switching network as well as other third party telecommunications providers such as Qwest Communications Corp. and Global Crossing Corp. In this regard, Globaltron has recently entered into Carrier Service Agreements with both Qwest and Global Crossing.

The Phonel concept involves installing bright yellow phone handsets on what we believe will be strategically located public payphones. Once installed the Phonel yellow payphone will allow a user for one dollar in change to make an international or domestic long distance call (dialing direct without the need to be a subscriber or to have an access code) for, on average, a three to five minute period depending on the country called.

Item 7. Financial Statements, Pro Forma Financial Statements and Exhibits.

- (a) Financial Statements for Phonel, Inc. which was the business that was acquired.

Report of Independent Certified Public Accountants

Financial Statements

Balance Sheet

Statement of Operations

Statement of Stockholders' Equity (Deficit)

Statement of Cash Flows

Notes to Financial Statements

- (b) Pro Forma Condensed Consolidated Financial Information

Pro forma financial information of Globaltron Corporation and Phonel, Inc.

- (c) Exhibits

None

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: August 20, 2001

GLOBALTRON CORPORATION

By: /s/ Syed Naqvi

Syed Naqvi, Chief Financial Officer

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FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS

PHONE1, INC.
(A Development Stage Company)

March 31, 2001

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BALANCE SHEET

STATEMENT OF OPERATIONS

STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)

STATEMENT OF CASH FLOWS

NOTES TO FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS

Board of Directors
Phonel, Inc.

We have audited the accompanying balance sheet of Phonel, Inc. as of March 31, 2001, and the related statements of operations, stockholders' equity (deficit), and cash flows for the period from December 7, 2000 (date of inception) through March 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Phonel, Inc. as of March 31, 2001, and the results of their operations and their cash flows for the period from December 7, 2000 (date of inception) through March 31, 2001, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note B to the financial statements, the Company's current liabilities exceeded its current assets by \$846,945 and the Company had a retained deficit of \$872,979 at March 31, 2001. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note B. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Grant Thornton LLP

Miami, Florida
August 8, 2001

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<PAGE>

Phonel, Inc.
(A Development Stage Company)

BALANCE SHEET

March 31, 2001

ASSETS

Current assets		\$	
Cash and cash equivalents		12,500	
Prepaid advertising and consulting		1,054,313	

Total current assets		1,066,813	
Fixed assets, net		30,622	
Other assets		43,344	

Total assets		\$ 1,140,779	=====

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities		\$	
Accounts payable		11,583	
Accrued expenses and other current liabilities		152,175	
Loan payable		1,750,000	

Total current liabilities		1,913,758	
Stockholders' deficit			
Common stock, par value of \$.001, 1,000 shares issued and outstanding		1	
Additional paid-in capital		99,999	
Accumulated deficit during the development stage		(872,979)	

Total stockholders' deficit		(772,979)	

Total liabilities and stockholders' deficit		\$ 1,140,779	=====

The accompanying notes are an integral part of this statement.

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<PAGE>

Phonel, Inc.
(A Development Stage Company)

STATEMENT OF OPERATIONS

For the Period from December 7, 2000 (Date of Inception)
through March 31, 2001

Revenue	\$	--
Expenses		
Selling and marketing		228,888
General and administrative		768,303
Depreciation and amortization		4,697

Operating loss		(1,001,888)
Other income (expense)		
Interest expense		(21,091)
Other income		150,000

Loss before income taxes		(872,979)
Income tax benefit		--

Net loss	\$	<u>(872,979)</u>

The accompanying notes are an integral part of this statement.

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Phone1, Inc.
(A Development Stage Company)

STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)

For the Period from December 7, 2000 (Date of Inception)
through March 31, 2001

<TABLE>
<CAPTION>

	Shares of Common Stock	Common Stock	Additional Paid-in Capital
	-----	-----	-----
<S>		<C>	<C>
Balance, December 7, 2000, date of inception	--	\$ --	\$ --
Issuance of common stock	1,000	1	49,999
Capital contribution	--	--	50,000

Net loss	--	--	--
	-----	-----	-----
Balance, March 3, 2001	1,000	\$ 1	\$ 99,999
	=====	=====	=====

</TABLE>

The accompanying notes are an integral part of this statement.

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Phonel, Inc.
(A Development Stage Company)

STATEMENT OF CASH FLOWS

For the Period from December 7, 2000 (Date of Inception)
through March 31, 2001

<TABLE>

<CAPTION>

<S>

Cash flows from operating activities
 Net loss
 Adjustments to reconcile net loss to net cash used
 in operating activities
 Depreciation and amortization
 Changes in assets and liabilities
 Increase in prepaid advertising and consulting
 Increase in accounts payable
 Increase in other assets
 Decrease in accrued expenses and other liabilities

Net cash used in operating activities

Cash flows from investing activities
 Acquisitions of property and equipment

Net cash used in by investing activities

Cash flows from financing activities
 Borrowings under loan payable
 Proceeds from the issuance of common stock
 Capital contribution

Net cash provided by financing activities

Net increase in cash

Cash at beginning of period

Cash at end of period

Supplemental disclosure of cash flow information Cash paid during the period
for:

Taxes

Interest

</TABLE>

The accompanying notes are an integral part of this statement.

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Phonel, Inc.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

March 31, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Description of Business

Phonel, Inc. (the "Company") is a Florida corporation and was organized on December 7, 2000. The Company intends to provide telecommunication services for domestic and international calls through public payphones at competitive consumer rates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less, when purchased, to be cash equivalents. Included in cash and cash equivalents is a \$12,500 certificate of deposit.

Fixed Assets

Fixed assets are stated at cost. Depreciation is computed over the estimated useful lives of the assets by the straight-line method for financial reporting purposes.

Income Taxes

Deferred income taxes have been provided for elements of income and expense which are recognized for financial reporting purposes in periods different than such items are recognized for income tax purposes. The Company accounts for deferred taxes utilizing the liability method, which applies the enacted statutory rates in effect at the balance sheet date to

differences between the book and tax basis of assets and liabilities. The resulting deferred tax liabilities and assets are adjusted to reflect changes in tax laws. A valuation allowance is provided against deferred income tax assets to the extent of the likelihood that the deferred tax asset may not be realized.

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

(continued)

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Phonel, Inc.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value of Financial Instruments

The Company estimates that the fair value of its financial instruments approximates the carrying value of its financial instruments at March 31, 2001.

Advertising Costs

On March 8, 2001, the Company entered into an agreement with an advertisement agency to promote the Company's product and services. During March 31, 2001, the Company made payments to the agency of approximately \$1.2 million. The services rendered during the period by the agency amounted to approximately \$229,000.

NOTE B - OPERATIONAL MATTERS

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has experienced a net loss of \$872,979 for the period ended March 31, 2001. Additionally, the Company's current liabilities exceeds its current assets by \$846,945 and the Company used cash of \$1,805,277 in its operations for the period ended March 31, 2001. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plan in regard to

these matters are also described below. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In view of the matters described in the preceding paragraph, recoverability of a major portion of the recorded asset amounts shown in the accompanying balance sheet is dependent upon future profitable operations of the Company, which in turn is dependent upon the Company's ability to meet its financing requirements on a continuing basis, to maintain present financing, and to succeed in its future operations. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

In response to the matters described in the preceding paragraphs, management believes that a significant portion of its losses to date and shareholders deficit is the result of normal expenses of a start-up entity in the industry in which the Company operates. Management believes that on the basis of the realization of returns on expenditures to date, the non-recurrence of initial start-up costs to the extent previously incurred and the Company securing additional loan and equity contributions in the short term, that the Company will be able to operate its business in the normal course.

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Phonel, Inc.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2001

NOTE C - OTHER INCOME

During the period ending March 31, 2001, the Company was paid \$150,000 by Globaltron Communication Corporation to provide strategic advisory and consulting services to Globaltron Communication Corporation for a period of one month.

NOTE D - FIXED ASSETS

Property and equipment at March 31, 2001, consisted of the following:

	Estimated Useful Life - Years	

Office furniture and equipment	5	\$ 32,223
Less accumulated depreciation		(1,601)

\$ 30,622
=====

NOTE E - OTHER ASSETS

During March 31, 2001, the Company entered into an agreement with an individual to purchase the Company's domain name "Phonel.com." The Company paid \$40,000 and is amortizing the asset for a period of five years. At March 31, 2000, the accumulated amortization is \$3,096.

NOTE F - LOAN PAYABLE

At March 31, 2001, the Company was indebted to an entity in the principal amount of \$1.75 million, bearing interest at 11.5 percent. The indebtedness is not evidenced by a promissory note and was not secured by any of the assets of the Company. The Company had accrued interest of approximately \$22,000 as of March 31, 2001.

NOTE G - INCOME TAXES

The Company has no current income tax benefit as a result of a tax net operating loss for the year ending March 31, 2001.

The Company has not recorded a deferred tax benefit because of a valuation allowance which completely provides for the deferred tax assets.

(continued)

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Phonel, Inc.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2001

NOTE G - INCOME TAXES - Continued

Deferred tax assets at March 31, 2001 are comprised of the following:

Net operating loss	\$	323,002

Deferred tax assets		323,002
Less valuation allowance		(323,002)

	\$	--
		=====

At March 31, 2001, Phonel, Inc. had net operating loss carryforwards for federal tax purposes of approximately \$873,000, expiring in 2021. These losses are subject to limitation under IRC Section 382, due to stock

ownership changes.

NOTE H - COMMITMENTS AND CONTINGENCIES

On March 8, 2001, the Company entered into an agreement with an advertisement agency. The term of the agreement is for a period of 9 months. In addition to the up-front payments totalling \$1.2 million as described in Note A, the Company is required to make payments of \$75,000 monthly until the termination of the contract.

On August 8, 2001, the Company entered into an agreement with an advertisement agency to provide professional marketing services to the Company. The new agreement terminates the previous contract with the advertisement agency. The Company is required to make four monthly payments of \$16,250 beginning August 15, 2001. Additionally, the Company would pay a markup fees on the cumulative yearly net media expenses based on a sliding scale. The term of the agreement is for a period of five years.

NOTE I - SUBSEQUENT EVENTS

On May 4, 2001, the Company entered into an agreement with eight consultants, who are also shareholders, to provide services as may be requested and directed by the President and CEO of the Company. The consulting fees ranged from \$10,000 to \$13,000 per month during the term of the agreement. The agreements shall terminate on December 31, 2001.

(continued)

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Phonel, Inc.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

March 31, 2001

NOTE I - SUBSEQUENT EVENTS - Continued

On May 8, 2001, the Company entered into a loan with the GNB Bank in the principal amount of \$2.75 million, plus interest at Citibank N.A. prime plus 2%. Payment of the outstanding obligation was due on July 8, 2001. The loan was paid in full by Globaltron Corporation prior to its maturity date.

On June 6, 2001, the Company entered into a loan with the GNB Bank in the principal amount of \$300,000, plus interest at Citibank N.A. prime plus 2%. Payment of the outstanding obligation was due on July 6, 2001. The loan was paid in full by Globaltron Corporation prior to its maturity date.

On June 13, 2001, Globaltron Corporation acquired all of the outstanding shares of the Company for 12 million restricted shares of Globaltron Corporation's common stock. As security for the indemnification provisions given by the Company's shareholders to Globaltron Corporation, 7.2 million shares of common stock was pledged.

On June 28, 2001, the Company entered into a license agreement with a vendor. Under the agreement, the vendor granted the Company a non-exclusive, non-transferable license to use the software. The Company is required to pay the vendor a total of \$760,000 at a rate of \$21,000 per month for a period of 36 months. The Company will pay up to \$1.7 million to the vendor if the Company reaches certain revenue milestones. The first time that any such fees will be due to the vendor shall be 18 months from the agreement date.

On July 24, 2001, the Company entered into an agreement with a vendor for a period of 10 years. The vendor is a leading manufacturer and distributor of intelligent electronic assemblies for payphones, under which the Company has exclusive access to custom firmware technology designed to enhance the Company's coin-operated international long distance services. In addition to the exclusive use of the firmware technology, the Company has been granted licensing rights to use the vendor's proprietary answer detection technology and its ExpressNet(R) and Panorama(R) software upgrades. Under this agreement the Company is required to maintain a minimum inventory of five thousand custom products.

On July 31, 2001, Phonet, Inc., a wholly owned subsidiary of Globaltron Corporation entered into a loan with GNB Bank in the principal amount of \$2 million, plus interest at Citibank N.A.'s prime plus 2%. Payment of the outstanding obligations is due on September 17, 2001.

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PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
BASIS OF PRESENTATION

Effective June 13, 2001, the Company acquired all of the outstanding common stock of Phonet, Inc., a telecommunications marketing company, for 12 million restricted shares of the Company's common stock. The acquisition has been accounted for using the purchase method of accounting.

The following Pro Forma Condensed Consolidated Statements of Earnings for the year ended March 31, 2001 and the three months ended June 30, 2001 give effect to the acquisition by the Company of Phonet, Inc. The Pro Forma Condensed Consolidated Statements of Earnings for the year ended March 31, 2001 and the three months ended June 30, 2001 present the Pro Forma results assuming the acquisition occurred April 1, 2000 and April 1, 2001, respectively. No Pro Forma balance sheet has been presented as the acquisition occurred prior to June 30, 2001 and the Company has previously filed Form 10QSB for the period ending June 30, 2001.

The Pro Forma Condensed Financial Statements have been prepared based upon the historical financial statements of the Company and the acquired subsidiary for the periods stated above. Such Pro Forma statements are not indicative of what the Company's financial position or results of operations actually would have been if these transactions in fact occurred on the dates indicated.

PASCAL YAMMINE

1. Educational Backgrounds

-BA in Organizational Communication and Information Technology.

University of Illinois, Urbana - Champaign

-MA in Organizational Communication and Information Technology.

University of Illinois, Urbana - Champaign.

2. Previous Work experience

- 3 years at Accenture, LLP consulting Fortune 100 Telecommunications Companies in various information system areas.

-Conducted independent consulting services to small to medium business regarding information technology strategies and operations, including development of custom software.

-Developed web-based distributed mergers and acquisitions enabling software resulting in 8 US patents.

3. Current Job Descriptions and Responsibility.

Title: Chief Information Officer

Description:

Manage and operate all data related systems within Phone1 and Globaltron Communications Corp. These include managing and operating customer billing, vendor reconciliation, traffic analysis and reporting, management local area network (LAN), management of Phone1 and Globaltron email and web systems, LAN security, data back-ups, other system server and database maintenance (including General Ledger and Financials applications, Trouble Ticketing System, IVR System, and Customer information database).

4. Name of Immediate Supervisor: Syed Naqvi/ Dario Echeverry

NABEEL ADSANI

Prior to joining Phone1, Adsani was Director of Operations at a Paris-based research and development firm that successfully developed image processing technology in silicon. During his four year tenure, Adsani helped the company expand operations in Paris, Palo Alto, and Tokyo, supervising the efforts of 22 engineers and consultants. As part of this expansion, Adsani successfully negotiated numerous key relationships with fortune 100 companies, universities and governmental bodies, in the United States, Japan, England and France. Adsani also developed an international intellectual property strategy for the company that was valued by Nomura Research Institute and PricewaterhouseCoopers at several billion dollars. Adsani's experience includes product development, licensing negotiations, and public relations campaigns. Adsani received a Bachelor of Arts in International Relations with distinction from The American University, Washington, D.C, and a Juris Doctorate from the University of Miami School of Law, in Miami, Florida. Adsani lives with his wife, Lara, and his son, Sami, in Miami, Florida.

Vice-President, Operations: At Phone1, my responsibilities vary from time to time. This is typical of a start up where several people will wear different hats until growth is achieved along with stability. However, and at a minimum, the central theme common of my role at Phone1 since the beginning has been and continues to be the development of key strategic relationships with third parties, including (1) media, (2) marketing, (3) large payphone operators, (4) OEMs, (5) company spokesperson, (6) some HR hiring and (7) drafting legal documents. For convenience, each is addressed separately.

(1) Media. I supervise the efforts of the Nixon Group, working closely with Lisa Gruenloh on A) press releases and 2) a strategy for local and national media. To date, we have developed a working relationship whereby I write the press releases, then Lisa edits. Beyond this, we have developed a media campaign that targets both local and national media outlets. Until now, our efforts are highly dependent on implementation. Once fully underway, with visible yellow handsets apparent, our groundwork to date is likely to pay off. The target audience has been bifurcated between institutional investors on the one hand and the general payphone owner market on the other.

(2) Marketing. I develop presentations on behalf of the company by laying out the groundwork -ie, content -- for Paul Slaninka at the firm of Rosen & Baker, for him to develop in audio-visual format. Also, I have supervised the efforts of the marketing firm, as well as develop various strategies, as they decide various budgets and marketing themes related to B to C and B to B.

(3) Large Payphone Operators. I have been involved in the presentations, both initial and repeat presentations, to major clients such as Sprint and AT&T. I have also been involved in all discussions pertaining to the contractual relationships, modifying key elements of contracts, subject to Dario's final approval. My goal is to develop a B to B marketing strategy to all the major carriers. This is still in the works.

(4) OEMs. I developed an exclusive licensing strategy with Protel and Elcotel. This is intended to exclude competition and replace our having no intellectual property. I have been the sole person negotiating these contracts, with help from Mr. Sloan and Mr. Barker.

(5) Company Spokesperson. I am company spokesperson with media and am a presenter to payphone operators and (recently) a presenter of the Phone1 story to potential institutional investors.

(6) Hiring HR. I have identified, recommended and negotiated the contracts of key consultants. These include Paul Demirdijian, Rosen & Baker, Steve Rowe, and the Nixon Group.

(7) Drafting legal documents. Prior to involvement and approval by Proskauer Rose, and to reduce legal costs, I developed non disclosure agreements, invention assignment agreements, payphone operator reseller agreements, accessory agreements, and consultancy agreements. I have also negotiated exclusive licensing agreements with Protel and am about to conclude another with Elcotel (both for 10 years). Further, in the wake of delays after Las Vegas, I renegotiated our obligations with the Nixon Group (6000 per month for 50 hours from 15000 per month for 70 hours) and Rosen & Baker (no monthly commitment of 75,000 from a commitments of monthly 75000 - also, all work product belongs to Phone1 with termination at 60 days).

Again, my above listed responsibilities are inclusive and not exclusive.

Syed Naqvi
Chief Financial Officer

A) Certified Public Accountant (CPA)

B) Result oriented professional with fortune 500 companies and startups experience, both domestic and international, in financial and operational management. Additionally, I have a strong background in strategic planning, mergers & acquisitions, operational/financial analysis, turnarounds, problem solving, project management, SEC reporting and computerized accounting systems'.

- Participated in mergers & acquisitions transactions totaling over a billion dollars.
- Supervised multiple departments and successfully managed financial statement of an entity with revenues of over \$250 million dollars.
- Reduced cost of operations by over 10% a year.
- Performed earnings and profit studies. Assessed risks and recommend opportunities for growth.
- Consulted in the development and launching of Interactive and Electronic Commerce services.
- Assisted in establishing relationships with telecommunication companies, cable operators, satellite companies, ISP's and various governments.

C) Responsibilities.

- Responsible for the financial management.
- Internal and external reporting.
- Vendor Relationships.
- Management of budget and special projects that cross Finance, Planning, IT and Procurement departmental lines.
- Understanding of financial concepts and issues.
- Provide direction in a leadership capacity
- Due diligence, valuation analysis and financial projections.
- Manage and oversee departmental budget through direct reports; and Provide input for organizational policies and procedures.
- Manage projects and programs through direct reports in a team environment.
- Build the financial infrastructure of the company.
- Create and implement controls and systems as needed in the field and throughout the organization.
- Implementation of financial software across the enterprise.
- Automate and integrate accounting, budgeting and reporting systems, creating

new systems where appropriate. Help integrate systems with other functional areas to improve efficiency and effectiveness

- Build and maintain relationships at all levels and participate in multi-departmental teams.
- Build and manage a high caliber finance team.
- Prepares Board presentations and coordinates material required for Board meetings.
- Assist the CEO/President in Contract Management.
- Assist the Board and the CEO/President in Investor Relationship.
- Assist the CEO/President in driving the growth of the Company to market leadership
- Support the Company goals.
- Special Projects and problem solving.
- Coach, direct and mentor staff.

D) Dario Echeverry

Alvaro Peña Jr.

Educational background

- Santa Maria University.
- 1998 Specialization in Business Administration (1st year) . Caracas, Venezuela
- 1994-1997 University Institute of Insustrial Technology "Rodolfo Loero Arismendi Superior University Technician". Major in Marketing. ". Caracas, Venezuela.
- 1989-1994 Educational Institute "Juan German Roscio". High School Degree in Sciences. Caracas, Venezuela
Languages: Spanish: Native language: Read, write and speak. English: Read and speak and Write fluently.

A summary of your work experience

- 1998-2000 **GLOBALTRON Communication Corporation / STARTCOMM CORP. . Miami, Fl**
VoIP Maintenance and Provisioning for Micom Maráthon 5K T Pro VFM voice fax. Multiplier. Installation of digital links E1 and T1.PBX installation for all the Startcomm Corp. Provisioning of new Port for Client, routers etc. Nortel Networks: installation, operation and maintenance of Passport series 6000 y 7000 .Lucent Call back Equipment Marathon 5K T Pro VFM voice fax: installation, operation and maintenance of Multiplier. Cisco and Lucent Equipment VoIP: maintenance and provisioning Beta Test Cisco Switch SVC300 0: installation and support Cisco 5300 Voip: provisioning and routing Lucent equipment Max TNT and Max 6000: installation and maintenance Lucent Gatekeepers: installation and maintenance. It includes routing tables and Numbers translations. Lucent Technology Switch Exchange Plus: installation, provisioning and maintenance Install New GLOBALTRON site (Los Angeles): activation and provisioning. This includes Hardware and Provisioning of CISCO equipment (5300, 7500, 12000, 7200, Access path).Globaltron has its own teleports in five cities in Brazil. Lucent Exchange Plus installation in Medellin, Colombia used as a gateway. Connection of E-1's to the local PTT using C7 signaling and connected to the Lucent Max TNT via ISDN PRI. Bring carriers to Miami network and New York. Installed a fourteen node Lucent Exchange Plus in New Jersey and a 8 node Lucent Exchange Plus with IMT's between Lucent TNT's and Cisco AS5300's. Two Nortel MMCS's in Miami with Lucent and Cisco networking and a Lucent Excel switch in New York, which I am presently getting ready to cut over to a four node Lucent Exchange Plus. Transport between New York and Miami is ATM. Maintenance and basic provisioning of Nortel Multi Media Carrier Switch (MMCS). GLOBALTRON network (internet access, printer and other resources): maintenance of LAN connection in GLOBALTRON Miami office, Breakdowns.PBX (nortar): installation and maintenance.Programming Voice Mail (flash) for GLOBALTRON Communication Corporation.Mux Telco Sys Edge link 100 installations and provisioning. Get IP connectivity from all Globaltron sites.Digital links E1 and T1Installation.
- Jan.98-Oct.98 **CANTV Largest Telecommunication Company. Caracas, Venezuela**
Engineer Support.
Banco Provincial: provisioning and maintenance support on Passport and DPN Equipment customer of CANTV network.Provisioning of new clients for CANTV Networks in different protocols:x.25, x.28, TCP/IP, Platform ATM/Frame Relay, All this protocols handle with Nortel Networks equipment (DPN, Passports, etc), and satellite technology solutions VSAT/DAMA. Provisioning all virtual connection of the protocols (LCN's, DLCI's, SVC's, PVC's, etc). Knowledge of difference mediation software for customers and Networks, such as: 1.HP INTERNET ADVISOR Protocols Analyzer. 2 Management of OPEN/VIEW software for DATA GENERAL COMM Modems. 3. XAMINER recollections of statistic and alarms for customers of CANTV Network. 4. Analyzer NEXUS TRACE under Solaris. 5.X-CEL SMR links, nodes and customer statistic, under any protocols of CANTV Network. Maintenance of clients for special service of CANTV networks, Diagnostic and Solutions for Customers breakdown of CANTV Networks in different protocols: 1. X.25 2. TCP/IP 3.Platform ATM/Frame Relay. All these protocols were handled with Nortel Networks equipment (DPN, Passports, etc), and satellite technology solutions VSAT/DAMA. Live technical support for customers for first time

connection of this equipment (routers, frad's etc). It includes advice and live tests, from customer sites, using different technical tools such as: 1.Protocol analyzer 2.Protocol emulation, etc Programming and Management of dial up service for CompuServe and American Airlines in all Venezuela states. (Passport and DPN equipment). Marketing support in telecommunication events: COMEXPO and INFORVEN. Full management of OPEN / VIEW for modems DATA GENERAL COMM.

Job Description Form

Position Title: VoIP Devices Manager.

2. Position Summary: Briefly describe the major responsibilities of the position. Coordinate installation and activation of Voice over IP protocol based services in support of both internal and external customer requirements. Coordinates and works with internal resources to implement our domestic ATM backbone transport and extension of services through other point of presence overseas. Responds to reports of service interruption to quickly isolate trouble and restore service. Coordinates with end users to execute service upgrades and preventative maintenance. Installation, Activation and Maintenance of Lucent Gatekeeper (MVAM) and translation devices for IP services. Coordinate installation of interconnection circuits supporting the gateway connectivity with switches or public networks. Work with end customer and partners to verify installation and ensures circuit integrity through acceptance testing and once verify circuit over to customer and releases circuit to service. Responds to customer complaints of service interruption. Through local and remote equipment access, test circuit to determinate location and source of the trouble. Coordinate with underlying customer and providers to correct situation and return circuit to an operational state. Work with both internal and external personnel to install. Test and activate segments of our ATM/TCP/IP backbone network with the intent to deliver services to our international boarder crossing Support to the Network Office center, personnel and operation as needed. Lucent Equipment VoIP (Max 600, Max TrT): Installation, maintenance and provisioning. Installation, maintenance and provisioning of Cisco 5300, 3800, 7200, 7500, 12000 and routing. Lucent Gatekeepers: installation and maintenance and provisioning. It includes routing tables and Numbers translations. Lucent Technology Switch Exchange Plus: installation and Hardware maintenance Initiate installation of Gate Keeper and translation devices for the IP based service. Coordinate installation of interconnection circuits supporting the gateway connectivity with switches or public network. Works with the end customer and partner to verify installation and ensures circuit integrity through acceptance testing and once verify turns circuit over to customer and releases circuit to service. Responds to customer complaints of service interruption. Through local and remote equipment access quickly tests circuit to determine location and source of trouble. Coordinates with underlying carriers and providers to correct situation and return circuit to an operational state. Works with both internal and external personnel to install, test and activate segments of our ATM / TCP/IP backbone network with the intent to deliver services to our international boarder crossings. Supports VoIP services and it's configuration. Available to support to NOC and personnel and operations as needed.

Name of immediate supervisor: Dennis Trucchio

NAT BRENNAN

1. Educational background (most recent degree)

Southern Union/Oakwood College
BA Theology Major/Business Minor

2. A paragraph summary of your work experience

I have worked in the field of Telecomm for over 30 years, holding many titles (ie. VP, COO, & Sr. Director). I have been a trainer for Sales and Customer Service organizations. I have managed Sales Agents (85) and many major accounts And large resellers in the Carrier Business.

3. Current job description and responsibilities

VP of Sales for the carrier sales division, Phone1 sales including independent sales agents, customer service and sales support organization.

3. Name of immediate supervisor

Mr. Dario Echeverry, CEO

REQUESTED INFORMATION
FOR
E. L. "Cap" Caplinger

1. *Educational background:*
High School Graduate with some college.

2. *Work Experience:*
Mr. Caplinger joined Globaltron in November of 1999 as Director of Network Provisioning. His responsibilities include the coordination for provisioning of Globaltron's network and the implementation and operation of Globaltron's Network Operations Center (NOC). Mr. Caplinger had 33 years service with Southern Bell in Miami, Florida and Atlanta, Georgia performing various job duties in the Network Department. He spent 9 years on Southern Bell's Network Staff coordinating with the Southern Bell State staffs regarding Network operations and switching systems. Since 1993 he has worked for several IXC/CLECs in the Miami area. His most recent job assignment was with Pointe Communications Corporation as Director of Network Provisioning. He was instrumental in establishing an ATM backbone between major cities in the Northeast and the implementation of PointeCom's Feature Group "D" network for 1 plus traffic. Since coming with Globaltron He has coordinated the installation of all network facilities that make up the infrastructure for Globaltron's network and is presently involved in the restructuring of the Network Operations Center in Miami.

3. *Brief description of my job:*
Responsible for Engineering and Design, Facilities and Equipment ordering, Equipment shipping, Tracking of installation, testing and implementation of the Globaltron Network. This position will interface with Marketing to insure timely provisioning of the Network. Responsible to Supervise Technical support personnel and enhance their knowledge in all facets of Telephony and IP Telephony. This position will interface with MIS/Billing personnel to insure proper invoicing of customers and complete and accurate receipt and retention of Call Detail Records. Provide status and feedback to upper management regarding all Network projects.

4. *Name of Immediate Supervisor:*
Federico Fuentes