

State of Florida



Public Service Commission

ORIGINAL
FILE COPY

-M-E-M-O-R-A-N-D-U-M-

DATE: September 5, 1997
 TO: Blanca Bayo, Division of Records & Reporting
 FROM: Tim Devlin, Director, Division of Auditing & Financial Analysis *TD*
 RE: Docket No. ~~960811-TI~~ -- Application for interexchange telecommunications service certificate - Health Liability Management Corporation

Attached is the original and five copies of Ann Causseaux's testimony and exhibits in the above referenced docket.

TD:jmw
 Attachments
 cc: Charlie Pellegrini (2)

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN 3 + orig
- OPC _____
- RCH _____
- SEC 1
- WAS _____
- OTH _____

DOCUMENT NUMBER-DATE
08965 SEP-56
 FPSC-RECORDS/REPORTING

ORIGINAL
FILE COPY

Florida Public Service Commission
Division of Auditing and Financial Analysis
DIRECT TESTIMONY OF ANN CAUSSEAU
Before the Florida Public Service Commission
Docket No. 960811-TI
September 5, 1997

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Q Please state your name and position with the Florida Public Service Commission?

A My name is Ann P. Causseaux and I am Chief of the Bureau of Financial Analysis in the Division of Auditing and Financial Analysis.

Q How long have you been employed by the Commission in this position?

A I have been employed in this position since August 20, 1993.

Q Please summarize your background and experience.

A I have been employed by the Florida Public Service Commission since September 5, 1978. During that time I worked in, and supervised, the Tax Section until I became Chief of the Bureau of Financial Analysis.

I have testified before the Commission in numerous dockets of various types, have presented comments before the Financial Accounting Standards Board, the Internal Revenue Service, and a Select Sub-committee of the U.S. House of Representatives. I have made other presentations before varied audiences.

Q Are you familiar with the application of Health Liability Management Corporation for Certification as an Interexchange Carrier in Florida?

A Yes, I am.

Q What has been your role in processing Health Liability Management

1 Corporations's application?

2 A As Chief of the Bureau of Financial Analysis, I reviewed the initial
3 internal memorandum, from an analyst in the Finance Section to an analyst in
4 the Division of Communications, regarding the financial capability of Health
5 Liability Management Corporation (HLMC). When that memorandum reached me, a
6 note had been attached that said, "These numbers seem overly optimistic! Are
7 there any historical numbers available?" I then examined the attached
8 information and saw that it was for only 18 days, April 12, 1996 to April 30,
9 1996, and attached a note commenting on that fact. See Exhibit No. APC-1.

10 My next involvement was when my supervisor asked me to participate in
11 a phone call to Michael Weilert (Mr. Weilert). I was told that the
12 circumstances surrounding the call were these: Mr. Weilert had called to
13 complain about a telephone conversation with the supervisor of the financial
14 analyst assigned to the case. I was told that the call I was to participate
15 in was in response to that complaint.

16 During the call my supervisor told Mr. Weilert that he needed to file
17 the information that the analyst had requested, and anything else he thought
18 would help in our analysis, so that the application could be processed. Mr.
19 Weilert was assured that the information would be reviewed and Mr. Weilert
20 said that he would supply the information.

21 After time passed and Mr. Weilert did not supply the required
22 information, I sent Mr. Weilert a certified letter dated January 13, 1997
23 requesting specific information. A copy of the letter and the signed receipt
24 are my Exhibit No. APC-2. During the passage of time between the call and the
25 writing of the letter, I began to independently review the application. Some

1 | of the questions in the letter resulted from that review. Other questions
2 | were reiterations of previously unanswered requests.

3 | Mr. Weilert sent a letter dated January 27, 1997 and additional
4 | information in response to my certified letter. The Division of Auditing and
5 | Financial Analysis' date stamp on Mr. Weilert's response is 9:50 a.m.,
6 | February 20, 1997. Because Mr. Weilert requested confidential treatment of
7 | portions of the response, and that request has not been ruled on, Exhibit No.
8 | APC-3, Mr. Weilert's response, has been divided into two parts. The portion
9 | we do not believe to be covered by the request is termed Exhibit No. APC-3 and
10 | consists of 28 pages. The portion that we know contains information subject
11 | to the request is termed Pending Confidential Exhibit No. APC-3 and contains
12 | Bates stamped pages 1 through 474. The information in Mr. Weilert's response
13 | was inadequate and raised even more questions which led to additional efforts
14 | to verify the information Mr. Weilert had provided verbally and in writing.

15 | Ultimately, because we were unable to get satisfactory information, or
16 | verify the information we did receive, I wrote a memorandum to the Division
17 | of Communications recommending that the certificate be denied. A copy is
18 | attached to my testimony as Exhibit No. APC-4. That recommendation was
19 | reflected in staff's May 25, 1997 recommendation to the Commissioners and was
20 | accepted by the Commissioners at the June 10, 1997 Agenda Conference.

21 | When Order No. PSC 97-0741-FOF-TI, issued June 25, 1997, was protested,
22 | my efforts to verify the data filed by Mr. Weilert continued.

23 | Q When did Health Liability Management Corporation file its application
24 | with the Commission?

25 | A The application is dated April 30, 1996 but the Division of Records and

1 Reporting's date stamp is July 8, 1996.

2 Q Who filed Health Liability Management Corporation's application?

3 A Michael Weilert.

4 Q What conditions must an applicant for application as an Interexchange
5 Carrier meet in Florida?

6 A Section 364-337(3) of the Florida Statutes requires the following:

7 The [C]ommission shall grant a certificate of
8 authority to provide intrastate interexchange
9 telecommunications service upon a showing that the
10 applicant has sufficient technical, financial, and
11 managerial capability to provide such services in the
12 geographic area proposed to be served.

13 Question 18. A. of the application, which Mr. Weilert completed, sets
14 out the financial information that should have been contained in the
15 application of HLMC. This information includes, for the most recent three
16 years, the balance sheet, income statement, and statement of retained
17 earnings. If available, the financial statements should be audited financial
18 statements. If audited financial statements are not available, it should be
19 so stated and the unaudited financial statements should be signed by the
20 applicant's chief executive officer (CEO) and chief financial officer (CFO).
21 The signatures should affirm that the financial statements are true and
22 correct. From this information, staff calculates the current ratio,
23 percentage of equity capital to total capital, and return on equity. The
24 applicant also provides a specific written attestation as to its capability
25 to provide and maintain the proposed telecommunications services. This

1 | attestation notes special circumstances applicable to the applicant that
2 | support the claim of financial capability. Staff is also able to determine
3 | whether the applicant is profitable and whether it appears the applicant can
4 | meet its lease and ownership obligations.

5 | Q What is the policy that Commission staff implements when considering an
6 | Application for Certification as an Interexchange Carrier?

7 | A Competition is encouraged under Chapter 364, Florida Statutes, and the
8 | Telecommunications Act of 1996, but a determination must be made that the
9 | applicant meets the statutory requirements I have mentioned.

10 | The Division of Auditing and Financial Analysis reviews the information
11 | filed to determine if there is reason to believe that the applicant has the
12 | financial capability to provide, and continue to provide, the services
13 | proposed to be offered according to the application.

14 | Q Describe the information specifically submitted by Health Liability
15 | Management Corporation in support of its financial capability.

16 | A HLMC's first submission was five pages which showed estimated results
17 | for 18 days of operations beginning on April 12, 1996 and ending on April 30,
18 | 1996 and which contained a credit report purported to be for Mr. Weilert
19 | personally. See Exhibit No. APC-5 attached to my testimony.

20 | Q What is lacking, deficient or unresponsive in the financial information
21 | submitted by Health Liability Management Corporation?

22 | A In the case of HLMC, which has apparently been in operation for some
23 | time and which estimates it will produce a very healthy income based on an 18-
24 | day estimated period of time, we would expect to see complete, historical,
25 | audited or reviewed data for 1994, 1995, 1996, and the first six months of

1 | 1997. All data presented since 1993 has been either pro forma, projected,
2 | expected, or estimated. See Pending Confidential Exhibit No. APC-3, Bates
3 | 25, 31, 34, 54-57, and 62-65. The initial data, as I have indicated, was for
4 | an 18-day period and was not audited or historical, and appeared to be overly
5 | optimistic. However, we would accept financial information that has been
6 | reviewed by an independent, unrelated, certified public accountant. Further,
7 | the credit report furnished is not for HLMC.

8 | HLMC provided reviewed financial data for 1990, 1991, 1992, and 1993.
9 | The projected data for 1995 is identical in every way to the data presented
10 | for 1993. See Pending Confidential Exhibit No. APC-3, Bates 76 and 82.
11 | Further, the notes to the financial statements for 1990 and 1991 seem to
12 | indicate that HLMC ceased operations in 1990 and was dissolved on December 31,
13 | 1990. See Pending Confidential Exhibit No. APC-3, Bates 119. However, the
14 | notes to other financial statements say that on December 31, 1992 HLMC Network
15 | Services, Inc. merged into HLMC Telecommunications Services, Inc. and HLMC
16 | Telecommunications Services, Inc. merged into HLMC. Those notes further state
17 | that, on January 1, 1993, HLMC Network Services, Inc. became HLMC
18 | Telecommunications Services, Inc. which changed its name to HLMC. See Pending
19 | Confidential Exhibit 3, Bates 88. Thus, I cannot be sure to whom the
20 | statements apply, if to any entity.

21 | The application indicates that HLMC will both lease and own facilities.
22 | See Exhibit No. APC-6 attached to my testimony. However, in responding to my
23 | letter, Mr. Weilert indicates the only lease will be for an executive office
24 | suite. See Exhibit No. APC-3, 1, attached to my testimony. The financial
25 | data Mr. Weilert provided indicated that there were existing leases for a

1 facility which would expire in 1995 and negotiations were underway for a new.
2 more expensive lease, which would expire in 1999 or 2000. There are equipment
3 and vehicle leases expiring in 1997. See Pending Confidential Exhibit No.
4 APC-3, Bates 92. Further, Mr. Weilert provided HLMC's requests for services
5 from various companies presumably in support of HLMC's financial capability.
6 One required an eight figure deposit and another required a bond or a letter
7 of credit for a large amount before honoring the order. See No. APC-3, 3-15.
8 To my knowledge, neither that order nor any of the other potential agreements,
9 furnished by Mr. Weilert, with the various regional Bell operating companies
10 (RBOCs) have been consummated.

11 Mr. Weilert also provided his request to a venture capital company for
12 suppliers of capital in support of HLMC's financial capability. The company
13 said its services were available for a fee. Nothing has been provided that
14 indicates the services were used. See Exhibit No. APC-3.

15 Mr. Weilert provided the name and phone number of the holder of the
16 mortgage on his personal residence saying the gentleman would resolve all
17 questions as to Mr. Weilert's financial capability. The man did not. The fact
18 that Mr. Weilert has not consummated the agreements with the RBOCs, has
19 attempted to seek venture capital, and approached his home mortgage holder for
20 funds, does not indicate financial strength.

21 The income tax information provided does not resolve any of the
22 unanswered questions. It only raises new ones. The Plan indicates the
23 company has chosen, with the consent of its stockholders, to be taxed as an
24 S corporation. The tax information filed indicates the company is not an S
25 corporation. See Pending Confidential Exhibit No. APC-3, Bates 89, 104, and

1 | 120 and Exhibit No. APC-7. It is my understanding that the records of the
2 | Florida Department of Revenue indicate that HLMC is not an S corporation. The
3 | taxpayer identification number provided by Mr. Weilert indicates HLMC did not
4 | originate in Florida. The business activity code used for federal income tax
5 | purposes indicates the company's activities involve life insurance. See
6 | Exhibit No. APC-7. The Better Business Bureau of South Florida indicates that
7 | HLMC's business is other health and medical services. See Exhibit No. APC-8.
8 | The credit bureau report indicates HLMC's line of business is telephone
9 | communications. See Exhibit No. APC-9. The Plan indicates the company was
10 | a telecommunications company providing computer and communication network
11 | solutions and telemarketing services.

12 | On December 18, 1996 Mr. Weilert was notified by phone that historical
13 | financial information was required. On December 19, 1996 I sent him a fax.
14 | On December 20, 1996 he was notified by phone that he should file the
15 | information requested by the financial analyst assigned to the case and any
16 | other information he believed would be helpful in the Commission's review of
17 | his application. On January 13, 1997, I sent Mr. Weilert a certified letter
18 | containing questions that required answers and reiterating other requests.
19 | See Exhibit No. APC-2. Mr. Weilert has been told repeatedly what is required
20 | in numerous unrecorded contacts during the pendency of this matter. He has
21 | been unable, or unwilling, to supply the needed information.

22 | Q Is Health Liability Management Corporation certificated as an
23 | Interexchange Carrier in other states?

24 | A No.

25 | Q Describe your investigation leading to this conclusion.

1 | A The application indicates that HLMC is certificated in Kentucky and has
2 | certificates pending in Arkansas, Florida, Kentucky, New York, Indiana and
3 | Massachusetts. Staff sent a survey to each of the 50 state regulatory
4 | commissions and the District of Columbia. The results of the survey, as
5 | updated from later telephone calls to some of the Commissions, is my Exhibit
6 | No. APC-10 which is attached to my testimony. The survey shows that HLMC is
7 | not certificated in any of these states.

8 | Q Is Health Liability Management Corporation authorized to conduct
9 | business in Florida?

10 | A I am not sure.

11 | Q Describe your investigation leading to this conclusion.

12 | A The application of HLMC states that it is authorized by corporate
13 | charter number P9300008[8]530 to conduct business in Florida. The Commission
14 | has computer access to the records of the Secretary of State's office.
15 | Periodically, various staff members have reviewed that information to
16 | determine if HLMC was registered.

17 | It is my understanding that a letter is routinely sent and the company
18 | is posted as active to the computer records when an application is received
19 | by the Secretary of State's Office. However, at the time a company is
20 | notified it is active and the computer records are updated to show active
21 | status, the company's check has not had time to clear the bank on which it was
22 | written. If the check does not clear the bank on which it was written, the
23 | computer system is changed to show the company is inactive. Thus, HLMC had
24 | a letter stating that it had been reactivated while the computer records
25 | indicated the company was not active because the check did not clear the bank.

1 HLMC was removed from active status on August 26, 1994 for failure to
2 file the required annual report. On September 23, 1996 HLMC's reinstatement
3 was canceled because the check sent to cover the required charges was returned
4 to the Secretary of State's Office by the bank on which it was written.

5 The computer records subsequently indicated that, on May 30, 1997, HLMC
6 was reactivated. It is my understanding that at after HLMC's check was
7 received, that it would be six to eight weeks before it could be known if the
8 check would clear the bank, that a new annual report would be due shortly, and
9 that if the check was returned or the report was not filed, HLMC would again
10 become inactive. At the Agenda Conference on June 10, 1997, it was impossible
11 to know if all conditions to HLMC's remaining an active corporation had been
12 met. Periodically, I have had someone enter the system to see the current
13 status of HLMC.

14 It is now my understanding that the required annual report has been
15 filed, that one check submitted was a cashier's check and that the other, a
16 personal check, can be assumed to have cleared due to the length of time that
17 had passed since it was received. Thus, since had have no proof, such as a
18 copy of both sides of the check if it has cleared the bank, I cannot say with
19 certainty that the corporation is, or will continue to be, authorized to
20 conduct business in Florida.

21 Q Describe your understanding of and concern with Health Liability
22 Management Corporation's Customer Deposit Policy.

23 A The application indicates that no customer deposits will be required.
24 See Exhibit No. APC-11. The Plan submitted by Mr. Weilert, indicates that,
25 for the other aspects of the company's business, there are substantial

1 | deposits required. See Pending Confidential Exhibit No. APC-1. Bates 36. I
2 | cannot tell if any of the services in the application are included in the list
3 | of services to which customer deposits are said to apply in the Plan. I
4 | merely want an affirmative statement that the deposit policy in the Plan will
5 | not apply to the services proposed in the application so that the apparent
6 | inconsistency between the materials furnished can be resolved.

7 | Q Are there additional discoveries that have given Commission staff
8 | concern regarding Health Liability Management Corporation's financial
9 | capability?

10 | A Yes, much of the information is irrelevant and contradictory within and
11 | between itself. Much of the information provided is generic in nature and is
12 | copied from newspapers, magazines, web sites, or other sources. Since it is
13 | not specific to HLMC, it does not assist us in our analysis of the
14 | capabilities of HLMC. See Exhibit No. APC-3. 17-28.

15 | Mr. Weilert has furnished information from the Better Business Bureau
16 | of South Florida. That information indicates the business began in 1980.
17 | However, the Plan indicates the business began in 1978. HLMC's Business
18 | Summary indicates the starting date was 1990 and the Secretary of State
19 | materials indicate the filing date was 1993. See Pending Confidential Exhibit
20 | No. APC-3. Bates 23 and Exhibit No. APC-13.

21 | Mr. Weilert furnished a letter from a disgruntled customer. That letter
22 | indicates the company is, or was, providing some type of service somewhere
23 | which the customer did not find acceptable. Further, it appears from the
24 | letter that the customer was having difficulty getting the matter resolved.
25 | See Exhibit No. APC-3. 16.

1 Mr. Weilert provided information about feature group D services being
2 provided to HLMC by GTE-Florida. This information brings into question the
3 technical ability of the company. The installing technician attached a
4 schematic diagram and a note questioning "How will your service work with
5 [undecipherable] facilities i.e. copper & coax". See Exhibit No. APC-12.

6 A variety of addresses have been provided. None have a phone listing.
7 The current operational number is an unlisted, residential number which would
8 not be satisfactory for customer complaints or inquiries. No customer contact
9 number was provided in the application. After attempting to reach Mr. Weilert
10 at the disconnected numbers originally provided, I tried some of the numbers
11 listed in the various documents he provided. They were frequently answering
12 services or businesses which are not listed as being related to HLMC. The
13 officers listed for HLMC are not consistent in the Plan. See Exhibit Nos.
14 APC-7 and 13.

15 Further, Mr. Weilert furnished, apparently as references, materials that
16 were merely invitations to attend various meetings, classes, or seminars or
17 responses to his requests for information or membership. He furnished
18 directions he had been given to various web sites and home pages that were
19 totally irrelevant and in some cases illegible.

20 Many pages of the Plan are resumes of people purportedly seeking jobs
21 with HLMC. They are entirely without meaning to the application at hand. See
22 Pending Confidential Exhibit No. APC-3, Bates 125-194 and 252-292.

23 Some of the information appears to be data obtained from various other
24 companies and sources. Some appear to have been intended to be confidential
25 by the suppliers. Some of the materials provided are illegible. Some are

1 | strewn with errors and are put together in a haphazard manner. A large number
2 | of pages in the second book of the Plan are upside down. Some are out of
3 | order. See Exhibit Nos. APC-3 and Pending Confidential Exhibit No. APC-3.
4 | Bates 231-237, 240-249, 252-273, and 339-382.

5 | The second book of the Plan also contains letters from several public
6 | service commissions which indicate Florida is not the only state which has had
7 | a problem in obtaining information from Mr. Weilert. That fact was also
8 | supported by the responses to our survey. See Pending Confidential Exhibit
9 | No. APC-3, Bates 422-445.

10 | The Plan's second book contains a complaint filed by HLMC with the
11 | Federal Communications Commission (FCC) against GTE-Florida. It's purpose is
12 | not at all obvious. See Pending Confidential Exhibit No. APC-3, Bates 451-
13 | 454. Staff contacted the FCC in an attempt to determine its relevance and
14 | found that many of the formal and informal matters brought before the FCC by
15 | HLMC have been dismissed due to their inadequacy and incoherence.

16 | Q What is Commission staff's assessment of Health Liability Management
17 | Corporation's financial capability in the context of Section 364.337(3)
18 | Florida Statutes?

19 | A Based on the financial information we have been furnished, we cannot
20 | determine if HLMC exists. It appears that the company covered by the
21 | financial statements for 1990-1993 ceased operations at the end of 1990 or
22 | 1993. No historical data has been provided to date for 1994, 1995, or 1996
23 | although those years should now reflect historical operations. We cannot
24 | conclude that HLMC possesses the requisite financial capability.

25 | Q How did Commission staff recommend to the Commission it should rule on

1 Health Liability Management Corporation's application?

2 A Staff recommended that the application be denied.

3 Q What were Commission staff's reasons for its recommendation?

4 A Staff's recommendation states:

5 Therefore, because of HLMC's failure to file the
6 necessary documentation and information in support
7 of Section 364.337 (3), Florida Statutes, we are
8 recommending that the Commission deny the
9 application.

10 Q Does the Commission frequently find it necessary to deny an Application
11 for Certification on the basis of insufficient financial capability?

12 A This is the first application that has been denied. There have been
13 others that have been withdrawn by the applicants as a result of staff's
14 requests for additional information.

15 Q Does the Commission staff possess today any further information that
16 would cause it to make a different recommendation concerning Health Liability
17 Management Corporation's application?

18 A No.

19 Q What information specifically is still lacking in Health Liability
20 Management Corporation's application that would enable Commission staff to
21 make an appropriate determination on the merits of Health Liability Management
22 Corporation's financial capability?

23 A The information that is lacking is complete, audited or reviewed,
24 historical balance sheets, income statements, and statements of retained
25 earnings for the years 1994, 1995, 1996, and the first six months of 1997: a

1 | specific, written attestation by the CEO and CFO that the company has the
2 | financial capability to provide, and continue to provide, the proposed
3 | services; and other data that actually supports the assertions of the CEO and
4 | CFO; a copy of HLMC's credit report; copies of both sides of the cleared check
5 | sent to the Secretary of State's office in July of 1997; proof that HLMC
6 | actually exists and that Mr. Weilert is who, and what, he claims to be. Staff
7 | will not accept either an audit or review of HLMC's financial statements
8 | prepared by Philip A. Erickson since he is an officer of HLMC.

9 | Q Would you summarize your testimony?

10 | A I do not believe, for the reasons given, that HLMC has the financial
11 | ability to provide, or continue to provide the proposed services. I would add
12 | that HLMC's responses to staff's requests have raised concerns in my mind
13 | about the managerial and technical abilities of the company as well.
14 | Therefore, I believe HLMC should be denied a certificate to operate in the
15 | State of Florida. I do not believe it is in the public interest for HLMC to
16 | be a certificated interexchange carrier.

17 | Q Does that conclude your testimony?

18 | A Yes, it does.

19 |

20 |

21 |

22 |

23 |

24 |

25 |

EXHIBIT NO. _____

DOCKET NO: 960811-TI

WITNESS: Ann P. Causseaux

PARTY: Staff

DESCRIPTION: Attachment to memo to Division of
Communications.

PROFFERING PARTY: Staff

I.D. #

DOCKET NO. 960811-T1
 HEALTH LIABILITY MANAGEMENT CORPORATION
 IXC CERTIFICATE
 FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS
 [BASED ON ESTIMATES]

FOR THE FOUR
 MONTHS ENDING
 4/30/96

CURRENT ASSETS	\$7,488,725
CURRENT LIABILITIES	1,560,973
CURRENT RATIO	4.80
CASH	116,925
COMMON EQUITY	6,006,828
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	6,006,828
COMMON EQUITY RATIO	100%
NET INCOME	5,769,828
RETURN ON EQUITY	96%

Isn't this
 only 18 days
 4/12 - 4/30?

These numbers
 seem overly
optimistic!

[Are there any
 historical numbers
 available?]

EXHIBIT NO. _____

DOCKET NO.: 960811-TI

WITNESS: Ann P. Causseaux

PARTY: Staff

DESCRIPTION: Mrs. Ann Causseaux's certified
letter to Michael Weilert.

PROFFERING PARTY: Staff

I.D. #

STATE OF FLORIDA



Commissioners:
SUSAN F. CLARK, CHAIRMAN
J. TERRY DEASON
JULIA L. JOHNSON
DIANE K. KIESLING
JOE GARCIA

CAPITAL CIRCLE OFFICE CENTER
2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FL 32399-0850

Public Service Commission

January 13, 1997

Dr. Michael Weilert
1137 Hilltop Drive
Naples, FL 33940

Re: Docket No. 960811-TL, Health Liability Management Corporation

Dear Dr. Weilert:

In accordance with previous correspondence, the following information is required:

Pursuant to Sections 364.337 (1)(3) and 364.339 (2), Florida Statutes, effective July 1, 1995, all applicants must have sufficient technical, financial, and managerial capability to provide such service before a certificate of public convenience and necessity can be granted to conduct alternative local exchange, interexchange, or shared tenant telecommunications services in Florida.

Regarding the showing of financial capability, the following applies:

The application should contain the applicant's financial statements for the most recent 3 years, including:

1. the balance sheet,
2. income statement and

SENDER:
 • Complete items 1 and/or 2 for additional services.
 • Complete items 3, and 4a & b.
 • Print your name and address on the reverse of this form so that we can return this card to you.
 • Attach this form to the front of the mailpiece, or on the back if space does not permit.
 • Write "Return Receipt Requested" on the mailpiece below the article number.
 • The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):
 1. Addressee's Address
 2. Restricted Delivery
 Consult postmaster for fee.

3. Article Addressed to:
 Dr. Michael Weilert
 1137 Hilltop Drive
 Naples, FL 33940

4a. Article Number
 P 263 571 753

4b. Service Type
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

7. Date of Delivery
 1-22-97

8. Addressee's Address (Only if requested and fee is paid)

5. Signature (Addressee)
 Lucy J. Swain

6. Signature (Agent)
 [Signature]

Thank you for using Return Receipt Service.

station, regarding the following
 the applicant has sufficient
 geographic area proposed
 the applicant has sufficient
 the applicant has sufficient
 ations.

Get E-mail CONTACT@PSC.STATE.FL.US

PS Form 3811, December 1991 U.S. GPO: 1996-020-714 DOMESTIC RETURN RECEIPT

STATE OF FLORIDA



CAPITAL CIRCLE OFFICE CENTER
2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FL 32399-0850

Commissioners:
SUSAN F. CLARK, CHAIRMAN
J. TERRY DEASON
JULIA L. JOHNSON
DIANE K. KIESLING
JOE GARCIA

Public Service Commission

January 13, 1997

Dr. Michael Weilert
1137 Hilltop Drive
Naples, FL 33940

Re: Docket No. 960811-TI, Health Liability Management Corporation

Dear Dr. Weilert:

In accordance with previous correspondence, the following information is required:

Pursuant to Sections 364.337 (1)(3) and 364.339 (2), Florida Statutes, effective July 1, 1995, all applicants must have sufficient technical, financial, and managerial capability to provide such service before a certificate of public convenience and necessity can be granted to conduct alternative local exchange, interexchange, or shared tenant telecommunications services in Florida.

Regarding the showing of financial capability, the following applies:

The application should contain the applicant's financial statements for the most recent 3 years, including:

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

Further, a written explanation, including supporting documentation, regarding the following should be provided to show financial capability.

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

Dr. Weilert
Page 2
January 13, 1997

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

If available, the financial statements should be audited financial statements.

If the applicant does not have audited financial statements, it shall be so stated. The unaudited financial statements should then be signed by the applicant's chief executive officer and chief financial officer. The signatures should attest that the financial statements are true and correct.

Finally, based on information provided in your initial filing and in conversations you have had with staff, certain concerns have been raised regarding your application. At this time, I would like to give you an opportunity to respond to these issues and, hopefully, alleviate the following concerns:

1. What is the current corporate status of your firm, Health Liability Management Corporation, in the State of Florida? Pursuant to Rule 25-24.471 (1), an applicant desiring to apply for a certificate shall submit an application, for which the following is incorporated into this rule by reference: The application requires proof from the Florida Secretary of State that the applicant has authority to operate in Florida.
2. Pursuant to Rule 25-24.471 (1), an applicant desiring to apply for a certificate shall submit an application, for which the following is incorporated into this rule by reference: The application requires the applicant to provide the name, title, address, and telephone number of the individual(s) who will serve as liaison with the Commission with respect to the following: the application, the official point of contact for the ongoing operations of the company, the tariff, and complaints/inquiries from customers. Further, the application also requires the applicant to provide the name and phone number of the company who will bill for the applicant's services to provide the billed party with a contact to ask questions about the bill. The telephone number provided in your application has been disconnected. What is the current telephone number of your firm?
3. During conversations with staff, you stated your corporation has operations in approximately 36 states. Please provide financial statements (a balance sheet and income statement) which document this business activity. If you have a concern regarding proprietary information, you can request that the financial statements be treated as confidential material.
4. In your initial filing, you provided projected financial information as of 4/30/96. Please provide actual financial information for the same period or a more current period.

Dr. Weilert
Page 3
January 13, 1997

5. In your initial filing, you provided information as of 4/30/96. Is this information Florida specific or does it reflect information on a total company basis for all states in which you operate or anticipate operating?
6. Are the revenues and expenses shown in you initial filing annual amounts, monthly amounts, or both? If both, please provide on a consistent basis, either annual or monthly.
7. Why did you base the income calculation on 18 days in your initial filing?
8. Please provided a detailed calculation of the \$0.40 per line profit shown in your initial filing.
9. Your original filing indicates you own or anticipate owning switches and transmission facilities. Where are those you currently own located?
10. Please provide a list of the states where you are actually certificated, the number of the certificate, and the date it was issued or granted.
11. For the states provided in question 10, please indicate those where you are actually providing services.

I look forward to receiving the requested information. If you have any questions, please call me at (904) 413-6463. Thank you for your assistance with this matter.

Sincerely,



Ann Causseaux
Chief of Financial Analysis

EXHIBIT NO. _____

DOCKET NO: 960811-TI

WITNESS: Ann P. Causseaux

PARTY: Staff

DESCRIPTION: Non-Confidential.
Mr. Weilert's response to certified letter.

PROFFERING PARTY: Staff

I.D. #

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION

97 FEB 25 AM 9:50

AUDITING &
FINANCIAL ANALYSIS DIV

HEALTH LIABILITY MANAGEMENT CORPORATION



01/27/97

Re: Docket No: 960811- TI Health Liability Management Corporation.

Dear Ann Causeaux the Chief of Financial Analysis.

In accordance with previous correspondence the following information is being sent in the format of HLMC's Business Summary and plan at the State of Florida Public Service Commission request.

Subsequently pursuant to Sections 364.337(1)(3) and 364.339(2). Florida Statutes effective July 1, 1995, as an applicant has sufficient technical, financial, and managerial capabilities to provide resale, unbundling interconnection, and termination as an extension of the Regional Bell Operating Companies at 0.0004 cents per mile and minute of usage as a local, and long distance interexchange carrier, in order to receive a Certificate of Public Convenience and Necessity to conduct Telecommunications under the HR.1555 USC 47 Sections 101 - 155 Deregulation Telecommunications Reform Act and Bill and Law.

Regarding the showing of financial capabilities, the following is applied in HLMC application by HLMC as an applicant the following financial statements for the most recent 3 years, including the balance sheets, income statements and statement of retained earnings. 6/24/96

Further the supplementation that it is stated that as a tightly privately held corporation HLMC does not have audited financial statements and have been signed by the former partner and manager of the Fort Myers and Naples Florida offices of Coopers and Lybrand P.A. and now Philip Erickson PA and Associates Inc Chief Financial Officer, and Dr. Michael Weibert CEO, and that the signatures do attest that the financial statements are true and correct.

Further this written documentation supporting explanation is being provided to show financial capability in the geographic area to be served:

- 1) Financial capability besides HLMC annual revenues, gross and net income and profits we are being fully supported by the SBA and Baby Bells and the State and Federal laws previously mentioned.
- 2) The execution of the requested standby irrevocable letters of credit provides HLMC with immediate account receivables by the RBOC immediate customers in which HLMC pays the RBOC their tariffs for the above mentioned telecommunication services.
- 3) The lease arrangements for an executive suite is only \$450.00 per month, ownerships are completely amortized, and liabilities and creditors being owed is null.

Finally, based on information provided in our initial filing and in conversations of our approval for a certificate of public convenience and necessity because of unauthorized changing of HLMC's PIC and complaint by these violators of United Telephone of Florida (Sprint), AT&T Southern States, and MCI. HLMC at this time would like to give you an opportunity to respond to these issues and, hopefully, alleviate these following concerns previously listed by Paula Isler.

The alleviation of these following concerns by staff and this issues are as follows:

- 1) The current corporate status of HLMC in the State of Florida pursuant to Rule 25 - 24.71 on July 19, 1996 was reinstated under the document #P93000088530 by Andy Dunlap Document Specialist Division of Corporations, and Sandra B. Mortham Secretary of State and thus is authorized to operate in Florida.
- 2) Pursuant to Rule 25 - 24.471 as an applicant for a certificate the submission of HLMC, for which the following has been incorporated into this rule by reference: The application requirements of the applicant

This Notice of Intent was filed with Confidential Document No. 01928-97. The document has been placed in the confidential files pending receipt of a request for confidential treatment.

DOCUMENT NUMBER-DATE

01928 FEB 20 97

FPSC-RECORDS/REPORTING

HLMC provides the following under Rule 25 - 24.471 Philip Erickson, and Dr. Michael Weilert, CFO and CEO, respectively, 1250 9th Street North Suite 106 Naples Florida 33940 and 13738 Oxbow Road Suite 100 Fort Myers Florida 33905, telephone number (941)261-8080, fax (941)261-7225
HTTP://www.oac.uci.edu/indiv/ehood/mhonarc.doc.html/cc.mail or e-mail.

3) During the past conversations with staff HLMC has within its business plan the ~~information of previous and present balance sheets, and income statements, and~~ ~~information of previous and present balance sheets, and income statements, and~~ ~~information of previous and present balance sheets, and income statements, and~~ ~~information of previous and present balance sheets, and income statements, and~~

4) HLMC initial filing as of 04/30/96 is on a total company basis, and is by no means to be taken as Florida specific. These total company basis is for all states, both, in which HLMC operates and or anticipates operating in.

5) In the initial filing the account payable receivables, revenues are quarterly. Within the business plans are annual account receivables, expenses, and revenues.

6) HLMC based the income on the day HLMC began operations as a Regional Bell Operating Company extension and interexchange carrier.

7) HLMC \$0.40 per line on its statement of income from January 1, 1996 - April 30, 1996 were based on estimates.

8) HLMC original filing indicated ownership or anticipated ownership of switches and either ownership or leaseholds on unbundling resale, interconnection, or termination of HLMC extension the Baby Bells which is included in HLMC business plan please refer to the Deregulation Telecommunication Act and Bill and Law USC 47 Section 151 passed on February 1996 and new Reform Act rules in open entry.

9) The listed states certificates, numbers, and dates are in HLMC business plan and others are pending.

10) The states in question 10 and in HLMC business plan are either total switchless facilityless reseller or long distance, and local interexchange services are actual telecommunications services being rendered.

HLMC looks forward to receiving the requested information and certificate of Public Convenience and Necessity, if you have any questions please call (941)261-8080 or fax (941)261-7225 or C,C mail or visit HLMC on its web site at HTTP://www.oac.uci.edu/indiv/ehood/mhonarc.doc.html. Thank you for this request and for your further assistance with this matter.

Sincerely,
Dr. Michael Weilert, CEO

cc:Philip Erickson
cc:Esquire William B. Ellinger, Mitchell & Ellinger P.A.



November 21, 1996

1801 California, Suite 2130
Denver, CO 80202

Dr. Michael Weichert
Health Liability Management Corporation
1250 9th Street North, Suite 106
Naples, FL 33940

Dear Michael,

Thank you for the opportunity to provide you with information regarding switched access services in the U S WEST Communications territory. Below is various information to assist you in determining the services you will require in our territory:

• There are 14 states in our geographic area: Arizona, Colorado, New Mexico, Montana, Idaho, Iowa, North Dakota, South Dakota, Wyoming, Utah, Oregon, Nebraska, Minneapolis and Washington.

• Within these 14 states, there are a total of 52 tandems.

• The cost associated with installing switched access services starting at a DS3 level is as follows: (These rates are based on a month to month billing and zero mileage)

Service	Non-recurring	Monthly Rate
• DS3 Capacity System of 3	\$ N/A	\$2,295.00
• Per DS3s (on the Cap 3)	\$313.25 per DS3	\$133.00 per DS3
• Switched DS1	\$313.25 per DS1	\$117.00 per DS1
• Feature Group D	\$412.28 1st Trunk	\$ MOU
	\$ 42.64 Each Add'l Trunk	

(Attached are documents on the above rates)

Once you have an opportunity to review the enclosed information and have made a decision on the exact services you wish to order, then we can begin the process to establish you as a new carrier in our territory. We will plan on coordinating a conference call with the Carrier Service Center in Salt Lake City, to introduce you to your assigned billing and provisioning representative and discuss the ordering process. However, prior to the conference call being scheduled, we must obtain in "writing" from you, exactly where you plan on doing business in our territory, what type of services you want installed and the quantity of services you will require. Then, based on the information you provide us in your letter, we will be able to determine the adequate security amount required, which must be paid before services can be ordered or installed.

The security can be paid in one of two different forms, the first being in the form of a payment bond and the surety organization underwriting the bond must be approved by the risk management department of U S WEST Communications. The second form of security being an irrevocable bank letter of credit and the issuing bank must also be approved by the risk management department of U S WEST Communications. U S WEST Communications will require a security deposit in the amount of four times the greatest estimated monthly services ordered.

This letter is not a commitment to do business, but is information only for you to determine your service needs. If you have any further questions or concerns regarding the above information, please feel free to contact me on 303-896-2898.

Sincerely,

Debra Erickson
Diversified Account Team
Carrier Marketing

cc: Patty Snider, Debbie Miller

Attachments

November 14, 1996

Dr. Michael Weilert - CEO
Health Liability Management Corporation
13738 Oxbow Road
Fort Meyers, FLA 33905

Dear Dr. Weilert,

It was really great talking with you yesterday. I was truly amazed with your telecommunications knowledge. Apparently, your hard work at Bellcore paid off.

As promised, you will find attached the most recent versions of our CMDS Hosting Facility Based and Resale agreements. These versions update the agreement with language covering the exchange of California 900/976 intralata messages. After your review, please fax (415-546-4136) me the following information and I will have two originals of each prepared for your signature. The information I need is:

- legal name of your corporation/business
- state where incorporated
- name, title and address where notices should be mailed
- customer billing rate
(additional set-up charges will apply if this billing rate is something other than five cents per message).

Once I have the information indicated above, I will have two originals of each contract prepared for your signature. After you sign them (all four, two of each), you will need to return all copies to me, along with a check for \$8,500.00, so that Pacific Bell can sign both. One original (of each) with both signatures will then be returned to you for your records.

If you have any questions, please call me on (415) 545-6025.

Sincerely,

Barry Demant

Barry Demant
Account Manager - CMDS Hosting

November 5, 1996

Dr. Michael Weilert
 Health Liability Management Corp. &
 Health Management Systems
 13738 Oxbow Road, Suite 100
 Fort Myers, FL 33905

Dear Dr. Weilert:

Thank you for requesting information on the procedures of becoming a Resale *Competitive Local Carrier (CLC)* in California with Pacific Bell. I am enclosing the following:

- Pacific Bell's latest version of *Local Interconnection (LI) Office*[®]. This software is provided to you so that when your company begins the resale process, both our companies will be able to exchange information electronically.
- *Local Interconnection (LI) Office*[®] *CLC handbook* to get you started.

LI Office[®] will provide you with information on how to interface with Pacific Bell via the "*CLC Handbook*". Some of the feature of *LI Office*[®] are:

- The ability to access the Pacific Bell *CLC Handbook* in **Windows Help** format and receive on-line weekly updates.
- Access and submit the CLC profile forms
- E911 File Transfer
- Listings/DA Database File Transfer

LI Office[®] allows information to be submitted on-line via a modem to a support computer at Pacific Bell. The *LI Office*[®] program follows strict security guidelines, and allows the CLC to maintain confidentiality of the information which it inputs. The program provides a terminal emulation function for each access to two of Pacific Bell Systems; *CESAR* for ordering of Basis Exchange Services (*this feature will be available 4th quarter 1996*), and Pacific Bell Service Manager (*PBSM*) for ordering Centrex and ISDN services. *PBSM* is also used for reporting trouble conditions on your end user's lines.

There are no logon requirements with this software except for the system administrator. The administrator will use Logon ID: *admin* and the Password: *roofer* for the Profile and Forms options. These logon codes can be changed by first selecting Profile and then the User Profile. Select new codes for user(s) and click on the save button.

Pacific Bell can provide to you, at no additional cost, a demonstration of *LI Office*®. Please call Mary Galbraith on 415-542-2985 to arrange an appointment.

If in loading the software or there seems to be a problem with the application itself, please contact our LI Office Helpdesk on 1-800-958-5377 for assistance.

When you are ready to do business with Pacific Bell as a Resale CLC and I have received the appropriate information (see below), I will be able to go forward and get a Resale Market Consultant assigned to handle your future needs for order implementation. The items of immediate concern are:

1. Approved Certificate of Public Convenience and Necessity (CPCN)
2. Access Carrier Name Abbreviation (ACNA)
3. Operating Company Number (OCN)
4. Signed Data Exchange Agreement *BARRY DEBANT*
5. Signed Deaf & Disabled Agreement *CHARLOTTE COX 510 907 3015*
6. Verbal notification from the California Public Utilities Commission (CPUC) that your resale tariffs are approved.

Once again, welcome to Pacific Bell's elite group of customers known as CLC's. If you need any further assistance, be sure to let me know.

Cordially,

Debra

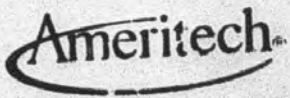
Debra L. Koosed
Industry Markets Consultant II
714-284-2635

ENCLOSURES

CC: Mary Galbraith
LI Office® Helpdesk
Anna Damiani

7011 418 BARRY DEBANT DATE FOR HANDLING 415 542 2985

Long Distance Industry Services
2000 West American Blvd., Suite 100
Holliston, MA 01932



November 7, 1996

Dr. Michael Weilert
Health Management Systems, Inc.
13738 Oxbow Road
Ft. Myers, FL 33905

Dr. Weilert:

In order to address any misunderstandings regarding your service orders, allow me to construct the status and history of these orders as we understand it:

- In February, you faxed a document to the ICSC which was intended to be your order for services in the Ameritech region. That initial order was one million DS1s, one million DS3s, one million FGA, one million FGB, one million FGD, and video services to offices and tandems throughout the region. You were subsequently informed that orders had to be submitted by service and by tandem on an ASR in order to be processed.

- Subsequently, in March, you submitted an ASR, this time for 1,257,124 FGD trunks. Again, because the order was for a blanket order for all tandems and offices in the region (rather than an ASR per tandem per service) and included some questionable entries, the order was not processed.

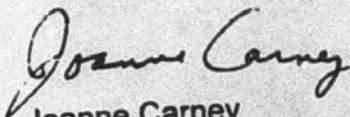
- In May, you spoke to Vicki Hudspeath, vice president - Diverse accounts, who called you following calls you had placed to a variety of Ameritech personnel regarding the processing of your order. At that time, you were advised that Ameritech would provide you with some assistance in writing the orders, but that a deposit to cover the associated NRCs (\$25 million) would be required. You subsequently indicated that you would consider reducing the number of trunks. We have not received a revised order.

Last week, you called Vicki Hudspeath requesting the telephone number of Jack Saylor of Ameritech's "Long Distance Unit". I understand that your questions were relative to a letter of credit, but Mr. Saylor is no longer associated with the ALDIS unit and would not be the appropriate source for your request.

Finally, during our telephone conversation on Tuesday, November 5, you again inquired about your initial ASR order, which brings us back to the conditions we gave you in May for ordering and provisioning such a large number of facilities - a deposit in the amount of the NRCs for the services you would like to procure, and an order which meets our standard order guidelines.

Dr. Weilert, I sincerely apologize for any frustrations you have experienced in resolving this issue. I understand that my colleagues have made several attempts to bring this matter to closure over the past few months. I would be pleased to offer my assistance. Please feel free to call me (312-696-4300) or page me (1-888-864-8502) so that we may bring this matter to a satisfactory conclusion.

Sincerely,



Joanne Carney
General Manager - Diverse Accounts

NONDISCLOSURE AGREEMENT

THIS AGREEMENT is entered into effect as of the 26 day of MAY, 1996,
 between HEALTH LIABILITY MANAGEMENT, a division of AMERITECH SERVICES, INC., with offices at 2000 West
 Ameritech Center Drive, Hoffman Estates, Illinois 60196-1025 ("Ameritech"), and HEALTH LIABILITY
MANAGEMENT CORPORATION 1250 9th STREET NO. SUITE 106, with offices at
NAPLES FLORIDA 33940 ("Company").

1. Ameritech and Company intend to disclose to each other information, which may include confidential information, for the purpose(s) described in Attachment A hereto (the "Project"). "Confidential Information" means any information or data disclosed by a party (the "Disclosing Party") to the other party (the "Recipient") under or in contemplation of this Agreement and which (a) if in tangible form or other media that can be converted to readable form, is clearly marked as proprietary, confidential or private when disclosed, or (b) if oral or visual, is identified as proprietary, confidential or private on disclosure and is summarized in a writing so marked and delivered within ten (10) days following such disclosure.

2. The terms "Disclosing Party" and "Recipient" include each party's corporate affiliates that disclose or receive Confidential Information. The rights and obligations of the parties hereto shall therefore also inure to such affiliates and may be directly enforced by or against such affiliates.

3. The Recipient acknowledges the economic value of the Disclosing Party's Confidential Information. The Recipient shall:

- (a) use the Confidential Information only for the purpose(s) set forth in Attachment A;
- (b) restrict disclosure of the Confidential Information to employees of the Recipient and its affiliates with a "need to know" and not disclose it to any other person or entity without the prior written consent of the Disclosing Party;
- (c) advise those employees who access the Confidential Information of their obligations with respect thereto; and
- (d) copy the Confidential Information only as necessary for those employees who are entitled to receive it, and ensure that all confidentiality notices are reproduced in full on such copies.

For the purposes of this Agreement only, "employees" includes third parties retained by the parties hereto for temporary administrative, clerical or programming support. A "need to know" means that the employee requires the Confidential Information to perform their responsibilities in connection with the Project.

4. The obligations of Paragraph 3 shall not apply to any Confidential Information which the Recipient can demonstrate

- (a) is or becomes available to the public through no breach of this Agreement;

- (b) was previously known by the Recipient without any obligation to hold it in confidence;
- (c) is received from a third party free to disclose such information without restriction;
- (d) is independently developed by the Recipient without the use of Confidential Information of the Disclosing Party;
- (e) is approved for release by written authorization of the Disclosing Party, but only to the extent of such authorization;
- (f) is required by law or regulation to be disclosed, but only to the extent and for the purposes of such required disclosure; or
- (g) is disclosed in response to a valid order of a court or other governmental body of the United States or any political subdivisions thereof, but only to the extent of and for the purposes of such order, and only if the Recipient first notifies the Disclosing Party of the order and permits the Disclosing Party to seek an appropriate protective order.

5. When requested by the Recipient, the Disclosing Party shall provide a non-confidential resume of Confidential Information prior to disclosure of the actual Confidential Information to enable the Recipient to determine whether it will accept the Confidential Information. Each party has the right to refuse to accept any information under this Agreement, and nothing obligates any party to disclose to the other party any particular information.

6. If the Disclosing Party inadvertently fails to mark as proprietary, confidential or private information for which it desires confidential treatment, it shall so inform the Recipient. The Recipient thereupon shall return the unmarked information to the Disclosing Party and the Disclosing Party shall substitute properly marked information. In addition, if the Disclosing Party, at the time of disclosure, inadvertently fails to identify as proprietary, confidential or private oral or visual information for which it desires confidential treatment, it shall so inform the Recipient, provided that the Disclosing Party shall summarize the information in writing within ten (10) days thereafter. The Recipient's obligations under Paragraph 3 in connection with information encompassed by this paragraph shall commence upon notice from the Disclosing Party of the failure to properly mark or identify the information.

7. Each party shall comply with applicable export laws and regulations of the United States with respect to any technical data received under this Agreement.

8. Confidential information, including permitted copies, shall be deemed the property of the Disclosing Party. The Recipient shall, within twenty (20) days of a written request by the Disclosing Party, return all Confidential information (or any designated portion thereof), including all copies thereof, to the Disclosing Party or, if so directed by the Disclosing Party, destroy such Confidential information. The Recipient shall also, within ten (10) days of a written request by the Disclosing Party, certify in writing that it has satisfied its obligations under this Paragraph.

9. The parties agree that an impending or existing violation of any provision of this Agreement would cause the Disclosing Party irreparable injury for which it would have no adequate remedy at law, and agree that the Disclosing Party shall be entitled to obtain immediate injunctive relief prohibiting such violation, in addition to any other rights and remedies available to it.

10. Neither this Agreement nor any discussions or disclosures hereunder shall (a) be deemed a commitment to any business relationship, contract or future dealing with the other party, or (b) prevent either party from conducting similar discussions or performing similar work to that hereunder, so long as such discussions or work do not violate this Agreement.

11. No patent, copyright, trademark or other proprietary right is licensed, granted or otherwise transferred by this Agreement or any disclosure hereunder, except for the right to use such information in accordance with this Agreement. No warranties of any kind are given with respect to the Confidential information disclosed under this Agreement or any use thereof, except that the Disclosing Party warrants that it has the authority to make the disclosures contemplated hereunder.

12. This Agreement shall be effective as of the date first written above and shall continue until terminated by either party upon thirty (30) days prior written notice. All obligations undertaken respecting Confidential information disclosed hereunder shall survive termination of this Agreement.

13. This Agreement may not be assigned by either party without the prior written consent of the other. No permitted assignment shall relieve the Recipient of its obligations hereunder with respect to Confidential information disclosed to it prior to the assignment. Any assignment in violation of this Paragraph shall be void. This Agreement shall be binding upon the parties' respective successors and assigns.

14. If any provision of this Agreement shall be held invalid or unenforceable, such provision shall be deemed deleted from this Agreement and replaced by a valid and enforceable provision which so far as possible achieves the parties' intent in agreeing to the original provision. The remaining provisions of this Agreement shall continue in full force and effect.

15. Each party warrants that it has the authority to enter into this Agreement for itself and its corporate affiliates.

16. This Agreement, including Attachment A attached hereto and incorporated herein by reference, represents the entire understanding between the parties with respect to the subject matter hereof and supersedes all prior communications, agreements and understandings relating thereto. The provisions of this Agreement may not be modified, amended, or waived, except by a written instrument duly executed by both parties. This Agreement shall be governed in all respects by the domestic laws of the State of Illinois.

~~HEALTH LIABILITY MANAGEMENT CORPORATION~~ AMERITECH
for itself and its corporate affiliates

By: AL
Name: DR. CHARL WEL LEAT.
Title: CEO
Date: 06/26/05

for itself and its corporate affiliates
By: _____
Name: _____
Title: _____
Date: _____

(PLEASE SEPARATE AND SIGN BOTH COPIES IN INK)

NONDISCLOSURE AGREEMENT

THIS AGREEMENT is entered into effect as of the _____ day of _____, 19____, between _____, a division of AMERITECH SERVICES, INC., with offices at 2000 West Ameritech Center Drive, Hoffman Estates, Illinois 60196-1025 ("Ameritech"), and _____, with offices at _____ ("Company").

1. Ameritech and Company intend to disclose to each other information, which may include confidential information, for the purpose(s) described in Attachment A hereto (the "Project"). "Confidential Information" means any information or data disclosed by a party (the "Disclosing Party") to the other party (the "Recipient") under or in contemplation of this Agreement and which (a) if in tangible form or other media that can be converted to readable form, is clearly marked as proprietary, confidential or private when disclosed, or (b) if oral or visual, is identified as proprietary, confidential or private on disclosure and is summarized in a writing so marked and delivered within ten (10) days following such disclosure.

2. The terms "Disclosing Party" and "Recipient" include each party's corporate affiliates that disclose or receive Confidential Information. The rights and obligations of the parties hereto shall therefore also inure to such affiliates and may be directly enforced by or against such affiliates.

3. The Recipient acknowledges the economic value of the Disclosing Party's Confidential Information. The Recipient shall:

- (a) use the Confidential Information only for the purpose(s) set forth in Attachment A;
- (b) restrict disclosure of the Confidential Information to employees of the Recipient and its affiliates with a "need to know" and not disclose it to any other person or entity without the prior written consent of the Disclosing Party;
- (c) advise those employees who access the Confidential Information of their obligations with respect thereto; and
- (d) copy the Confidential Information only as necessary for those employees who are entitled to receive it, and ensure that all confidentiality notices are reproduced in full on such copies.

For the purposes of this Agreement only, "employees" includes third parties retained by the parties hereto for temporary administrative, clerical or programming support. A "need to know" means that the employee requires the Confidential Information to perform their responsibilities in connection with the Project.

4. The obligations of Paragraph 3 shall not apply to any Confidential Information which the Recipient can demonstrate:

- (a) is or becomes available to the public through no breach of this Agreement;

- (b) was previously known by the Recipient without any obligation to hold it in confidence;
- (c) is received from a third party free to disclose such information without restriction;
- (d) is independently developed by the Recipient without the use of Confidential Information of the Disclosing Party;
- (e) is approved for release by written authorization of the Disclosing Party, but only to the extent of such authorization;
- (f) is required by law or regulation to be disclosed, but only to the extent and for the purposes of such required disclosure; or
- (g) is disclosed in response to a valid order of a court or other governmental body of the United States or any political subdivisions thereof, but only to the extent of and for the purposes of such order, and only if the Recipient first notifies the Disclosing Party of the order and permits the Disclosing Party to seek an appropriate protective order.

5. When requested by the Recipient, the Disclosing Party shall provide a non-confidential resume of Confidential Information prior to disclosure of the actual Confidential Information to enable the Recipient to determine whether it will accept the Confidential Information. Each party has the right to refuse to accept any information under this Agreement, and nothing obligates any party to disclose to the other party any particular information.

6. If the Disclosing Party inadvertently fails to mark as proprietary, confidential or private information for which it desires confidential treatment, it shall so inform the Recipient. The Recipient thereupon shall return the unmarked information to the Disclosing Party and the Disclosing Party shall substitute properly marked information. In addition, if the Disclosing Party, at the time of disclosure, inadvertently fails to identify as proprietary, confidential or private oral or visual information for which it desires confidential treatment, it shall so inform the Recipient, provided that the Disclosing Party shall summarize the information in writing within ten (10) days thereafter. The Recipient's obligations under Paragraph 3 in connection with information encompassed by this paragraph shall commence upon notice from the Disclosing Party of the failure to properly mark or identify the information.

7. Each party shall comply with applicable export laws and regulations of the United States with respect to any technical data received under this Agreement.

8. Confidential Information, including permitted copies, shall be deemed the property of the Disclosing Party. The Recipient shall, within twenty (20) days of a written request by the Disclosing Party, return all Confidential Information (or any designated portion thereof), including all copies thereof, to the Disclosing Party or, if so directed by the Disclosing Party, destroy such Confidential Information. The Recipient shall also, within ten (10) days of a written request by the Disclosing Party, certify in writing that it has satisfied its obligations under this Paragraph

9. The parties agree that an impending or existing violation of any provision of this Agreement would cause the Disclosing Party irreparable injury for which it would have no adequate remedy at law, and agree that the Disclosing Party shall be entitled to obtain immediate injunctive relief prohibiting such violation, in addition to any other rights and remedies available to it

10. Neither this Agreement nor any discussions or disclosures hereunder shall (a) be deemed a commitment to any business relationship, contract or future dealing with the other party, or (b) prevent either party from conducting similar discussions or performing similar work to that hereunder, so long as such discussions or work do not violate this Agreement.

11. No patent, copyright, trademark or other proprietary right is licensed, granted or otherwise transferred by this Agreement or any disclosure hereunder, except for the right to use such information in accordance with this Agreement. No warranties of any kind are given with respect to the Confidential Information disclosed under this Agreement or any use thereof, except that the Disclosing Party warrants that it has the authority to make the disclosures contemplated hereunder.

12. This Agreement shall be effective as of the date first written above and shall continue until terminated by either party upon thirty (30) days prior written notice. All obligations undertaken respecting Confidential Information disclosed hereunder shall survive termination of this Agreement

13. This Agreement may not be assigned by either party without the prior written consent of the other. No permitted assignment shall relieve the Recipient of its obligations hereunder with respect to Confidential Information disclosed to it prior to the assignment. Any assignment in violation of this Paragraph shall be void. This Agreement shall be binding upon the parties' respective successors and assigns.

14. If any provision of this Agreement shall be held invalid or unenforceable, such provision shall be deemed deleted from this Agreement and replaced by a valid and enforceable provision which so far as possible achieves the parties' intent in agreeing to the original provision. The remaining provisions of this Agreement shall continue in full force and effect.

15. Each party warrants that it has the authority to enter into this Agreement for itself and its corporate affiliates.

16. This Agreement, including Attachment A attached hereto and incorporated herein by reference, represents the entire understanding between the parties with respect to the subject matter hereof and supersedes all prior communications, agreements and understandings relating thereto. The provisions of this Agreement may not be modified, amended, or waived, except by a written instrument duly executed by both parties. This Agreement shall be governed in all respects by the domestic laws of the State of Illinois.

for itself and its corporate affiliates
By: DL
Name: DEMICHAEL WILBERT
Title: CRO
Date: 5 05 26 96

AMERITECH
for itself and its corporate affiliates
By: _____
Name: _____
Title: _____
Date: _____

(PLEASE SEPARATE AND SIGN BOTH COPIES IN INK)

Attachment A must also be completed

ATTACHMENT A

To the Nondisclosure Agreement effective as of 26 OF MAY
19 96, between AMERITECH and HEALTH LIABILITY MANAGEMENT CORPORATION

Purpose(s) for which Confidential Information is being disclosed:

Special Terms and Conditions:



ATTACHMENT A

To the Nondisclosure Agreement effective as of _____
19 _____, between AMERITECH and _____

✓ Purpose(s) for which Confidential Information is being disclosed:

Special Terms and Conditions:

JUN 27 '96 14:47

FROM SHERNEY

TO 194125
Exhibit - APC-3 (Page 15 of 28)
PAGE.002

June 27, 1996

Dr. Michael Weibert
Health Liability Management Corporation
1250 N. 9th Street
Suite # 106
Fort Meyers, Florida 33905

Dear Michael,

Thank you for your time during our recent conversations in reference to your new business venture. As promised, please note some of the common steps and elements in the process of establishing a business relationship with NYNEX.

1. Non Disclosure Agreement.
2. Service Representative assignment.
3. ACNA assigned for billing purposes.
4. CLLI code assigned for switch and non-switch locations.
5. Tax exemption form. Forms must be on file prior to 1st circuit order being placed.
6. NXX codes ordered for Type 2 Interconnection Service.
7. Establish POI's/rating center.
8. Entrance facilities established when switch site locations are determined.
9. Order T-1, T-3, Type 2A Service, Type 1 Service and SS7 Links via ASR process.
10. SS7 Switch/Network certification.

As we build our business together, invariably a new element may become necessary and we will deal with them accordingly. Upon your review, please call me with any questions which may arise.

Sincerely,

Paul A. D'Alessio

Paul A. D'Alessio
Account Manager
(914) 644-4791

Wireless accts.

** TOTAL PAGE.002 **



February 21, 1996

Michael Weilert, CEO
Health Liability Management
1137 Hilltop Drive
Naples, FL 33940

Dear Dr. Weilert:

Please be advised that Domino's Pizza, Inc. has selected AT&T as its primary long distance carrier. Domino's Pizza does not authorize the use of "10XXX" dialing for long distance services provided by other carriers from any location except the Headquarters' location listed above. Therefore, Domino's Pizza will not pay charges for traffic generated through your network by "10XXX" dialing for any location except the one noted above.

Please take whatever steps are necessary to block "10XXX" access to your network from our locations. To reiterate, if you are unable or unwilling to block this access, we will expect you to bear the cost of any calls generated in this manner.

Thank you for your cooperation in this matter. If you have any questions, please feel free to call me at 313-930-4396.

Sincerely,

DOMINO'S PIZZA, INC.

Daniel F. Gonos

Daniel F. Gonos
Manager, Telecommunications

800 745 5602
DFG:ss

FROM THE SAME PERSPECTIVE

Exhibit - APC-3 (Page 17 of 28)

The financial sector is very fast moving, so if companies can combine expertise, new products will be brought to the market much faster. Such a strategic alliance between Price Waterhouse and Seer Technologies has proved fruitful

Of all the IT application areas, the financial world has proved to be the most enthusiastic and demanding about new developments on technology. The major banks have built their operations into the new technologies, so that their business has become inherently part and parcel of their computers, and the trading and market-making operations have developed a reliance on IT.

But the difference is that banking requires a system which carries a very large number of homogeneous operations while maintaining flexibility. Market-making, trading and currency exchange takes place against a constantly changing data background - and that requires sophisticated techniques to ensure ability.

Banking requires a system which carries a very large number of homogeneous operations while maintaining flexibility

The key issue in bringing IT to the market-makers is essentially to do

with speed, reliability and flexibility. As computing power and new development techniques mature, software developers now have the opportunity to develop precise professional tools to combine trading software with risk management and reporting systems.

Such a development is currently taking place in the US, where Price Waterhouse and Seer Technologies are working together to combine their respective products into a new tool for the financial world.

Mike Salzberg is the Price Waterhouse partner responsible for global banking and finance, especially in relation to IT. He heads an international practice which, for example, currently has a fifteen-strong team working in Japan.

Salzberg says: 'Price Waterhouse looks at Seer Technologies as an important affiliate vendor. We at Price Waterhouse have developed a risk management tool set with strong MIS capabilities and I see an important link to Seer's securities processing software.'

'We employ an object oriented programming approach using C++, to achieve high throughput as well as reliability to obtain a highly adaptable, flexible and maintainable system. Our resulting application provides middle office risk management MIS.'

'Seer utilises HPS, their fourth generation language and the Informix relational database to achieve the same system goals in their securities



Mike Salzberg: pulling together parts of the puzzle

trading system. We will achieve the synergy we need when we integrate these capabilities to provide a highly flexible system for processing, accounting and monitoring the risks of securities trading.

'We each have an application which, when they are combined, will form a powerful tool for the financial market-place. We and they each have a piece of the puzzle which, when we complete, will cope with the demands of the market.'

'The final product will appeal to any institution trading securities globally, including all the major banks. That is a very large market and this is a very exciting project.' ●

FINANCIAL SERVICES ON THE SUPERHIGHWAY

Exhibit - ABC3 (Page 18 of 28)

The convenience and accessibility of 'virtual banking' for business users are indisputable. How will the services be provided and in what form? Joseph de Feo, Director Barclays Group Operations and Technology suggests two possible scenarios for the delivery of services



The financial services industry is going through unprecedented levels of change - much of it technology related. There is talk of 'virtual banks', of buying financial products and services over the Internet and of cash being gradually replaced by some form of smart card. Many of the new developments relate directly to the increasing pace of technological change and the gradual convergence of the telecoms and computing industries. Invariably, any discussion relating to the impact of new technology on financial services refers to the 'information superhighway'. But what will be the true extent of its impact on the industry and what customers need in order to build efficient, electronic means of communicating with their preferred finance provider?

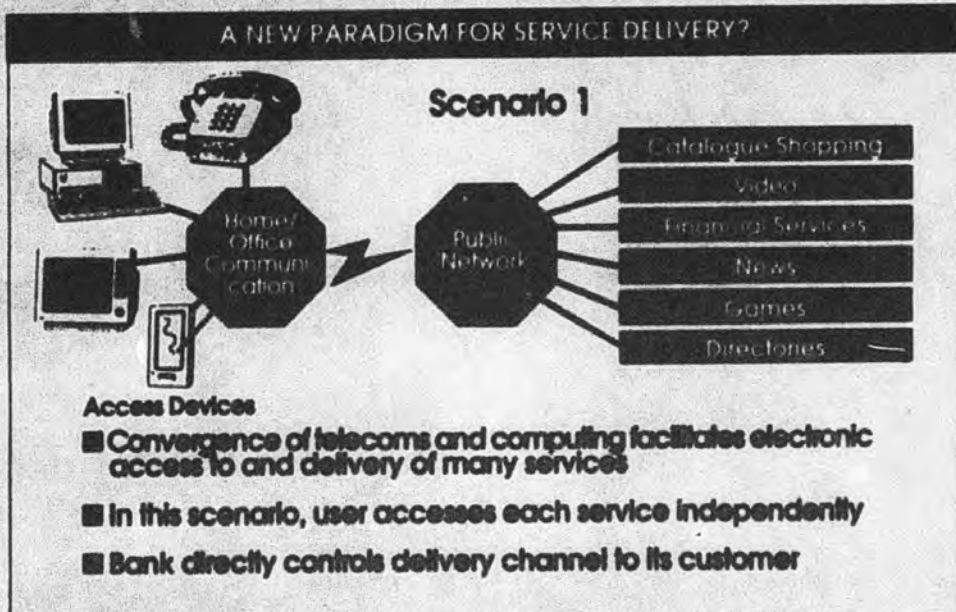
Much of the debate about the information superhighway has centred on questions to do with building it. What sort of cabling is required? What type of high speed, fibre optic networks are needed? Who connects the subscriber to the superhighway? And so on. There is a lot of discussion about what type of communication device will be used in the home or the

office - will it be a PC, a TV, a smart phone, or some combination of all three? These questions, though, are of less significance to the banking and financial services sector than the recognition that the superhighway, in one form or another, is about to become a reality and will transform the nature of the relationship with our customers.

From the technological viewpoint there are very few barriers left. The prospect of a new generation of micro-processor chip technology able to han-

data to be sent at high speed across fibre-optic cables - are examples of how the capabilities of both computing and telecommunications are rapidly increasing. These developments are making interactive, multimedia services a practical proposition, while at the same time the cost of both computing power and telecoms transport are falling.

For the present, the Internet provides us with the most accessible model of what the superhighway may



dle billions of instructions per second, and the introduction of 'Asynchronous Transfer Mode' (ATM) networks - which allow voice, image and video

mean. Because of its origins in first the military and then the academic worlds, the Internet generally suffers from some shortcomings when it comes to

commercial applications, notably a lack of security.

But with major enterprises such as Visa and Microsoft, to name but two, addressing the issues of how to make secure payments over the Internet.

depend on the pattern of delivery that emerges, and in particular on who controls the networks.

From the customer's perspective, in an office or in the home, he or she will need a device of some sort through

visual interaction - they might not be willing to pay a little extra for it.

But where the computing actually takes place will depend on how access to the networks and services is owned and controlled. There are two likely models for service delivery that may evolve.

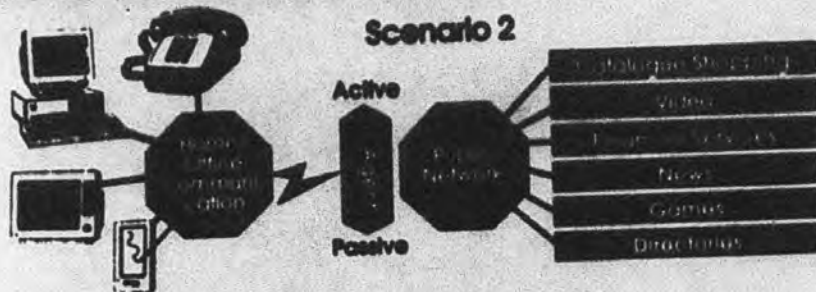
In Scenario 1 we would have an Internet-like model where the subscriber would use the public network to access each service independently. In this case the service provider, such as the bank, would retain control over the delivery channel to its customers. But although this scenario would be suitable for one way services such as Cable TV, it would be less satisfactory for services requiring two-way, interactive communications,

for which the series of dialogues necessary to access services is more complex. These would be different for each service, which might be troublesome for the subscriber and would preclude putting together more than one service that might otherwise be a natural fit, for example home banking with home shopping.

A more likely outcome is that of Scenario 2, where an 'agent service' acts as an intermediary between the customer on the one hand, and the content of the various services on the other. This might operate in one of two ways. In a passive way, at a minimum, it would provide a common set of directions through the various services and rights of access, matching up the customers information appliance to the correct service, and identifying which ones the subscriber is entitled to use. More actively, it might add intelligence by making selections from the various content providers to suit the subscribers' needs - effectively 'shopping' on behalf of the customer.

The problem with Scenario 2 for the service content providers - such as

A NEW PARADIGM FOR SERVICE DELIVERY?



- Banks no longer directly control delivery channel to customer
- Development of software agents and services is happening quickly
- Disintermediation of the bank from its customer through technology is a real threat - but can also be an opportunity

these difficulties may be overcome before long. The solution that evolves initially may not be a perfect one, but we need something to get us going, to learn the lessons of what interactive, electronic commerce will mean for banks and their customers.

For the customer, the prime benefit of the superhighway will be one of convenience. Businesses will be able communicate more efficiently with their banks directly from their offices and will gain immediate access to a far wider choice of product providers via electronic links. For some private individuals, the need to make a physical visit to the bank for certain transactions may diminish and the nature of the branch may change. For example, becoming service centres incorporating face-to-face dealings and new technology applications. Others may specialise in a certain area of banking operations.

There will certainly be a benefit in terms of easier access to global information, markets and services, but there is a real expansion of terms of service providers

which to dial up whatever on-line service is required. Because we don't know for sure what form this device will take, we may more usefully call it an 'information appliance'. The range of screen phones currently being marketed by some US banks offers an insight into what may evolve.

The advent of computing power so cheap and of such magnitude that it offers a number of ways of accessing services - for example by keyboard or by voice activation - will make the devices we have today develop into forms capable of serving multiple purposes, depending on the configuration of the components. You might not want to watch a movie on a telephone with a screen but you could use it for many applications you currently need a PC for. And customers seem to be willing to accept such devices - at least according to evidence in the US. A Gallup survey in 1994 for American Banker magazine showed that many customers were already used to routine banking over conventional telephones and that many would prefer a small screen to help them

banks, is the consequent disintermediation from the customer, with banks being elbowed out of the picture by new players with a direct line to the customer. This poses a threat in two ways. First, the barrier to entry – the perceived need to have a physical network of bank branches to compete in retail banking – is removed, making it easier for a non-bank to set up in competition through the electronic delivery channel. Second, because banking does not satisfy a primary need – a

loan or a cheque book are just means to an end which is purchasing other products – there is the potential for banking and financial services to be bundled in with services. This already happens when you buy a car and the dealer offers you finance without the need for you to go to the bank. That process could be extended to home shopping, offering the means to purchase along with the product on screen.

To compete in this new channel and to help influence the way it takes shape, banks have to re-examine the nature of their relationship with the customer to see where they create value for the customer. The traditional model of the business is about to be disassembled and we need to study what the customer 'value chain' will look like once the banks no longer control the delivery channel. The other

players in the world of electronic, multimedia delivery – primarily the telcos and the software houses – may in some cases prove to be competitors, but they will also form partnerships

provider of financial services as long as they can deliver them with the degree of efficiency and convenience the customer requires.

At the same time, the branch network will remain an asset to be exploited, although the skills and jobs of those employed there may change. Banks in the US and in Europe have shown what can be done with a new type of service centre, combining face-to-face communications and the use of interactive technology. Some now go

beyond traditional banking transactions, offering services such as travel and entertainment tickets. The multimedia kiosk, whether in a branch or a shopping mall, will act as another point of access to the same electronic services.

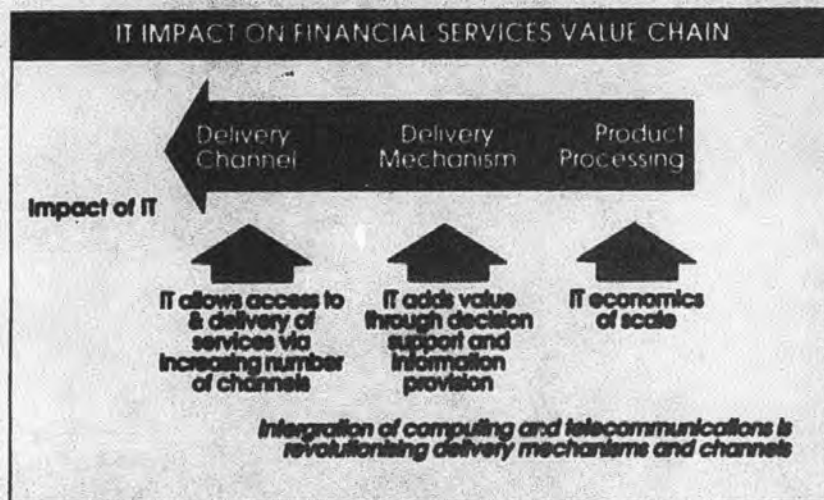
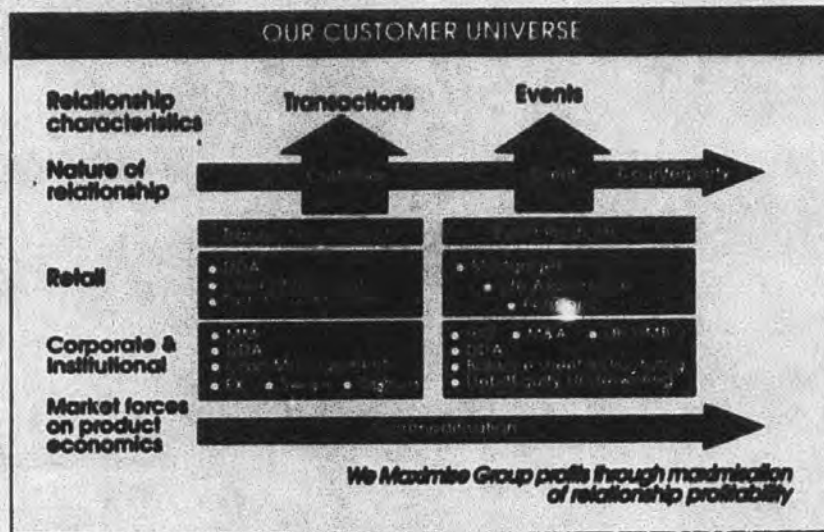
Whatever form the information superhighway takes, the financial services industry, in partnership with the telecoms and computing providers, will be at the forefront of its development. There are clearly threats as well as opportunities. But the future is approaching faster than many anticipate, and only by creating strategic alliances and delivering through channels which add value

and joint ventures with banks. This makes sense because of the range of expertise and the degree of investment that will be required.

The opportunity for the banks in this situation is to exploit their position as content providers with a strong brand identity and a reputation for security. Unlike, say, well known

will the industry ensure its customers don't look elsewhere on the superhighway. ●

Joseph de Feu



retailers, banks have a tradition of care for their customers' assets and are recognised as being closely regulated and supervised. Their expertise should enable them to remain the first choice

INTER MARK
OPER MAG I TRIE NT 183 FEMS
PROGRAMS SUN SOFT 282 X TOUCH
703 692 7296 FOR
FAIR SOLARIS
PAKVIK...
40/25

Fibre Channel Fusion: Low Latency, High Speed

It may be relatively unknown, but Fibre Channel is an option for multivendor, multiprotocol switched networks

Sum
in f...
D...
D...
D...

Data Comm
MAGAZINE
NETWORK
CLINIC

This is the third in an ongoing series of tutorials on high-speed LAN technologies. Earlier articles have addressed Fast Ethernet (see "Fast Ethernet: 100 Mbit/s Made Easy," November 1994) and FDDI (see "The Daring Facts About FDDI," December 1994).

A local workgroup at a medical imaging facility harnesses high-speed file transfers and the horsepower of a supercomputer to perform enhanced visual analysis of scanned X-ray images. When something suspicious appears on screen, a workgroup member sets up a connection via a high-speed enterprise or campus switch to a workstation in the office of the patient's primary physician. The doctor views the data, consults with other online physicians in real time, and then decides on further tests.

But before putting the patient through any procedures, the doctor sends a treatment plan to the hospital mainframe, where an expert system evaluates it against operating procedures for similar cases. Within minutes, the expert system reports back its findings, complete with documentation, X-rays and scans, case histories, research references, and success rates.

What's the network technology that could well become the next miracle of

Edward M. Frymoyer is program manager of the Fibre Channel Systems Initiative, an organization consisting of Hewlett-Packard, IBM, and Sun Microsystems that promotes Fibre Channel interoperability.

Fibre Channel Fast Facts

- ▶ **Speeds:** 100, 200, 400, 800 Mbit/s available today; 1 and 2 Gbit/s specified. All implementations can operate in full-duplex mode
- ▶ **Cabling:** Single-mode and multimode optical fiber, coax, STP
- ▶ **Distance:** Up to 10 km over single-mode fiber; up to 100 meters with STP
- ▶ **Latency:** 10 to 30 microseconds
- ▶ **Products:** Switches; shared-media hubs; adapter cards for PCs, workstations, storage servers, supercomputers, and other equipment available now
- ▶ **Cost per switched port:** \$1,500
- ▶ **Cost per loop port:** \$1,200
- ▶ **Cost per adaptor card:** \$1,200 to \$3,000

modern medicine? No, it's not ATM (asynchronous transfer mode), the much-hyped multimedia medium. Nor is it HPPi (high performance parallel interface), the standard supercomputing protocol. It's Fibre Channel, a relatively unknown interconnect architecture originally developed by several computer, networking, and peripheral companies and now an ANSI standard and near completion at ISO.

MAKE THE LINK

Fibre Channel makes possible a plug-and-play channel extension interface to mainframes and supercomputers, as well as to numerous peripherals (see Figure 1).

At the same time, it establishes a high-speed LAN internetwork that accommodates today's distributed, multivendor, multiprotocol networks. In current network applications, Fibre Channel can be indistinguishable from Ethernet, token ring, FDDI, or even ATM, but its throughput is significantly higher.

Thanks to its five-layer OSI-like stack, the technology delivers a wide range of data rates, from 100 Mbit/s to 800 Mbit/s, running on both fiber optic (hence the "Fibre") and copper media at distances of up to 10 kilometers. It provides multiple classes of service to accommodate different network applications and data types, such as peer-to-peer and target initiator, as well as isochronous multimedia traffic. And it transparently supports several LAN protocols both old and new, including TCP/IP and ATM PDUs (protocol data units).

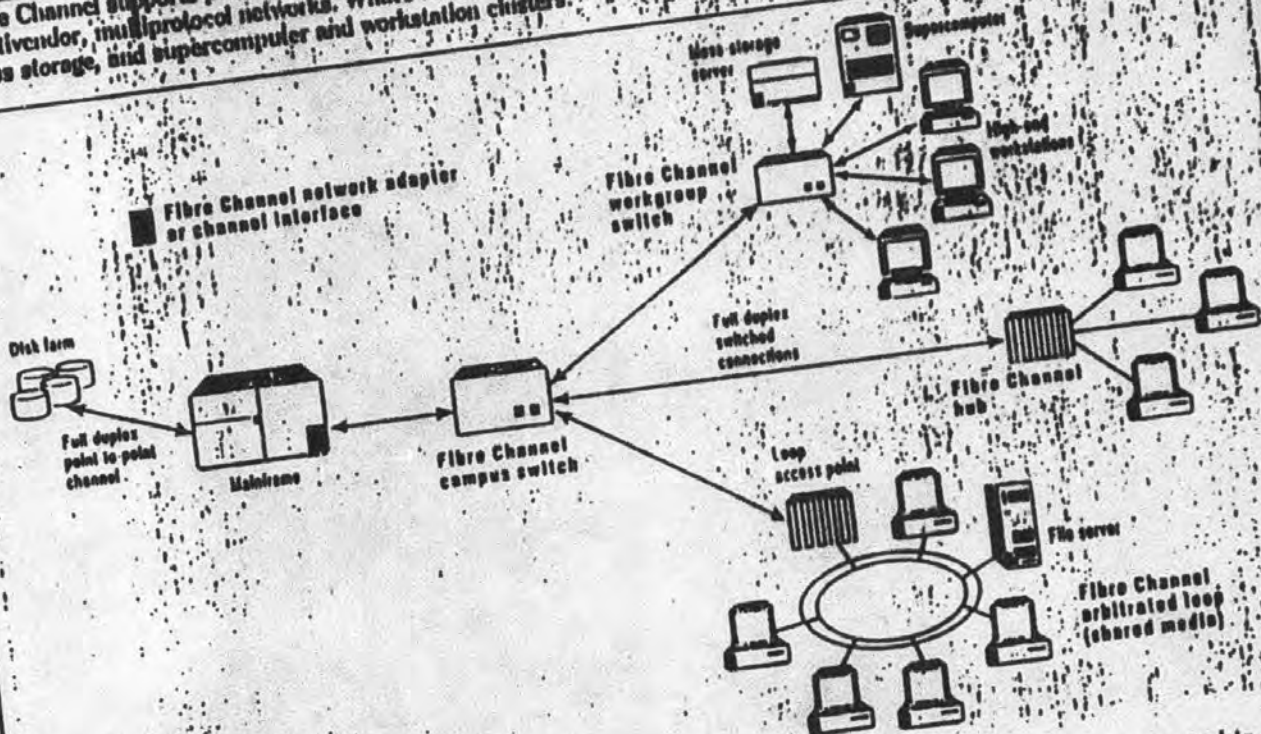
ONE SIZE FITS ALL

What's more, Fibre Channel does all of these things across a network infrastructure that can incorporate multiple topologies, including point-to-point direct channel connections, shared-media rings (known as arbitrated loops), and either workgroup or campus-wide switching fabrics. Best of all, this unprecedented connectivity won't plunge customers into the red: Current Fibre Channel switches average about \$1,500 per connection, while Fibre Channel adapter cards range from \$1,500 to \$3,000 each. And chances are that by 2000, Fibre Channel switches will

Fibre Channel Tutorial

Figure 1: The Fibre Channel Network

Fibre Channel supports point-to-point, shared-media, and switched topologies and also accommodates distributed multivendor, multiprotocol networks. What's more, it delivers the throughput needed for mainframe channel extensions, mass storage, and supercomputer and workstation clusters.



deliver gigabit data rates for about the same price per port as today's 10-Mbit/s Ethernet equipment.

FIBRE CHANNEL: LAYER BY LAYER

As noted, Fibre Channel employs a five-layer OSI-like stack (see Figure 2). These five layers define physical media and transmission rates (FC-0), data encoding and decoding scheme (FC-1), framing protocol and flow control (FC-2), common services and feature selection (FC-3), and upper-layer protocol and application interfaces (FC-4).

The three bottom layers of the Fibre Channel stack (FC-0 through FC-2) form what is known as the Fibre Channel Physical standard (FC-PI). This defines all the physical transmission characteristics of Fibre Channel. The remaining layers (FC-3 and FC-4) handle interfaces with other network protocols and applications.

Unlike LAN technologies such as Ethernet and token ring, Fibre Channel keeps the various functional layers of the

stack physically separate. This enables vendors to build products from discrete functional components—such as chip sets and bus interfaces—that handle specific portions of the protocol stack. It also allows them to implement some stack functions in hardware and others in software or firmware.

FC-0 defines the basic physical link. Unlike other high-speed LAN technologies such as fast Ethernet and FDDI, Fibre Channel supports a full complement of signaling rates. Even ATM can't match the range of rates. Fibre Channel offers a basic rate of 133 Mbaud, the most commonly used speed of 266 Mbaud, as well as 531 Mbaud and 1.062 Gbaud.

It's important to note that these signaling rates include the overhead involved in establishing and maintaining connections. The actual data throughput is somewhat lower: 100 Mbit/s for 133 Mbaud, 200 Mbit/s for 266 Mbaud, 400 Mbit/s for 531 Mbaud, and 800 Mbit/s for 1.062 Gbaud.

Data rates are expected to go well beyond today's 1.062-Gbaud ceiling. In most cases, including switched environments, users will be able to upgrade simply by swapping in an adapter card. Specifications for 2.134 and 4.268 Gbaud are already in place, and products supporting these rates will be available next year.

DOWN TO THE WIRE

Fibre Channel supports a wide range of physical cabling, including single-mode fiber-optic cable, 50- and 62.5-micrometer multimode fiber, video and miniature coaxial cable, and shielded twisted pair (STP). It doesn't support unshielded twisted-pair (UTP) cabling. For optical connections, Fibre Channel uses a duplex SC connector adopted from the telecom industry. For coaxial interfaces, it uses a TNC receiver connector and a BNC transmitter. And for STP, it uses a standard nine-pin D type connector.

Each of these cables supports a

range of data rates and imposes specific distance limitations, but Fibre Channel can mix all of them within the same network. For instance, single mode optical fiber could be used across a campus (up to 10 km); multimode fiber, which extends to 2 km at 200 Mbit/s, could be used to distribute traffic throughout individual buildings; and STP, which supports 100 Mbit/s at distances up to 50 meters, could make connections to individual workstations.

GETTING PHYSICAL

FC-1, the transmission encode/decode layer, defines serial physical transport, timing recovery, and serial line balance. It depends on an 8B/10B transmission coding scheme licensed from IBM, also used in some ATM implementations. Here, eight data bits are transmitted as a 10 bit group with the two extra bits used for error detection and correction, known as disparity control. The 8B/10B scheme supplies sufficient error detection and correction to permit use of low cost transceivers, as well as timing recovery methods to reduce the risk of radio frequency interference and ensure balanced, synchronized transmissions.

FC-2 is the main workhorse of the Fibre Channel protocol stack. It performs the basic signaling and framing functions

and defines the transport mechanism for data from the upper layers of the stack.

FC-2 frames and sequences data from the upper layers for transmission via the FC-0 layer. It also accepts transmission from the FC-0 layer and reframes and resequences them for use by the upper layers. Fibre Channel frame sizes can vary and must be negotiated by the transmitter/receiver pair for each connection. Frame sizes typically range from 36 bytes to 2 kbytes, but may be larger in some cases.

The amount of overhead required to transmit a frame remains constant regardless of frame size. This makes Fibre Channel very efficient for high-volume data transfers, such as storage reads and writes or TCP/IP file exchanges.

FC-2 signaling defines the connection between at least two Fibre Channel node ports (or N ports). One of these must act as the originator of outbound traffic, and at least one other must act as a responder, receiving inbound traffic and sending traffic back. Connections between N ports are full duplex.

The FC-2 layer also provides essential traffic management functions, including flow control, link management, buffer memory management, and error detection and correction.

WORKING CLASSES

Most important, FC-2 defines four classes of service, a unique feature of Fibre Channel that allows it to meet a variety of communications needs. The service classes are:

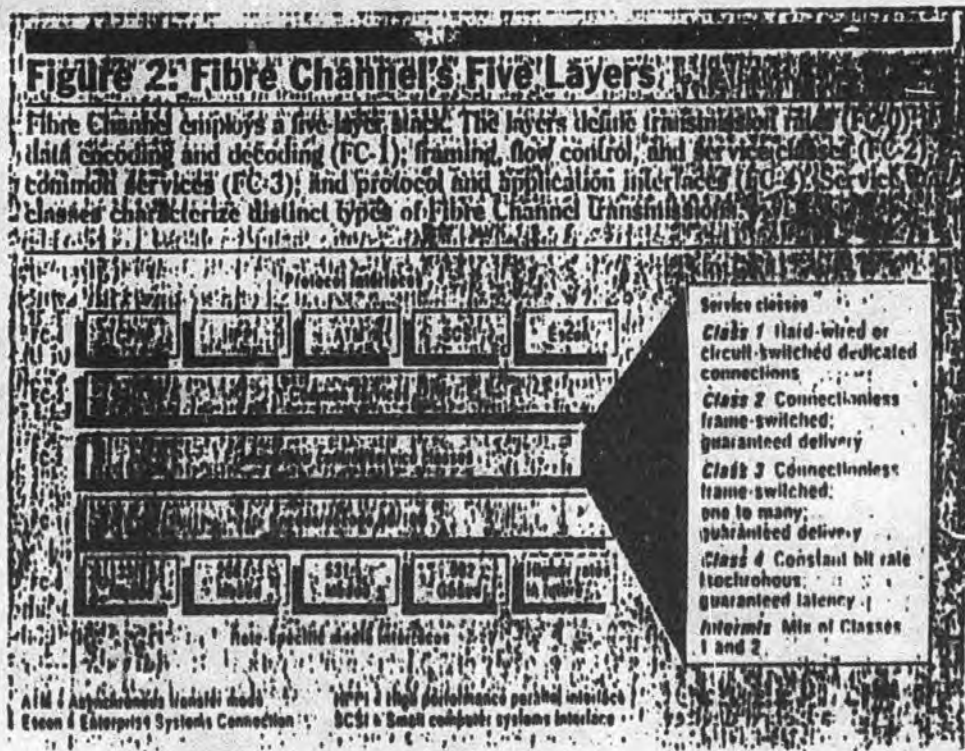
Class 1 Hard-wired or circuit-switched connections that are dedicated, uninterruptible links, like telephone connections. This service provides exclusive use of the connection for its duration (it is sometimes called a selfish connection). Class 1 service is designed for time-critical, nonbursty, dedicated links, such as those between two supercomputers.

Class 2 Connectionless, frame-switched transmission that guarantees delivery and confirms receipt of traffic. Like conventional packet switching technologies such as frame relay, Class 2 switching is performed on the data frame rather than on a connection. No dedicated connection is established between N ports; each frame is sent to its destination over any available route.

When congestion occurs in Class 2 traffic, the frame is retransmitted until it successfully reaches its destination. When Class 2 signaling blocks a frame, the transmitting N port receives a busy signal. This allows retransmission to be performed immediately, rather than forcing the station to wait, as is the case with TCP/IP and other protocols.

Class 3 One-to-many connectionless frame-switched service, which is similar to Class 2 service but has no delivery guarantee or confirmation mechanism. Class 3 transmissions are faster than Class 2 because they don't wait for confirmation. But if a transmission does not arrive at its destination, Class 3 service does not retransmit. This service is most often used for real-time broadcasts that cannot wait for acknowledgment but are not sufficiently time critical to warrant Class 1 service. It's also used for applications that can tolerate lost packets.

Class 4 Connection based service that offers guaranteed fractional bandwidth and guaranteed latency levels. In this service class, which is still under development, users will



well
In
con-
sider-
and
sup-
port

ange
mode
refer
dure
paid
ided
dical
plex
rom
ses a
rans-
dard

is a

Fibre Channel Tutorial

be able to lock down specific paths through a Fibre Channel switch fabric. This will guarantee constant latency as well as a constant fraction of the switch's aggregate bandwidth. Constant latency requires a defined physical path through the switch fabric rather than a virtual path, for which the actual physical connection can vary.

QUICKER THAN ATM

Fibre Channel offers very low latency levels in all its service classes—lower than those of ATM. Even when an ATM network is only moderately congested, latency can rise to several hundred microseconds. Fibre Channel can provide connection-based service with 10 to 30 microsecond latency and can deliver performance similar to Class 2 frame-based service, unless the network is severely congested.

Class 4 will also support an isochronous service that will carry real time voice and video traffic as well as data (data, voice, and video sent isochronously travel at a constant rate and arrive at their destination in the order they're sent). Fibre Channel can carry packetized video in any class of service, but applications such as high definition video require consistent latency and minimum jitter without buffering, which only isochronous service can provide.

In addition to the foregoing, Fibre Channel features a class of service called InterMix that combines features of Classes 1 and 2. InterMix service essentially reserves Fibre Channel bandwidth for Class 1 service but transmits Class 2 traffic when the Class 1 connection is idle. In this way, it provides inherent prioritization; Class 1 traffic always goes through at the committed data rate, while Class 2 traffic is held until the link is idle and the frames reach their destination.

Finally, FC-2 supplies additional flow control and error correction mechanisms. For flow control, it employs a sliding window scheme similar to that of TCP/IP, although flow control functionality varies somewhat according to the class of service defined. Error detection is performed using a 32-bit CRC (cyclic redundancy check). A link control facility manages the Fibre Channel connection and maintains the information needed to recover links in the event of failure.

Fibre Channel: The Motion Picture

"Fibre Channel: Connection to the Future" is available as both a videotape and a booklet from the Fibre Channel Association, 12407 MoPac Expressway North 100-357, P.O. Box 9700, Austin, Texas 78758-9700.

A copy of the Fibre Channel Standard Version 4.3 spec is available from Global Engineering, 15 Inverness Way East, Englewood, Colo. 80112-5740; 800-854-7179 or 303-792-2181; fax: 303-792-2192.

PAINTING STRIPES

FC-3 is the least essential portion of the Fibre Channel stack—at least right now. It defines special service features such as how data will be "striped" when accessing a disk array and special broadcast and multicast functions used when communicating with a video server. The industry is only gradually beginning to employ the features in this layer, and many simple installations may never use them. But as new multimedia applications arise, additional uses may be found for the functions FC-3 defines.

The crowning layer of the Fibre Channel stack is FC-4, also known as the multiple service interconnect. At this layer, Fibre Channel provides interfaces to several legacy upper-layer protocols. FC-4 allows Fibre Channel to carry data from other networking protocols and applications. So far, specifications have been defined for many of the most widely used networking protocols, including TCP/IP, IPM, and ATM adaptation layer 5 (AA1.5) PDUs and channel connection protocols including SCSI (small computer systems interface), IP, and Escon (Enterprise Systems Connection architecture).

LOOPS AND SWITCHES

To meet the diverse needs of workgroup and campus-wide applications, Fibre Channel supports three topologies: point-to-point, arbitrated loop, and cross-point or fabric switching. The topology of a Fibre Channel network is transparent to the attached devices. The Fibre Channel ports involved in a given link negotiate the

means and nature of the connection or transmission.

All three topologies are fully interoperable. Fibre Channel switch ports (also known as fabric ports, or F ports) can provide individual end-stations (N ports) or loops with access to the overall Fibre Channel network. All point-to-point and loop topologies require that all nodes use the same data rate at all times. In a Fibre Channel switch topology, however, dynamic rate conversion is possible. For example, in the switched topology, a 266-Mbaud unit could connect to a 1.062-Gbaud unit. The two ports involved in the connection simply negotiate the lowest available data rate for information transport while each link maintains its own line rate.

The arbitrated-loop topology provides a low-cost means of attaching multiple devices without the need for hubs or switches. The loop provides shared bandwidth for up to 127 Fibre Channel ports (also known as loop ports, or L ports). Each L port requests use of the loop when it needs to communicate with another port; if the loop is free, the requesting port sets up a bidirectional connection with the destination port. This connection can then deliver any class of service appropriate to the traffic between the two L ports.

Only one pair of loop ports may communicate at one time. When these relinquish control of the loop, another point-to-point connection between two L ports may be established. The entire loop may be attached either to a Fibre Channel switch fabric port known as an FL port, or directly to a single host system via an NL port. Autosensing enables L ports to identify the other ports in their environment and negotiate connections with switch ports.

Arbitration occurs according to the address of the L port for the sending end-station. Fibre Channel uses the IEEE's 48-bit addressing scheme. Addresses are used to identify an end-station. The L port with the lowest address is given highest priority for access to the arbitrated loop. The loop is self-configuring, so that host connections—NL ports—are always given the lowest addresses and therefore the highest priority. Switch fabric connections—FL addresses—are given the second-highest priority, and N ports are given the highest addresses and the lowest priority. Loop connections

Fibre Channel Tutorial

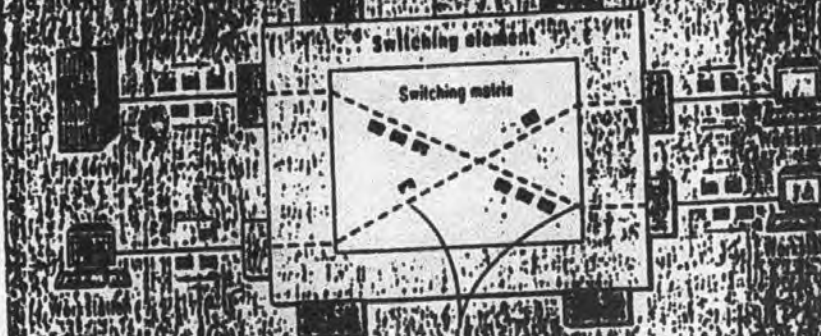
Figure 3: Fibre Channel's Classy Switching

Fibre Channel provides two classes of service. In Class 1 service, frames are switched directly from one F port to another F port. In Class 2 service, frames are switched from one F port to an N port, which then forwards the traffic to its destination.

(A)



(B)



also will be applied to disk arrays and desktop connections.

MAKING THE SWITCH

Crosspoint switching is the highest-performing and most versatile of the three Fibre Channel topologies. It provides a fabric of possible connections between multiple switched ports (F ports).

The way switching works depends on the service class of the traffic being transmitted (see Figure 3). In Class 1 service, which requires dedicated point-to-point connections, the switch must establish a fixed path from one F port to another. The transmitting end-station or N port sends information to the F port to which it is attached, and that F port pass-

es the traffic directly to its destination F port via the dedicated switched connection. The destination F port then forwards the traffic to the destination N port. This transmission continues—in one or both directions—until one of the N ports drops the connection.

The process works differently in Class 2 service, in which individual frames are switched rather than dedicated point-to-point connections. When one end-station (N port) attached to the switch fabric sends frames destined for another N port, the traffic can follow several different paths through the switch fabric.

Because the data is transmitted and processed one frame at a time, the switch can send each frame through the most economical route available. If a Class 1 dedicated connection makes use of one path through the switch fabric, a Class 2 frame may take another path. When the Class 1 connection relinquishes its path, the next Class 2 frame may use it.

NATURAL PROGRESSION

Fibre Channel provides a natural follow-on to the SCSI peripheral interface, which supplies lower data rates with significantly higher latency. Fibre Channel offers up to 127 connections on the same arbitrated loop or hub and unlimited switched connections, whereas SCSI is limited to a maximum of 15. And Fibre Channel extends to distances of up to 10 km, while SCSI is limited to 20 meters. Best of all, Fibre Channel allows reuse of existing SCSI drivers with little modification.

But it is as a high-speed switched networking technology for LANs and campus networks that Fibre Channel shows the most promise. Faster than any of the other high-speed LAN alternatives and equipped with more flow control and class-of-service features, Fibre Channel is poised to leave the supercomputer laboratory and enter the commercial mainstream. As prices fall, performance improves, and the installed base expands, Fibre Channel could penetrate the conventional LAN market now dominated by Ethernet and token ring. ■

REQUEST FOR COMMENT

If you would like to see more articles on this subject please circle 405 on the Reader Service Card.

chnology

Investor's Business Daily

Phone Firms Talk And Sue While Callers Sit On Hold

By Steve Delaney
Investor's Business Daily

In describing the state of affairs between telephone firms as they fight for, over each other's market, an executive of Sprint Corp. made it perfectly clear.

"It's an awful state of the present day," said Louis Kaminson, Sprint's vice president of technical operations.

It could last a day just by waiting a month before that or a statement made while you phone company across another of the industry and attorney.

Now public are making this lightning will continue for another year or two. And that means consumers won't be getting any real change in the industry's services.

The Federal Communications Commission reported after the Telecommunications Reform Act became law a year ago. The FCC hopes to get, which dampens phone services and your aggressive competition.

It's the industry consolidation and a flurry of legal work.

You don't need much more than the phone companies' reputation as lawyers.

A new poll by New York-based Deloitte & Touche L.L.P. says the long-distance carriers are "not very different" from

what the phone companies represent. Moreover, the local and long-distance firms think the regulations to reduce competition will stay in place well into the future. Overcoming these obstacles to what the current fighting is all about.

Issues To Watch

Long-distance firms have many issues to resolve before they can provide the quality of local phone service that consumers demand. And with these problems, they could be well off, but the FCC has been providing the regulated industry with a list of issues to watch.

The deluge was so massive that it caused a change of the market.

"It's an enormously difficult task to bring competition into a market that previously was a monopoly," said Steve Mark, a telecommunications witness and partner at the law firm of Gibson, Dunn & Crutcher L.L.P. in Washington.

He added, "Go back to the ending of the AT&T monopoly. It took a fair number of years before competition was robust."

The phone companies have worked hard and still aren't the best. The New York-based AT&T Corp., Washington-based Qwest Communications Corp. and Sprint Corp. have been instrumental in providing local phone service to millions of people. But the industry's consolidation and a flurry of legal work will complicate phone companies' local service and eventually cause them to be able to

subcommunications specialist and partner at Deloitte & Touche. "I expected to have a choice for my residential service last Christmas. Now, I don't expect to see that happen for another year or more."

Two unrelated issues have kept the long-distance firms out of the local phone market. One is how much should they pay for using portions of the local phone network that were previously under full control of the same regional Bell firms.

Last August, the FCC passed the rules on forcing the deluge. The rules were widely challenged, through, in a legal battle, Sprint, a Texas-based QTR Corp. has filed a suit in the Eighth U.S. Circuit Court of Appeals.

Interconnection Problems

The other problem may be even more complex. It relates to how the long-distance firms will pay for using the phone system. The issue is called interconnection.

"We won't just let the local firms and the interconnection firms get away with it," said Sprint's Kaminson. "We have a real problem to solving interconnection. We don't know about the quality of the service."

It's an enormously difficult task to bring competition into a market that previously was a monopoly.

— Steve Mark,
Gibson, Dunn & Crutcher L.L.P.

year, the regional firms have passed and approved all the gear for interconnection and providing phone calls. The interconnection regulations to give long-distance firms access to the network. As simple as that may seem, it's two people answering a half of your. It's harder for one person to do, but some lawyers say people try it at the moment.

This sharing of interconnection is a big business. The long-distance firms are big business. The local phone firms are big business. The Bell companies are big business. The FCC has been providing the regulated industry with a list of issues to watch.

Phone firms also have a responsibility for being better service, better service and better service. Until the phone firms will agree to be better service, not competition, the FCC should be able to

That's what the FCC did with the AT&T monopoly. It took a fair number of years before competition was robust. The phone companies have worked hard and still aren't the best. The New York-based AT&T Corp., Washington-based Qwest Communications Corp. and Sprint Corp. have been instrumental in providing local phone service to millions of people. But the industry's consolidation and a flurry of legal work will complicate phone companies' local service and eventually cause them to be able to

Of course, that's not what Congress and the FCC wanted. They wanted to see the FCC to better serve the public by more competitive phone services.

The government should be providing of better service," said Steve Mark, a telecommunications witness and partner at the law firm of Gibson, Dunn & Crutcher L.L.P. in Washington.

ECONOMY

U.S., Europe Face Battle in Phone Talks

Goal of Wide Open Markets Is Meeting Resistance From Most of World

By BHUSHAN BASHIN
And HELEN COOPER

Staff Reporters of THE WALL STREET JOURNAL

GENEVA — The U.S. and Europe may have to lower their sights now if they want to conclude a world telecommunications pact by the Feb. 15 deadline.

That's because most of the world, including Canada and Mexico, two of the U.S.'s biggest trading partners, are offering to open their telecom markets some, but are unwilling to allow foreigners controlling interest in their telephone companies. And such a cross-border opening for investment is a key goal of the U.S.

Yesterday, U.S. Trade Representative designate Charlene Barshefsky acknowledged at her confirmation hearing in Washington that better market opening offers were on the table in the telecommunications talks in Geneva. "But I'm still not satisfied," she said.

The European Union, which is home to such wakening telecom giants as Deutsche Telekom and France Telecom, is also keen on opening markets elsewhere even as it liberalizes its own next year. But European officials have been less explicit in public than the U.S. negotiators about their concerns, which are similar. The EU has already put in motion a liberalization package that next year will open its borders to almost unfettered foreign investment in the telecom companies of its member states.

The U.S. and the EU last November

synchronized their offers to open wide their telecom markets, which account for more than one half of annual world revenue of some \$900 billion, in an effort to jump-start negotiations for a pact at the World Trade Organization.

Looming Deadline

That was after the U.S. in April had walked away from the negotiations, saying that offers by other members of the WTO to open their markets didn't add up to an acceptable package. Still, it agreed to resume negotiations with a deadline that is now less than three weeks away.

"Prospects for a deal look better now than in April," says Neil McMillan, chairman of the talks. "But we aren't there yet."

Getting there has become a problem as some 80 countries participating in the negotiations try to gauge U.S. intentions even as U.S. officials assess what is being offered across the table in talks that are continuing in Geneva. Will the U.S. walk away again? Trade negotiators acknowledge that there can be no telecommunications pact without the U.S., the largest market in the world for such services with some \$179 billion in annual revenue.

Meanwhile, major U.S. phone companies are wary of giving up more than they get. And they are taking action to prevent that. "We want competitive safeguards from the FCC that would prevent distortion in the U.S. if less than a perfect agreement is reached," said Ann LaFrance, chief counsel for international affairs with MCI Communications Corp.

Accounting Rate System

One of the proposed safeguards involves lowering the price that U.S. companies pay foreign companies, often monopolies, to terminate calls on their networks.



The Federal Communications Commission already has proposed benchmarks that would limit such payments under the so-called international accounting rate system for phone calls.

Such benchmarking has upset many other nations, many of whom depend on revenue surpluses from international calls to fund domestic phone services, among other things. Hong Kong is among those critical of the FCC move, but nonetheless says it is part of a move to conclude a world telecom pact.

"We are trying hard to persuade the U.S. to keep its offer on the table and reach an overall agreement," Alex Arena, director-general of Hong Kong's Office of the Telecommunications Authority, told reporters earlier this week. But success, he said, depended upon a "critical mass" of governments meeting U.S. demands for better market opening terms.

The so-called critical mass is undefined by the U.S., but if December's agreement in Singapore to remove all tariffs on information technology products is any guide, the U.S. may be aiming for 80% to 90% of market coverage in revenue terms.

To approach that goal and to satisfy political imperatives in the U.S., the answer for the moment lies with Canada and, to a lesser extent, Mexico. According to U.S. negotiators, Canada is emerging as a major deal-breaker by insisting that it won't allow foreigners to own more than some 49% of a telecom company.

That's a big deal for the U.S., for political as well as economic reasons. "Canada is a considerable problem because they're our largest trading partner," says Jeff Lang, the deputy U.S. trade ambassador heading the U.S. negotiating team in the telecom talks. "The negotiating effect of the Canadian position so far has given developing countries an excuse not to better their offers."

With senators like Ernest Hollings (D., S.C.) standing at the ready to criticize the U.S. for cutting a bad deal abroad, administration officials say they don't need Canada, or all countries, giving them trouble.

...are owner, much larger companies that provide services virtually identical to our client's service," yet the five giants "have not threatened these companies." (Mr. Keller says his clients are very interested in other sites that frame. "They were the first ones on the radar screen, but they aren't the only ones," he says.)

Mr. Parker also says that the media companies' legal argument relies on old rulings for more traditional forms of media. Internet commerce is still too new to have a scripted legal framework. In Net culture, the boundaries between fair use and outright theft aren't clearly defined.

As a result, TotalNews sticks by its service, although it has put up a disclaimer informing users that it isn't affiliated with the sites it lists. The media companies are reviewing their options.

New Borders

The frames feature, conceived by Netscape Communications Corp., was introduced with the release of Navigator 2.0 last January. A simple command in a Web page's coding splits a viewer's screen into several smaller windows, each showing a different Web page. Demand for the framing capability grew so much that the Netscape tag is now recognized by rival Web browsers such as Microsoft Corp.'s Explorer.

Just a year later, most commercial Web sites already use frames in some way. Even the Web offerings of some of the same providers that have gone after TotalNews—the Washington Post's site and The Wall Street Journal Interactive Edition—occasionally frame the sites they link to.

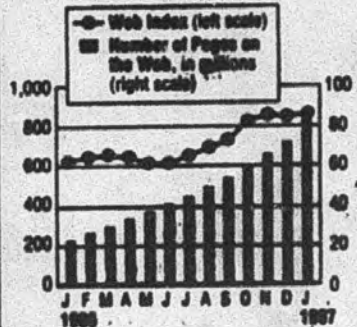
HOW TO GET THERE

NEWS 48
<http://www.news-48.com>

READER'S DIGEST LOOKSMART
<http://www.looksmart.com>

TOTALNEWS
<http://totalnews.com>

The Web Index edged up 2% in January following a 1% dip in December, as a surge in the number of Web pages nearly outpaced growth in the number of users on-line.



NOTE: International Data Corp.'s Web Index tracks the outlook for commerce on the World Wide Web by dividing users' time on-line by the number of Web pages competing for their attention, and then factoring in an estimate of the number and value of transactions taking place on the Web.

EXHIBIT NO. _____

DOCKET NO: 960811-TI

WITNESS: Ann P. Causseaux

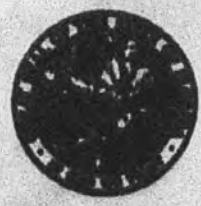
PARTY: Staff

DESCRIPTION: Memo to Mr. Tom Williams from Mrs.
Ann Causseaux.

PROFFERING PARTY: Staff

I.D. # _____

State of Florida



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: April 25, 1997
 TO: Tom Williams, Division of Communication
 FROM: Ann Causeaux, Division of Auditing and Financial Analysis *AK*
 RE: Docket No 960811-TI, Health Management Corporation, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *AK*

Section 364.337(3), Florida statutes, requires the following:

The [C]ommission shall grant a certificate of authority to provide intrastate interexchange telecommunications service upon a showing that the applicant has sufficient technical, financial, and managerial capability to provide such service in the geographic area proposed to be served.

Also Section 364.01(3) and (4) states that:

(3) the Legislature finds that the competitive provision of telecommunications service, including local exchange telecommunications service, is in the public interest.

and

(4)(d) The Commission shall exercise its exclusive jurisdiction in order to : (d) Promote competition by encouraging new entrants into telecommunication markets . . .

Rule 25-24.471(l), Florida Administrative Code, requires that an applicant desiring to apply for a certificate shall submit an application on FORM PSC/CMU 31 (3/96) which is incorporated in Rule 25-24.471(1) by reference. That form, in part 9(a), requires proof from the Florida Secretary of State that the applicant has authority to operate in Florida.

Health Management Liability Corporation (HLMC) is asking for a certificate to provide IXC service. However, HLMC was dissolved by the Secretary of State in August of 1994 for failure to pay its fees or file its annual report. Dr. Weilert says the company has been reinstated. The Secretary of State says that It has not.

Dr. Weilert provided staff with a copy of HLMC's "Telecommunications Business Plan" dated October 1996, at least a portion of which he wishes to be treated confidentially. Portions of that plan indicate that the company has a customer deposit policy requiring extremely large deposits for some services. It is unclear whether the policy would apply to services to be offered under the certificate for which he is applying. Dr. Weilert has no phone. Calls must be left with his

Tom Williams, Division of Communication
April 25, 1997
Page 2

CFO at the CFO's office. Neither Dr. Weilert nor his CFO have returned staff's calls or fax messages. Thus, staff is unable to say no customer funds will be at risk. Staff also believes, based on its experience, that any customer with a problem would have a very difficult time gaining access to any one with the company.

The most recent filing by HLMC states that its "Financial capability, besides HLMC annual revenues, gross and net income and profits, is being fully supported by the SBA and Baby Bells and the State and Federal laws...". However, the information provided by Dr. Weilert from the Baby Bells indicates there is no business relationship between them.

Regarding the showing of financial capability, the Finance staff has analyzed the unaudited financial statements of Health Liability Management for the period ending December 31, 1995. An audit could change ones opinion of the company's financial condition. The applicant has requested confidential treatment of its financial statements. Based on the review of the applicant's financial information, HLMC appears to have adequate liquidity and ownership equity but no income figure was provided. However, information filed by Dr. Weilert indicates HLMC has not made a required deposit with one of the Bell regional holding companies nor has it supplied letters of credit which the latest filing seems to indicate exist.

Further, the income given for 1996 is based on only 18 days of estimated operation beginning "on the day it began operations as a Regional Bell Operating Company extension and Interexchange carrier." The beginning date of the 18 days is in April of 1996. HLMC has not provided actual data for 1996 though requested to do so and apparently was in operation during that time as discussed below.

The most recent filing by Dr. Weilert seems to indicate that 10XXX service is being provided in Florida without certification. A letter from a customer was enclosed in the packet of information. That letter is a request that the 10XXX service be blocked, or if HLMC is unwilling or unable to block the service, notice that HLMC will be expected to pay any costs for such service.

Many of Dr. Weilert's responses did not address the information requested by staff, some information provided was inaccurate, many responses were misleading, and the complete financial information requested for the most recent time period was not provided.

Therefore, the Financial staff recommends that the application be denied and that an investigation be opened to determine if Dr. Weilert is operating HLMC in Florida without a certificate.

cc: Division of Legal Services
Division of Records & Reporting

EXHIBIT NO. _____

DOCKET NO: 960811-TI

WITNESS: Ann P. Causseaux

PARTY: Staff

DESCRIPTION: HLMC's first financial submission.

PROFFERING PARTY: Staff

I.D. # _____

**HEALTH LIABILITY MANAGEMENT CORPORATION
BALANCE SHEET - BASED ON ESTIMATES
APRIL 30, 1996**

ASSETS

CURRENT ASSETS:		
CASH	116,925	
ACCOUNTS RECEIVABLE NET OF USAGE FEES	7,315,200	
MAINTENANCE AND BILLING FEES	16,600	
NOTES RECEIVABLE	-----	7,448,725
TOTAL CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT:		
FURNITURE AND FIXTURES	32,582	
COMPUTERS & EQUIPMENT	76,817	
LEASEHOLD IMPORVEMENTS	9,677	
	-----	119,076
PROPERTY, PLANT AND EQUIPMENT		

TOTAL ASSETS		7,567,801

LIABILITIES AND EQUITY:

CURRENT ASSETS:		
ACCOUNTS PAYABLE	4,408	
ACCRUED COMPENSATION	1,463,040	
SHAREHOLDER LOANS	93,525	
	-----	1,560,973
STOCKHOLDERS' EQUITY:		
COMMON STOCK	237,000	
RETAINED EARNINGS	5,769,828	
	-----	6,006,828
TOTAL STOCKHOLDERS' EQUITY		-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		7,567,801

ML
DR. MICHAEL WEILERT, CEO

06/25/96
DATE

Philip A. Erickson
PHILIP A. ERICKSON, CFO

5/20/96
DATE



HEALTH LIABILITY MANAGEMENT CORPORATION
STATEMENT OF INCOME - BASED ON ESTIMATES
JANUARY 1, 1996 - APRIL 30, 1996

INCOME APRIL 12 - APRIL 30 (ESTIMATED):

30,480,000

In FL? Nationwide?

LINES ORDERED

GROSS PROFIT PER LINE AFTER USAGE FEES,
MAINTENANCE AND BILLING CHARGES

\$ 0.40

12,192,000

GROSS PROFIT

60.00%

% OF MONTH OPERATING (18/30 DAYS) ^(A)

7,315,200

GROSS PROFIT

OPERATING EXPENSES:

- SALARIES AND BURDEN
- OFFICE EXPENSE
- NEWS AND SUBSCRIPTIONS
- INSURANCE
- LEGAL FEES
- LICENSES
- OFFICE EXPENSES
- OTHER
- POSTAGE
- PROFESSIONAL FEES - OTHER
- RENT
- REPAIRS - EQUIPMENT
- TELEPHONE
- TRAVEL
- UTILITIES

1,463,040
 3,500
 5,124
 678
 1,500
 9,055
 5,000
 5,000
 698
 25,815
 11,767
 2,788
 7,351
 3,867
 189

1,545,372

TOTAL EXPENSES

5,769,828

NET INCOME BEFORE INCOME TAXES

INCOME TAXES

NET INCOME

0

 5,769,828

for 18 day

RESIDENTIAL MORTGAGE REPORT, PREPARED FOR

CREDIT INFORMATION SYSTEMS OF FLORIDA, INC.

6324 Trail Blvd. North Naples, Florida 33963 (813) 598-4500

ACCOUNT NO REPORT ORDERED BY DATE ORDERED DATE MAILED INDIVIDUAL OR JOINT REPORT TYPE REPORT (CASE OR FILE NO.) SOURCE REPORT PREPARED BY PRICE

PRIMIER FINANCIAL GROUP 4901 DEL PRADO BLVD. CORAL, FL 33904

00009044 098 07/13/95 03/14/95 EFV/TRM/TU CF

GENERAL INFORMATION

BORROWER NAME, ADDRESS, STATE

CO BORROWER NAME, ADDRESS, STATE

MICHAEL AGE 39 3300 KIMBERLY TER. FT MYERS, FL 33919

CO BORROWER NAME, ADDRESS, STATE AGE 37

EMPLOYMENT INFORMATION

HEALTH LIABILITY AGENT OWNER/CEO SELF-EMPLOYED INCOME NOT VERIFIED

HEALTH LIABILITY AGENT OWNER/CEO 9 YRS SELF-EMPLOYED INCOME NOT VERIFIED

LANDLORD-C NORMAN, JR. PAYING \$575 MONTHLY ON TIME

CREDIT HISTORY

Table with columns: CREDIT GRANTOR, DATE OPENED, LAST DATE REPORTED, HIGHEST CREDIT, PRESENT STATUS (BALANCE OWING, PAST DUE AMOUNT), RATING, TERMS, HISTORICAL STATUS (90, 60, 30, 0), DATE LAST PAST DUE. Includes entries for REPASTORY DATA, DAYTON NO, CREDIT BANK VISA, CREDIT LINE CLOSED, CARD, FINANCIAL SERVICES, FCU, FCU, FCU, FCU, FCU, FCU.

NOT TO BE USED FOR CREDIT GRANTING PURPOSES

The information in this report may be provided under contract between the Department of Housing and Urban Development-Federal Housing Administration and CIB. The information is not to be divulged to anyone other than the named Department of Housing and Urban Development Organizational elements, Veterans Administration and USDA-Farmers Home Administration. Reporting firm certifies that the information meets the standards prescribed by Federal Mac, Freddie Mac, HUD, VA, USDA-FHMA, FHMA, FV&AC and FMA. This information is confidential and not to be divulged except as required by Public Law 91-508, 99-579 94-529

RESIDENTIAL MORTGAGE REPORT PREPARED FOR

CREDIT INFORMATION SYSTEMS OF FLORIDA, INC.
 6324 Trail Blvd. North
 Naples, Florida 33963
 (813) 596-4500

ACCOUNT NO 00000044
 REPORT ORDERED BY CARL
 DATE ORDERED 03/13/95
 DATE MAILED 03/14/95
 INDIVIDUAL OR JOINT REPORT
 TYPE REPORT (CASE OR FILE NO)
 SOURCE EF/TRW/TU
 REPORT PREPARED BY CF

PREMIER FINANCIAL GROUP
 3501 DEL PRADO BLVD.
 CAPE CORAL, FL 33904

PAGE 2 PRICE

GENERAL INFORMATION
 BORROWER NAME AND ADDRESS
 WEILERT, MICHAEL
 AGE 32

WEILERT, MICHAEL
 6706 KIMBERLY TE, FT MYERS, FL 33919 RENT 1 YR
 5450 COLLINS AV
 MIAMI BEACH, FL 33141 - no listing for either Michael or Aida or for
 311-22-5025 MARRIED R-1/F-1
 RENT-2 YRS
 Deseth Rob. Mann, 599-17-02

CREDIT GRANTOR	DATE OPENED	LAST DATE REPORTED	HIGHEST CREDIT	PRESENT STATUS		RATING	TERMS	HISTORICAL STATUS			DATE LAST PAST DUE
				BALANCE OWNG	PAST DUE AMOUNT			30 DAYS	60 DAYS	90 DAYS	
PUBLIC RECORDS HAVE BEEN CHECKED FOR: FORT MYERS AND MIAMI BEACH, FL AND WERE FOUND AS ABOVE. CREDIT AND PUBLIC RECCRS HAVE BEEN CHECKED FOR 7 YEARS.											
END OF REPORT	03/14/95	11:40:03		A19			CS:1075 SN:19210100:19				

NOT TO BE USED FOR CREDIT CHANGING PURPOSES

The information in this report may be provided under contract between the Department of Housing and Urban Development, Federal Housing Administration and CIB. The information is not to be divulged to anyone other than the named Department of Housing and Urban Development Organizational elements, Veterans Administration and USDA-Farmers Home Administration. Reporting firm certifies that the information meets the standards prescribed by Fannie Mae, Freddie Mac, HUD, VA, USDA-FHMA, FRMA, FHLMC and FHA. This information is confidential and not to be divulged except as required by Public Law 91-508, 93-579 94-529

05/28/96 15:58

05/28/96 16:44

813 880 21

407 880 8814

Allen&Assoc-TPA

Allen&Assoc.Orl --- Tampa

Exhibit - APC-5 (Page 5 of 5)

001/001

Full Company Record

NAME: HEALTH LIABILITY MGT CORP

ADDRESS: 1137 HILLTOP DR

CITY: NAPLES 941

STATE: FL ZIP CODE: 33940

PHONE NUMBER: 813 252-0002 A 694-0207 Not in service

DUNS #: 82-613-7979

COUNTY: COLLIER

SALIC: 1986,700,000

EMP. TOTAL: 0 EMP. HERE: 0

LINE OF BUSINESS: TELEPHONE COMMUNICATIONS

ALL SIC'S: 48130101

IMPORT EXPORT: NEITHER

PUBLIC IND: PRIVATE

STOCK:

ORGANIZATION: SINGLE ENTITY

SUBSIDIARY IND: NOT AVAILABLE

PARENT COMPANY:

PARENT DUNS:

OFFICERS: MICHAEL SHAW, PRES (D); BONNIE WAGONER, TREAS (D); FREDERICK S. HARB SEC (D); MICHAEL WEILERT MD, PRINCIPAL (D); Michael Shaw, Bonnie Wagoner, and Frederick S. Harb.

MICHAEL SHAW YEAR OF BIRTH: 0000 1986-present also active as an officer here. 1965-present has been active as an insurance broker for John Hancock Insurance, Sarasota, FL. On Jun 10 1994, the personnel department at John Hancock Insurance, Sarasota, FL indicated Michael Shaw, principal, was employed from Oct 01 1990-May 15 1992 as a marketing rep.

BONNIE WAGONER YEAR OF BIRTH: 0000 Antecedents are undetermined.

BANK:

ACCOUNTANT:

Page 1

CONTROL DATE: 1993

STATE INCORP: FL

Not applicable to Weiler alone

L20-1169

5-28-96

*TO: RYONDA,
TAMPA -05
FR: RESEARCH*

RE: ATTACHED.

EXHIBIT NO. _____

DOCKET NO: 960811-TI

WITNESS: Ann P. Causseaux

PARTY: Staff

DESCRIPTION: Excerpt from application showing intentions to lease.

PROFFERING PARTY: Staff

I.D. #

**** APPENDIX C ****

INTRASTATE NETWORK

1. **POP:** Addresses where located, and indicate if owned or leased.

- ~~LEASED FROM BELL SOUTH TELECOMMUNICATIONS AND MANAGEMENT~~
- 1) NORTH DAD GOLDEN GLADES LATA SE
18400 NE 5 AVENUE MIAMI FL 33120A
 - 2) PANAMA CITY MAIN LATA PNCY
3700 RCA BOULEVARD
 - 3) PENSACOLA WASHINGTON LATA PNSC
18400 NE 5 AVENUE MIAMI FL 33120A
 - 4) ORLANDO MANGOLIA and CINCINNATI LATA ORLDFLMA DSO ORLDFL CLO1T

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

- ~~OWNED/LEASED~~
- 1) NORTH DAD GOLDEN GLADES LATA SE
TANDEM CLLS CODE
NDAD FL QCD3T
DMS 200
TANDEM CLLS CODE
REMOTE
 - 2) PANAMA CITY MAIN TANDEM CLLS CODE
COMBINED LOCAL OFFICE
CLLS CODE
PNSY FL MADOT
PNSY FL MADSO
DMS 1/2 REMOTE
 - 3) PENSACOLA WASHINGTON LATA PNSC
CLLS CODE
PNSC FL WA 01 T PNSC FL WA DSO
DMS 1/2 REMOTE
 - 4) ORLANDO MANGOLIA TANDEM CLLS CODE
LOCAL
ORLDFLMA DSO
DMS 200 REMOTE

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

MICROWAVE, COPPER, SATELLITE	OWNED/LEASED
1) POP-to-POP	OWNED/LEASED
UNITED SERINT	LEASE
CODE 0341 ICSC CODE FLO2-03	UNITED INSTANT
2) 0330 EC CODE	UNITED VISTA
	VT01

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

- NPA 904 LATA 448 NXX 925-899-816-882-689-951-892-537-572-814-
- NPA 942 LATA NXX 878-264-964-429-980-144-781-885-885-182-548
- NPA 407 LATA NXX 718 000, 01.
- NPA 704-404-406-834-305-234-912-606-877-318-501-504-601-910
- NPA 803-616

EXHIBIT NO. _____

DOCKET NO: 960811-TI

WITNESS: Ann P. Causseaux

PARTY: Staff

DESCRIPTION: Memo to Mrs. Ann Causseaux from
Mrs. Christine Romig regarding inconsistencies.

PROFFERING PARTY: Staff

I.D. #

MEMORANDUM

August 14, 1997

TO: Ann Causseaux, Chief of Financial Analysis
FROM: Christine G. Romig, Regulatory Analyst *CR*
RE: Health Liability Management Corporation (HLMC) - Review of Book II for inconsistencies

Per your request, I have reviewed Book II for inconsistencies. Due to the type of material in Book II, it did not lend itself to "inconsistencies" as such. Most of Book II was either resumes or letters requesting interviews for positions with HLMC. Based on the Title Page of Volume II, I assume that all the resumes and letters were from existing employees -- but cannot tell for sure.

Other information contained in Volume II was extremely technical and should be reviewed by an Engineer-type in Telecommunications, rather than an accounting-type. Some regulatory denials and requests for more information might prove helpful for you to use for deposition purposes.

The address changes may be of some interest to you.

1993 - 1137 Hilltop Drive
Naples, FL 33940

1994 - IRS Information sheet sent to:

P. O. Box 121
Sarasota, FL 34230-0121-211

(Information sheet says that deductions were \$13,553.02, entire amount of loss -- i.e., no revenues reported on sheet in 1994)

1995 - Letters requesting further consideration for interviews and resumes were addressed to:

15433 Park Meadows Drive
Fort Myers, FL 33907

1996 - Division of Corporations

P. O Box 121
Sarasota, FL 34230-0121

1996 - Reinstatement letter from Fl. Dept. Of State (07/19/96)

13758 Oxbow Road, #100
Fort Myers, FL 33905

Also, somewhere within binder, this address was found:

1250 N. 9th Street, Suite 106
Naples, FL 33940

It is sometimes referred to as Health Liability Management Systems, Inc. Not sure of its relationship to Health Liability Management Corporation.

Another point of possible interest is that the Federal TIN begins with 65, rather than 59. 59 indicates that the corporation began in Florida. I called IRS and the person I spoke with said that 65 is for another state, but that he didn't know which one and didn't know how we could find out - other than to ask the company. In 1994, filed an 1120-A, so does not appear to be an S Corp.

It lists its activity code as 6355 - which is the IRS activity code number for life insurance.

Also interesting is that on June 17, 1996, he used a Mailbox Shipping & Communications Center to Fax information to Nortel Public Carrier Networks. Do they even have an office?

And as a very minor interesting point - was only able to note two females' resumes/letters in the entire volume.

A copy of some document was included, which says that sales of HLMC for 1993 were \$906,700,000??

I am returning the volume with pages tagged so you can review my notes with the volume in hand.

MEMORANDUM

August 21, 1997

TO: Ann Causseaux, Chief of Financial Analysis
FROM: Christine G. Romig, Regulatory Analyst
RE: Health Liability Management Corporation (HLMC) - "Comparison of
Volume II to Application and Volume I for additional differences"

Per your request by e-mail of 08/15/97, I have compared Volume II to the Application and Volume I for additional differences.

Found another address in application:

1110 Dulles
One Center Elden Street
Herndon, Virginia 33905

In the Application under Question 9(b) - The name of the registered agent has not been provided. He did supply the Oxbow Road address, but not the name of the agent.

In response to Question 18 A, I cannot see that he has provided a balance sheet, income statement or statement of retained earnings.

Am not sure if he has provided Volume II in response to Question 18 B and C relative to Managerial and Technical capabilities?

Telephone number on application is 941-694-0207.

EXHIBIT NO. _____

DOCKET NO: 960811-TI

WITNESS: Ann P. Causseaux

PARTY: Staff

DESCRIPTION: Better Business Bureau letter.

PROFFERING PARTY: Staff

I.D. # _____

Better Business Bureau
of South Florida
Executive Office:
16291 N.W. 57th Avenue
Miami, Florida 33014-6709
1-900-225-5222



Better Business Bureau
of South Florida
West Coast Division:
2710 Swamp Cabbage Ct
Ft. Myers, Florida 33901
1-900-225-5222

March 27, 1997

Company : HEALTH LIABILITY MANAGEMENT CORP
Address : 13750 Cahow Rd
Naples, FL 33965

Telephone: (941) 434-6369

Contact :

Type of Business: OTHER HEALTH AND MEDICAL SERVICES

Business Started: 01/01/88

BBB File Opened : 11/07/95

According to information in our files, the company began business in 01/01/88. The Bureau opened its file on the firm in 11/07/95. Based on our standards, this company has a satisfactory business performance record with the Bureau. To qualify for a satisfactory record at the BBB, a company must be in business for at least one year, properly handle matters referred to it by the Bureau, be free from an unusual volume or pattern of complaints, and be free of serious law enforcement actions involving its marketplace conduct. In addition, the Bureau must have a clear understanding of the company's business. Our complaint history for this company shows that this company has a clear record. To date, no customer complaints have come to our attention. The Bureau's reports are based on our file information and experience with individual companies over the past three years. As a matter of policy, the Better Business Bureau does not endorse any company, product or service.

NA

EXHIBIT NO. _____

DOCKET NO: 960811-TI

WITNESS: Ann P. Causseaux

PARTY: Staff

DESCRIPTION: Credit Bureau report.

PROFFERING PARTY: Staff

I.D. # _____

SEED CAPITAL NETWORK

February 10, 1997

Dr. Michael Wokert
13378 Oxbow Rd., Suite 100
Ft. Myers, FL 33905

Dear Dr. Wokert:

SCN, Inc. has completed its matching search for qualified network investors who are interested in your business financing plans. The investing preferences of each network investor have been matched with the business plan information you sent us.


The result is 31 of SCN's investors have been screened and identified who meet your financing needs. This means that each matched investor is interested in your type of business, its location, its development stage and is able to provide the amount of funding you need.

All matched investors will remain reserved to you (unavailable to other entrepreneurs) for 14 days pending receipt of your search fee. However, our fee will increase after February 24th (see invoice enclosed). Once you decide to go ahead, SCN will directly present your complete Financial Proposal Profile and Business Plan Summary to each investor within one working day. As a "rule of thumb", about 90% (more or less) of matched investors respond to a typical proposal [see QUESTIONS & ANSWERS, items 3. a) and b)].

- PLUSES:**
- o A copy of Dr. Gaston's "How-to-Do-it" guide, "FINDING PRIVATE VENTURE CAPITAL FOR YOUR FIRM", at no added cost,
 - o KISS searches will be made automatically every 10 working days since now investors are added continuously to the network,
 - o SCN will also provide you with up-dates on the status of all matches and summary investor feedback every 21-28 days, and
 - o when investors are ready to negotiate directly, you will be put in-touch immediately by telephone.

To answer your question --Yes, SCN is a member in good standing with the Better Business Bureau since 1989.

PLEASE NOTE: your FILE NUMBER (located on the invoice) MUST be used in all future communications to insure security and efficiency.

Sincerely,

Dr. Robert J. Gaston, Ph.D.
Executive Director

RJG/kkg:

SEED CAPITAL NETWORK

INVOICE

DATE: February 10, 1997

File No. A-33-31

TO:
Dr. Michael Wehert
13378 Osborn Rd., Suite 100
Ft. Myers, FL 33905

- FOR: 1) **MANUSCRIPT PRESENTATION** of your Financial Proposal Profile and Business Plan Summary to each of SCN's matched, qualified investors,
- 2) **90% INVESTOR RESPONSE (+/-)**, "rule of thumb" only,
- 3) **IMMEDIATE PERSONAL CONTACT** when investors want more info.,
- 4) **DR. GASTON'S BOOK**, (see description received earlier)
- 5) **STATUS UPDATES** of all investor matches every 21-28 days
- 6) **NEW SEARCHES** every 10 working days for maximum contact,
- 7) **OPPORTUNITY** for plan revision if needed,

RESULT: 31 matched, qualified investors.

SEARCH FEE DUE: \$299 (minimum was effective 10/1/96)
\$349 if POST MARKED after February 24th.

_____, FAX OPTION: Add \$2 per match to FAX your info to investors.

PAYMENT METHOD:

- A) **MONEY ORDER or Check**... (payable to **DR. R.J. GASTON/SCN, COPY**)
- B) **Credit Card**: (ONLY VISA or MASTERCARD, 10% surcharge added)

Card # _____ Exp. Date _____
 Cardholder name (Print) _____
 Cardholder Signature _____

PLEASE RETURN A COPY OF THIS INVOICE WITH YOUR FEE

0905 Kingston Pike • Suite 12 • Knoxville, TN 37923 • 423-573-4855 • FAX 123-577-9889

EXHIBIT NO. _____

DOCKET NO: 960811-TI

WITNESS: Ann P. Causseaux

PARTY: Staff

DESCRIPTION: Survey results.

PROFFERING PARTY: Staff

I.D. # _____

**FLORIDA PUBLIC SERVICE COMMISSION
SURVEY RESULTS
RE: HEALTH MANAGEMENT SERVICES - MICHAEL WEILERT**

- (1) Does Health Liability Management Corporation or Health Management System[s], whose CEO is Dr. Michael Weilert, have a certificate to provide interexchange telecommunications services in you state? If yes, is the company actually providing services? What services?
- (2) If the company is actually providing services, have there been any complaints filed with your Commission? If so, by whom (i.e., customers, other carriers or others?)
- (3) If there were complaints, were they appropriately resolved?
- (4) If your Commission has not granted a certificate, is one pending?
- (5) If your Commission denied a certificate, what were the grounds for denial? Please provide a copy of the order which denied the certificate.
- (6) If your Commission has canceled the certificate, what was the basis for the cancellation?

Alabama	No
Arizona	No
Arkansas	Received application on 4/23/96. Denied on 7/7/96 due to HLMC's failure to respond to PSC's request for further information.
California	No
Connecticut	No
D Columbia	No
Delaware	No
Hawaii	No
Idaho	No, application was denied due to insufficient information.
Illinois	No
Iowa	No. Interexchange services have been deregulated in this state.
Kansas	No
Kentucky	No, filing was deficient.
Louisiana	No
Maine	No
Massachusetts	No

Michigan	No, do not regulate resellers of long distance services.
Minnesota	No, disapproved without prejudice.
Mississippi	No
Missouri	No, the request was rejected upon receipt for failure/refusal to comply with filing requirements. (Attachments)
N Hampshire	No
N Dakota	No
N Jersey	No
N Carolina	No
N York	No
Nebraska	No
Nevada	No
Oregon	No
Tennessee	No
Virginia	No
W Virginia	No
Wyoming	No

**Unable to read the name of the state on one response - that response was No.

EXHIBIT NO. _____

DOCKET NO: 960811-TI

WITNESS: Ann P. Causseaux

PARTY: Staff

DESCRIPTION: Application - Appendix B.

PROFFERING PARTY: Staff

I.D. # _____

** APPENDIX B **

CUSTOMER DEPOSITS AND ADVANCE PAYMENTS

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

(✓)

The applicant will not collect deposits nor will it collect payments for service more than one month in advance.

()

The applicant will file with the Commission and maintain a surety bond in an amount equal to the current balance of deposits and advance payments in excess of one month. (Bond must accompany application.)

UTILITY OFFICIAL:

z/A Signature

043096
Date

CEO
Title

9416940207
Telephone No.
disconnected

EXHIBIT NO. _____

DOCKET NO: 960811-TI

WITNESS: Ann P. Causseaux

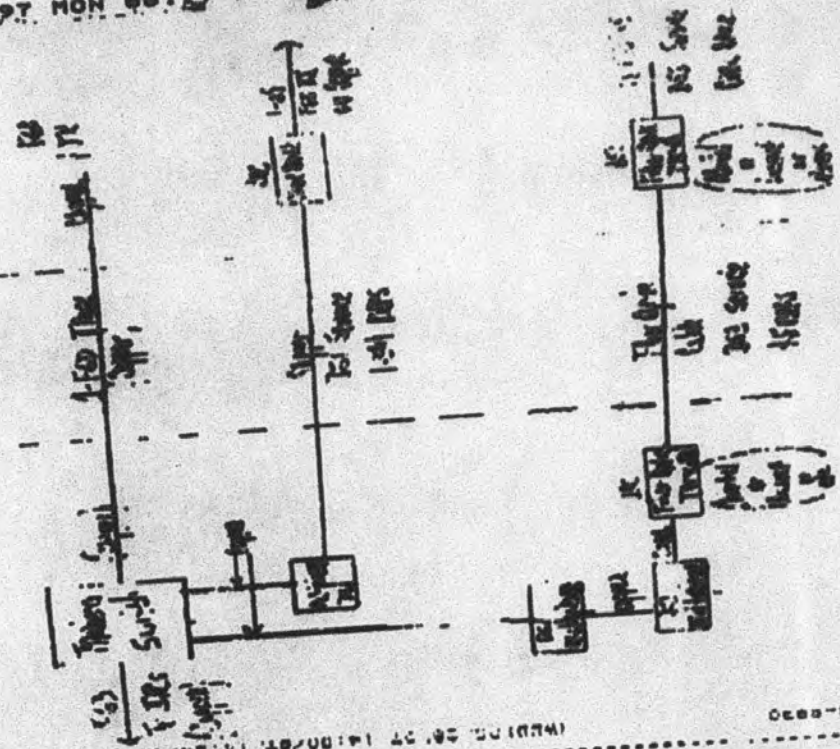
PARTY: Staff

DESCRIPTION: GTE Installer's note.

PROFFERING PARTY: Staff

I.D. # _____

Central PE Building
LAWSON BUILDINGS
111 - 11111 BUILDINGS



WEST REGION

GTE Telephone Operations
East Region



FROM: Kirby Campbell
PHONE: (510) 270-2000
FAX: (510) 200-0000

DATE: 6/2/97
TO: J. J. ...
OFFICE: ...
PHONE: (510) 270-2000

MESSAGE:
Attached is a list of ...
Please call your service ...
to ... facilities ... Copper & Cray

EXHIBIT NO. _____

DOCKET NO: 960811-TI

WITNESS: Ann P. Causseaux

PARTY: Staff

DESCRIPTION: Memo to Mrs. Ann Causseaux from
Mr. David Draper.

PROFFERING PARTY: Staff

I.D. #

MEMORANDUM
May 12, 1997

TO: Ann Causseaux, Chief of Financial Analysis
FROM: David J. Draper, Regulatory Analyst *DD*
RE: Requested Health Liability Management Corporation (HLMC) Duplicated
Information, Docket NO. 960811-T1

The attached document is a list of inconsistencies from the information provided by HLMC. This list is not inclusive of all the discrepancies from the information provided by HLMC, but contains information that HLMC referred to differently more than once.

Inconsistencies found with the information provided by Health Liability Management Corporation to the Public Service Commission.

I. HLMC lists the Address of the company as:

1. 13738 Ox Bow Road, Ft Myers, FL 33905 [application]
2. 11 lodvies one center Elden St., Herndon VA 33905 [application]
3. 1250 9th St., suite 106, Naples FL 33940 [Ameritech Ltr.]
Sarasota company Sec 7 St

II. HLMC listed the Company as founded in:

1. 1978 [pg. 20 business plan]
2. 1980 [BBB]
3. 1987 [HLMC business summary]
1990's DOR

III. HLMC lists the President of HLMC as:

1. Michael Shaw, founder [pg. 20 business plan]
2. Paul Davis, [Org. Cht. pg 44, business plan]

IV. VP of Sales - Network Systems is listed as:

1. Fred Laurence [pg. 44 business plan]
2. Randy Freer [pg. 35 business plan]

V. VP of Sales - Telecom Systems is listed as:

1. Stuart Scheckner [pg. 34 business plan]
2. Allen J Castillo [pg. 36 business plan]

01/25/97



HLMC BUSINESS SUMMARY

The business purpose is to be a worldwide multicategorical across all industry segments communications corporation. By providing real time voice, data, and full resilient, robust 30 frames a second broadband interactive bidirectional picture video with 3D quality, input/output, and throughput communications over the Internet, and the World Wide Web. These multicategorical segmented industry products and services through electronic data interexchange are sold by utilizing the Web at Gigabaud speeds without the necessity of a modem through their smart phones, wireless phones, personal digital assistants, PC's, and their Television sets, remote control, and television converter boxes. HLMC networks utilize ANSI, and OSI standards approved fiber channel technologies which provide legacies to all infrastructure network, and telecommunication architecture topologies. These include the legacies infrastructure architectures of twisted pair, copper wire, coax, and all other hard wired land lines, wireless, and satellite protocols. These drivers, emulators, and modulators are utilized to reach or exceed 30 microsecond latencies and gigabaud speeds which include optical electronics, LED, and laser, which are clustered and embedded in the fiberchannel gigaswitch, fiber channel link, and fiber channel routers. These networks equipment then provide transmissions on twisted pair, copper wire, and coax, hard wired land lines, wireless, and satellite legacies infrastructure network architecture topology fiber channel technologies, by HLMC being a local and long distance certified telecommunications carrier. The benefits derived from these telecommunication services are to reduce the costs of, both, residential and corporate telecommunications, communications, networking collaboration, publishing across all consumer and business segments for all products and every category of industry, for, both, public and private, profit and non-for profit associations, administrations, organizations, both, large and small corporations, home office, and residences.

HLMC's business strategy has been affirmed by a State and Federal Law, passed on this past February, 1996, by the House of Commerce Commission, House of Representatives, Senate, Congress, and signed into law by President Clinton. This law was called the HR1555, USC 47 Section 101-155, The Deregulation Telecommunications Act, Bill, and Law. These laws rules, and reform action included the opportunities on a first-come, first-serve basis, in which there were 6 qualified and eligible memberships. These members included, both, subsidiaries, and extensions, of the Regional Bell Operating Companies. The members included (STC Enterprises), Southern Bell Telecommunication Corporation Enterprises, subsidiary of Bell South, GTE Telecom, (Americatel) subsidiary of Ameritech, and the following Baby Bell Company extensions listed as Summit Teleservices, LDTS, and HLMC. These opportunities, duties, and obligations by the Regional Bell Operating Companies, provided to their six subsidiaries, and extensions previously listed included unbundling, the use of all or parts of the Regional Bell Operating Companies Networks, facilities (eg. central, host, and remote end offices); equipment, telephone poles, rights of way, equal number portability parity, telephone lines (eg. satellite, wireless, and hard wired land lines); interconnection, (eg. connections with the Regional Bell Operating Companies, Subsidiaries, and Extensions, Telecommunication Networks); resale (the act of sale by the Regional Bell Operating Companies of these telecommunications service goods at reduced prices to the general public the original customer of the RBOC, and current local and long distance charge rates to the general public the original customer of the RBOC, and long distance providers, and carriers.) HLMC current rate being charged is 0.0004 cents per minute and mile; all other end user or customers which obtain charge rates of 14.5 cents and up); termination, (the act of finishing or ending the calls on each others networks). HLMC's currently has signed contractual good faith agreements with all 7 Regional Bell Operating Companies, and GTE, TCG, and Worldcom; and all other Long Distance Providers which is protected by the Federal Communications Commission, Congress, Senate, State public service, utility, transportation, and corporational commissions and President Clinton under the law. These local and long distance communication services amount to \$ 210 to \$ 270 billion dollars in this open entry market industry arena.

HLMC's history began on 1987 as a information systems need analysis, design layout, to end to end solutions integrator, and a switchless, and facilities less reseller in telecommunications with NET now known as NYNEX, and MCI. Under the law it has revolved as a local and long distance carrier, with the past and present ability to proceed through its current knowhow lucratively. These lucrative abilities provide important features to its users by providing them with the benefits of innovative technologies and the total elimination of all jam up of electronic mail services, overloaded circuits, channels, lines, and trunks, and

removal of all busy signals on all telephone networks which are currently being overrun due to capacity and bandwidth insufficiency, and inefficiency problems for Internet users. This benefit occurs from complete network capacity sharing by each and every end user.

The pricing and margins for both HLMC and our companies extensions and subsidiaries of the Baby Bells are conducted by offering basic, operator assisted, calling card call, caller id, call waiting, and numerous other specialty services in both the lucrative local and long distance market arenas. These products take full advantage of the market to provide very profitable services that allows for the use of this money to fund future lines of business. These quarterly earnings from \$282 million or \$0.66 cents a share in their most current quarter by Pacific Telesis, \$542.9 million \$0.90 cents a share by SBC in which also revenue rose \$3.8 billion for each singularly and respectively with an increase of 156 thousand new phone lines within the same quarter and also with an addition of 1.9 million new wireless long distance customers a representation of only 32.5% of its wireless customer base, \$416.5 million or \$0.95 cents increase a share with revenue of \$3.33 billion by NYNEX in its latest current quarter, \$391.9 million or \$0.89 cents a share increase by Bell Atlantic and profits from operations rose to \$424.4 million or \$3.18 billion in revenues, \$3.8 billion increase in revenue or \$617 million for the quarter increase was reported by US West, for the quarter Bell South and GTE reported both in the \$3.1 billion range.

The proprietary position concerning trademarks, patents, trade secrets, special production skills, and proprietary processes relates to ANSI, OSI, and other standards boards related in concern with the Fiber Channel technologies and equipment which is internal with being a principal, associative, and educational member in the Fiber Channel Association. These proprietary positions also are transposed by being a certified telecommunication carrier and implementing these fiber channel technology products and services derived from them. The specific future for HLMC and fiber channel technologies, services and products extend through a broad range of industries classifications including publishing on line publishing, and expand through a to z from aerospace to education medical health care financial services/banking/insurance all the way over to transportation. The preparation for this corporate venture already is finished from the manufacturing of technological equipment to the states public service, utility, transportation, and corporational certification of public convenience and necessity approval as a telecommunication carrier, to the approval for the FCC 214 domestic and international long distance tariff.

For a very brief background of HLMC management and key individual personnel and executive board members are Mr. Dorian Talford president of Exquisite Import Export Trading Company and chairman of the D.C. Chamber of Commerce International Trade Committee and the International Telecommunications Union and the Specialized Agency of the United Nations; Mr. Jim Davis president of International Exchange Conference and Commission; Mr. Philip Erickson former partner and manager of the Naples office of Coopers and Lybrand and now Philip Erickson P.A. and Associates Inc; Mr. Randy Freer former SVP of major accounts Turner Broadcasting and now Active Entertainment just to list very briefly a few personnel. The history of working together as a team is all together relevant of the International Commercial Exchange Conference and Commission success and the publication of the world wide broadcasting for this conference on the Voice of America.

The funds being required are to execute the stand-by irrevocable letters of credit owed to the Regional Bell Operating Companies. These funds are to be returned to the investors in full with interest. The funds that are required from the investors are to be utilized for paying the stand-by irrevocable letters of credit amounts to be placed in a interest bearing bank account. These letters of credit amounts start at \$14,400 to \$200,000 for all the six Regional Bell Operating Companies excluding Pacific Telesis Group; Pacific Bell because of their waivers of such requirements. The total amounts to \$1.2 million, for equipment and working capital and for the stand-by irrevocable letters of credit.

The existing strategies for venture investors now and into the future start at \$50,000 per individual and provide to the investors equity and value ownership of HLMC as a corporation.

Sincerely,
Dr. Michael Wellert, CEO