



DEPOSIT

DATE

D042

DEC 07 1998

210 N. Park Ave.  
Winter Park, FL  
32789

P.O. Drawer 200  
Winter Park, FL  
32790-0200

Tel: 407-740-8575  
Fax: 407-740-0613  
tmi@tminc.com

December 4, 1998

**Overnight**

Florida Public Service Commission  
Division of Records and Reporting  
2540 Sumard Oaks Boulevard  
Gerald L. Gunter Bldg. Room 270  
Tallahassee, FL 32399-0850  
(904) 488-4733

RE: Initial Alternative Local Exchange Carrier Application of  
**Intercontinental Communications Group, Inc.**

Dear Mr. D'Haeseleer:

Enclosed for filing are the original and twelve copies of the above referenced application of Intercontinental Communications Group, Inc. to provide Alternative Local Exchange Carrier Service in Florida.

The company has filed for interexchange authority under a separate application and submitted the \$250 filing fee at that time. Questions pertaining to this application or tariff should be directed to my attention at (407) 740-8575.

Please acknowledge receipt of this filing by returning, file-stamped, the extra copy of this cover letter in the self-addressed, stamped envelope enclosed for this purpose.

Thank you for your assistance.

Sincerely,

Monique Byrnes  
Consultant to  
Intercontinental Communications Group, Inc.

cc: B. Heitz, Intercontinental  
file: Intercontinental - FL ALEC  
tms: fl198000

Check received with filing and  
forwarded to Fiscal for deposit.  
Fiscal to forward a copy of check  
to RAR with proof of deposit.  
Initials of person who forwarded check:  
A.J.

DOCUMENT NUMBER-DATE

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Monique Byrnes  
Consultant to  
Intercontinental Communications Group, Inc.

cc: B. Heitz, Intercontinental  
file: Intercontinental - FL ALEC  
tms: fl198000

**APPLICATION FORM FOR AUTHORITY TO PROVIDE  
ALTERNATIVE LOCAL EXCHANGE SERVICE  
WITHIN THE STATE OF FLORIDA**

**1. This is an application for (check one):**

Original authority (new company)

Approval of transfer (to another certificated company)

Example: a certificated company purchases an existing company and desires to retain the original certificate authority.

Approval of assignment of existing certificate (to a noncertificated company)

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

Approval for transfer of control (to another certificated company)

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

**2. Name of applicant:**

Intercontinental Communications Group, Inc.

**3. A. National Mailing Address including street name, number, post office box, city, state, zip code and phone number.**

Street: 1801 S. Federal Highway, Suite 305  
 PO Box  
 City: Delray Beach  
 State: Florida  
 Zip: 33483  
 Phone: 561 - 274-8044

**B. Florida Mailing Address including street name, number, post office box, city, state, zip code and phone number.**

Street: 1801 S. Federal Highway, Suite 305  
 PO Box  
 City: Delray Beach  
 State: Florida  
 Zip: 33483  
 Phone: 561 - 274-8044

**C. Physical Address of alternative local exchange service in Florida including street name, number, post office box, city, state, zip code and phone number.**

Street: 1801 S. Federal Highway, Suite 305  
 PO Box  
 City: Delray Beach  
 State: Florida  
 Zip: 33483  
 Phone: 561 - 274-8044

**4. Structure of organization:**

- |   |  |
|---|--|
| <input type="checkbox"/> Individual                     | <input type="checkbox"/> Corporation                 |
| <input checked="" type="checkbox"/> Foreign Corporation | <input type="checkbox"/> Foreign Partnership         |
| <input type="checkbox"/> General Partnership            | <input type="checkbox"/> Limited Partnership         |
| <input type="checkbox"/> Joint Venture                  | <input type="checkbox"/> Other, Please explain _____ |

**5. If incorporated, please provide proof from the Florida Secretary of State that the applicant has authority to operate in Florida.**

Corporate charter number:

**6. Name under which the applicant will do business (d/b/a):**

Intercontinental Communications Group

**7. If applicable, please provide proof of fictitious name: (d/b/a) registration.**

Fictitious name registration number: not applicable

**8. If applicant is an individual, partnership, or joint venture, please give name and address of each legal entity.**

Not applicable

**9. State whether any of the officers, directors, or any of the ten largest stockholders have previously been adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. If so, please explain.**

Not applicable.

10. Please provide the title, address, telephone number, internet address and facsimile number of the person serving as ongoing liaison with the Commission, and if different, the liaison responsible for this application:

Application contact:

Name: Monique Byrnes  
 Title: Consultant to Intercontinental Communications Group  
 P.O. Box: P.O. Drawer 200  
 City: Winter Park  
 State: Florida  
 Zip: 32790-0200  
 Phone: (407) 740-8575  
 Fax: (407) 740-0613  
 Internet Address:

Ongoing Liaison:

Name: William Heitz  
 Title: General Counsel  
 P.O. Box:  
 Street: 1801 S. Federal Highway, Suite 305  
 PO Box  
 City: Delray Beach  
 State: Florida  
 Zip: 33483  
 Phone: 561 - 247-8044  
 Fax: 561 - 278-3464  
 Internet Address: wheitz@gate.net

11. Please list other states in which the applicant is currently providing or has applied to provide local exchange or alternative local exchange service.

The company has not yet applied for local exchange or alternative local exchange service in any other state.

12. Has the applicant been denied certification in any other state?

Yes( ) No( X )

If so, please list the state and reason for denial.

13. Have penalties been imposed against the applicant in any other state:

Yes( X ) No( )

If so, please list the state and reason for penalty.

The company recently was party to a formal action by the Florida PSC on all carriers within the state which ever had a slamming complaint. Intercontinental Communications Groups, Inc. settled the Rule to Show Cause on June 30, 1998 without an admission of liability and payment to the PSC in the amount of \$50,000.

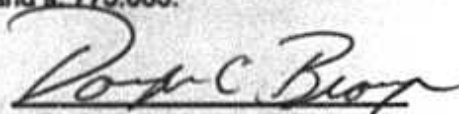


## AFFIDAVIT

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

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

Official:



signature

Date:

7/29/98

Douglas Brough

Title:

President

Address:

1801 S. Federal Highway

Suite 305

Delray Beach, Florida 33483

Phone:

561-274-8044

**CERTIFICATION STATEMENT**

I, Douglas Brough, President of Intercontinental Communications Group, Inc., certify that the financial statements presented herein for the year ended December 31, 1997 are, to the best of my knowledge, accurate and correct.

Executed on this 29 day of July, 1998 at DELRAY BEACH, Florida.

By:

*Doug C Brough*  
Douglas Brough, President  
Intercontinental Communications Group, Inc.

SWORN TO AND SUBSCRIBED before me on this 29<sup>th</sup> day of July, 1998.

*Deborah A Bowman*  
Notary Public



DEBORAH L. BOWMAN  
My Comm. Expi. 5/26/2001  
Bonded By Service Ins  
No. CC650327  
 Personally Known  Other ID

My commission expires:

5/26/2001

**Intercontinental Communications Group, Inc.**

**EXHIBIT I**

**FINANCIAL INFORMATION**



**Intercontinental Communications Group**  
**Balance Sheet**  
**June 30, 1998**

**LIABILITIES AND CAPITAL**

**Current Liabilities:**

Advance from Lender	\$ 2,134,305
Accounts Payable	1,139,976
Loan Payable - Teltrust	28,799
Taxes & Fees Payable	319,033
Accrued Litigation Expense	50,000
Accrued Payroll	57,821
Loan Payable - Orion	75,000
Due to Stockholders	<u>55,000</u>

**Total Current Liabilities** \$ 3,859,933

**Long-Term Liabilities:**

Note Payable - Bank of Canada	978,244
Note Payable - Transleasing	5,619
Note Payable - Finova	237,500
Loan Payable - MCI	<u>2,923,367</u>

**Total Long-Term Liabilities** 4,144,729

**Total Liabilities** 8,004,662

Retained Earnings (Deficit)	-2,616,099
Common Stock	400
Treasury Stock	-175,000
Net Income	<u>364,690</u>

**Total Shareholders Equity (Deficit)** -2,426,009

**Total Liabilities & Shareholders Equity** \$ 5,578,654

**Intercontinental Communications Group**  
**Income Statement**  
**Six Months Ended June 30, 1998**

Profit-Sharing Plan Expense	0	0.00%	500	0.01%
Rent or Lease Expense	9,533	0.73%	67,369	0.81%
Repairs Expense - Auto	0	0.00%	21	0.00%
Salaries Expense	96,605	7.39%	735,484	8.82%
Sales Expense	199	0.02%	200	0.00%
Seminars	0	0.00%	4,845	0.06%
Sales Tax Expense	0	0.00%	50	0.00%
State/Local Taxes	2,414	0.18%	3,508	0.04%
Telephone - Office	278	0.02%	13,721	0.16%
Telephone Mobile/Pagers	-2,675	-0.20%	994	0.01%
Travel Expense	3,270	0.25%	62,531	0.75%
Other Expenses	3,414	0.26%	30,509	0.37%
Other Sales Expenses	52	0.00%	44,055	0.53%
<b>Total Expenses</b>	<b>367,016</b>	<b>28.07%</b>	<b>2,428,667</b>	<b>29.12%</b>
<b>Net Income</b>	<b>\$ 110,722</b>	<b>8.47%</b>	<b>\$ 364,690</b>	<b>4.37%</b>

*Financial Statements*

**Intercontinental Communications  
Group, Inc.**

**December 31, 1997**

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<b>Statement of Cash Flows (Unaudited)</b>	<b>5</b>
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INDEPENDENT AUDITOR'S REPORT

Joseph Mallick, CPA  
(1925-1998)  
Richard L. Furman, CPA  
Stanley H. Geritz, CPA  
Alfred L. Mason, CPA  
Barry R. Ross, CPA  
Seymour A. Feldstein, CPA  
David P. Rosenbaum, CPA  
Howard L. Goldstein, CPA  
Arthur S. Unger, CPA  
Gary W. Die  
Howard E. Hamner, CPA  
Jay B. Koenigold, CPA  
Alexander M. Salgado, CPA

To the Board of Directors  
of Intercontinental Communications Group, Inc.  
Delray Beach, Florida

We have audited the accompanying Balance Sheet of Intercontinental Communications Group, Inc. (a Florida corporation) as of December 31, 1997. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

Because we were not engaged to audit the Statements of Operations, Stockholders' (Deficit) and Cash Flows, we did not extend our auditing procedures to enable us to express an opinion on results of operations and cash flows for the year ended December 31, 1997. Accordingly, we express no opinion on them.

In our opinion, the Balance Sheet referred to in the first paragraph presents fairly, in all material respects, the financial position of Intercontinental Communications Group, Inc. as of December 31, 1997 in conformity with generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As shown in the financial statements, the Company incurred a loss before income taxes of \$1,551,447 during the year ended December 31, 1997, and, as of that date, had a working capital deficiency of \$3,618,588 and stockholders' deficit of \$2,615,930. As described more fully in Note L to the financial statements, the Company has secured some additional financing and is currently in negotiations to receive another \$750,000 of working capital. If the Company is unable to obtain the additional financing, then there is substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

*Wallace, Furman and Company, P.A.*

April 30, 1998  
(except for Note L, as to which  
the date is September 14, 1996)

Members  
CPA's International with  
Affiliated Offices Worldwide  
American Institute of  
Certified Public Accountants  
Florida Institute of  
Certified Public Accountants

Coastal Law Firm  
790 Southeast Third Avenue  
Suite 100  
Fort Lauderdale, Florida 33315  
Telephone 954 463 3833  
Telex 954 463 1175

Richard Bay O'Brien, Treasurer  
1001 Brickell Bay Drive  
Suite 1400  
Miami, Florida 33131-4938  
Male Telephone 305 371 6200  
Female 305 371 6200  
Telex 305 371 8725

Prerone Z. Silverman, CPA  
Michael V. Fusco, CPA  
Charles L. Leder, CPA  
Lillian R. Lopez, CPA  
David E. Sloan, CPA  
Cloris E.R. Doser, CPA  
Benjamin D. Bokelman, CPA  
Craig A. Suid, CPA  
Allie S. Rose, CPA  
Keneath H. Williams, CPA  
Jonathan S. Reizen, CPA  
Sean A. Kanov, CPA  
Barry S. Gould, CPA



**INTERNATIONAL COMMUNICATION GROUP, INC.**  
**BALANCE SHEET**  
**DECEMBER 31, 1997**

<b>CURRENT ASSETS:</b>	
Accounts Receivable, less allowance for doubtful accounts of \$523,000	\$ 2,248,440
Other Receivables	130,619
Deferred Tax Asset	<u>526,000</u>
<b>TOTAL CURRENT ASSETS</b>	<u>2,905,059</u>
<b>PROPERTY AND EQUIPMENT, net</b>	<u>623,486</u>
<b>OTHER ASSETS:</b>	
Customer Lists, Net of Accumulated Amortization of \$29,000	283,329
Shareholder Note Receivable	445,701
Deferred Tax Asset	175,000
Investment in Affiliate	79,175
Deposits	<u>7,729</u>
<b>TOTAL OTHER ASSETS</b>	<u>990,934</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,519,479</u>
<b>LIABILITIES AND STOCKHOLDERS' (DEFICIT)</b>	
<b>CURRENT LIABILITIES:</b>	
Advances from Lender	\$ 1,617,542
Accounts Payable and Accrued Expenses	1,117,684
Account Payable - MCI	3,123,684
Current Portion of Long-term Obligations	<u>664,737</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>6,523,647</u>
<b>LONG-TERM OBLIGATIONS</b>	<u>611,762</u>
<b>TOTAL LIABILITIES</b>	<u>7,135,409</u>
<b>STOCKHOLDERS' (DEFICIT):</b>	
Common Stock - \$1 Par Value - 1,000 Shares Authorized, 400 Shares Issued and Outstanding	400
Accumulated (Deficit)	<u>(2,616,330)</u>
<b>TOTAL STOCKHOLDERS' (DEFICIT)</b>	<u>(2,615,930)</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT)</b>	<u>\$ 4,519,479</u>

The accompanying notes are an integral part of the financial statements.

**INTERCONTINENTAL COMMUNICATIONS GROUP, INC.**  
**STATEMENT OF STOCKHOLDERS' (DEFICIT) (Unaudited)**  
**YEAR ENDED DECEMBER 31, 1997**

	<u>COMMON STOCK</u>	<u>RETAINED EARNINGS</u>
BALANCE - January 1, 1997	\$ 1,000	\$ (985,948)
1997 NET LOSS	-	(850,447)
REDEMPTION OF COMMON STOCK	(700)	(779,935)
ISSUANCE OF COMMON STOCK	<u>100</u>	<u>-</u>
BALANCE - December 31, 1997	<u>\$ 400</u>	<u>\$ (2,616,330)</u>

The accompanying notes are an integral part of the financial statements.

**INTERCONTINENTAL COMMUNICATIONS GROUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A - BUSINESS ACTIVITY -**

Intercontinental Communications Group, Inc. ("ICG" or "the Company") was incorporated in September 1995 in the State of Florida. ICG is a reseller of telecommunication services including direct dial long distance and operator assisted services, voice mail, travel cards and toll free calling. The Company's network consists of a digital switching system which provides nationwide, largely fiber-optic, access throughout the United States through the use of phone lines provided by MCI.

The Company is a fully-integrated, switch-based communications company currently providing operator assisted services for pay telephones, hotels, motels, university dormitories and hospitals. In addition, the Company provides direct dial long distance services to small and medium-sized commercial customers and, to a lesser extent, residential customers. In 1997, operator assisted services represented approximately 67% of revenues, while direct dial long distance services represented approximately 33% of the Company's revenues.

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

**Estimates in The Financial Statements:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Revenue Recognition Policies:**

The Company recognizes revenue from its direct dial long distance and operator assisted services as such services are performed.

**Credit Risk:**

Financial instruments, which potentially subject ICG to concentrations of credit risk, consist principally of cash and trade receivables. ICG places its cash with high credit quality financial institutions. However, the Company occasionally maintains cash balances in excess of the F.D.I.C. insured limits. Concentrations of credit risk with respect to trade receivables are reduced due to the Company's large number of customers throughout the United States. The Company is at risk to the extent such amounts become uncollectible and maintains allowances for potential credit losses.

**INTERCONTINENTAL COMMUNICATIONS GROUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE C - ACCOUNTS RECEIVABLE/ADVANCES FROM LENDER -**

On September 29, 1997, the Company entered into a recourse financing arrangement with its billing clearinghouse provider, Billing Concepts, Inc. (BIC). In addition to providing billing services to the Company, BIC also provides advanced funding to ICG on a significant portion of the Company's accounts receivable. BIC advances a defined amount to ICG at a rate of four percent above prime. Furthermore, other charges such as inquiry fees, local exchange carrier (LEC) fees, and bad debts are charged back to ICG. Total fees, excluding interest charges, incurred in 1997 to BIC and the LECs totaled approximately \$1,308,000.

At December 31, 1997, the amount of accounts receivable covered by this arrangement totaled \$2,660,014, against which an allowance for doubtful accounts of \$573,589 has been provided. Advances secured by these accounts receivable totaled \$1,617,542 at December 31, 1997.

**NOTE D - PROPERTY AND EQUIPMENT -**

Property and Equipment at December 31, 1997 consisted of the following:

Communications Equipment	\$ 659,499
Furniture, Fixtures and Equipment	72,566
Leasehold Improvements	<u>26,258</u>
	758,323
Accumulated Depreciation	<u>(134,837)</u>
Property and Equipment, net	<u>\$ 623,486</u>

**NOTE E - RELATED PARTY TRANSACTIONS -**

The Company has loaned \$706,715 to its principal stockholder as of December 31, 1997. This balance includes accrued interest of \$12,708, calculated at 6% per annum. The Company has provided an allowance for uncollectibility of \$261,014 against this note receivable due to the uncertainty of full repayment by the stockholder. At December 31, 1997, the net realizable value of the note totaled \$445,701, which represents the amount that the stockholder has pledged as collateral against the Finova financing arrangement described in Note L.

The Company's principal shareholder has personally guaranteed approximately \$1,530,000 of the accounts payable due to MCI shown on the accompanying balance sheet.



**INTERCONTINENTAL COMMUNICATIONS GROUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE F - LONG-TERM OBLIGATIONS -**

Long-term obligations at December 31, 1997 consisted of the following:

Note Payable to Bank (terms described below)	\$ 1,270,880
Capitalized lease obligation for equipment with a carrying value of \$8,025 at December 31, 1997	<u>5,619</u>
	1,276,499
Less: Current Portion	<u>664,737</u>
	<u>\$ 611,762</u>

ICG's corporate minority shareholder ceased doing business in September 1997. This company was also acting as ICG's lender. Consequently, the amounts due to this entity were assumed by the entity's main creditor, the National Bank of Canada (NBC). Interest on the balance due is calculated at prime plus 4 percent and has been added to the principal balance of the loan. The principal and accrued interest are payable in weekly installments of \$15,000 beginning on March 4, 1998 through September 1999.

Future maturities of long-term debt are as follows:

<u>YEAR ENDING DECEMBER 31,</u>	<u>AMOUNT</u>
1998	\$ 664,737
1999	<u>611,762</u>
<b>TOTAL</b>	<u>\$ 1,276,499</u>

**NOTE G - LEASES -**

The Company leases certain equipment and office space under operating leases. Rental expense for 1997 was approximately \$87,000. Future minimum lease payments under non-cancelable operating leases at December 31, 1997 are as follows:

<u>YEAR ENDING DECEMBER 31,</u>	<u>AMOUNT</u>
1998	\$ 78,000
1999	6,000
2000	<u>2,000</u>
<b>TOTAL</b>	<u>\$ 86,000</u>



INTERNATIONAL COMMUNICATIONS GROUP, INC.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE H - BENEFIT PLANS -

The Company adopted a 401(k) Profit Sharing Plan effective June 1, 1997. Participation in the plan is offered to eligible employees of the Company. Generally, all employees of the Company who are over 21 years of age and who have completed one year of service during which they worked at least 1,000 hours are eligible for participation in the plan. The Company may make discretionary matching contributions to the employees' elective deferrals. In addition, the Company may make a discretionary profit sharing contribution. No discretionary or profit sharing contributions were made by the Company in 1997.

The Company also adopted a Severance Trust Executive Plan (STEP) in May 1997. This plan provides benefits to participants who terminate employment under certain conditions. Severance benefits are calculated based on the Plan formula but cannot exceed two times a participant's last twelve months of compensation prior to termination. Employer contributions are discretionary but cannot exceed twenty percent of annual compensation paid to the participants. Contributions for 1997 under this plan were \$36,000.

NOTE I - INCOME TAXES -

The Company has a net operating loss carryforward of approximately \$717,000 expiring in 2017. The Company expects to utilize this loss carryforward during the years ended December 31, 1998 and 1999. Consequently, no valuation allowance is deemed necessary.

NOTE J - COMMITMENTS AND CONTINGENCIES -

**Litigation:**

The Company is a defendant in a proceeding brought by the State of Florida Public Service Commission (PSC) which alleges that the Company violated certain rules governing the selection of long-distance carriers by consumers. Management is contesting the case vigorously and contends that any violation of rules was the result of unauthorized conduct of a sales agent acting outside the scope of the agency relationship. The Company's in-house counsel estimates that any potential loss that might result from their litigation could range from \$50,000 to \$320,000. The Company has accrued \$50,000 in these financial statements as its best current estimate of the loss that could be sustained.

The Company is periodically involved in legal actions and claims that arise as a result of events that occur in the normal course of operations. The ultimate resolution of these actions is not expected to have a material adverse effect on the Company's financial position.

INTERNATIONAL COMMUNICATIONS GROUP, INC.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE K - REGULATORY MATTERS -

**Billed Party Preference:**

In April 1992, the Federal Communications Commission (FCC), tentatively proposed adopting a "Billed Party Preference" system for automatically routing operator assisted calls to each caller's pre-selected carrier, fundamentally changing the nature of the operator services industry. Comments were requested by the FCC during 1992 and again in 1994. In each case, industry participants overwhelmingly opposed the idea as too costly, relative to the perceived benefits of such a system.

After commenting on two proposals discussing rate thresholds and additional disclosure requirements from industry participants, the FCC issued a Second Further Notice of Proposed Rule making in June 1996. The FCC proposed adopting a rule which would require operator service providers to announce rates for certain calls to the billed party prior to connecting the call, thereby allowing the billed party to disconnect such call without incurring any unwanted charges. Most commentators objected to the discriminatory nature of the proposal, which would have some carriers announcing rates while others would not. If any of these proposals, which remain under consideration, are adopted by the FCC, the Company's operator service traffic could be materially adversely affected.

**Authorization:**

At December 31, 1997, the Company was authorized to carry intrastate operator assisted traffic in 46 states. State regulatory agencies have the authority to impose their own rules and regulations governing the provision of intrastate operator services, including regulation of rates. Many states have rules similar if not identical to the FCC on interstate operator assisted calls. At the date of this report, the Company was in material compliance with the requirements of each of the individual state regulatory agencies. Certain states are expected to introduce or revise their rules governing operator services providers within the next year. Currently, the Company does not anticipate significant difficulty in complying with the new or revised rules.

At December 31, 1997, the Company was authorized to provide intrastate long distance service within 45 states. Regulations within each of these states, as they pertain to competing direct dial long distance calls for the Company's customers within the state, are virtually static and pose no foreseeable concern. As the Company expands the geographic scope of its direct dial long distance business, it will seek state regulatory approvals as necessary to provide intrastate long distance service.

INTELCONTINENTAL COMMUNICATIONS GROUP, INC.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE K - REGULATORY MATTERS - CONTINUED -

**Regulatory Rate Proceedings:**

During the course of normal operations, a regulated company may at any time come under specific scrutiny with regard to any of its rates, terms or conditions by which such service is rendered by a state or regulatory agency charged with such oversight responsibility, or by an attorney general or other jurisdictional consumer official. In such cases, a regulated company can be required to, among other things, provide cost justification for the charges it imposes on some or all of its services, or to address perceived consumer inequities. After review of such justification, the regulatory agency, generally, has the authority to require a carrier to modify the process by which such services are rendered or to effect changes to its applicable rate structure.

Consumer officials and attorneys general can pursue civil action if their concerns are not adequately addressed by the carrier. The Company operates in several jurisdictions in which its tariffs or services may, from time to time, fall under such scrutiny at the discretion of the governing regulatory agency or other officials. The Company could, therefore, be required, as a result of such an investigation and subsequent proceedings, to implement changes in its rate structure, which could ultimately affect its revenues. The Company cannot predict whether such requirement may be imposed in any particular jurisdiction.

NOTE L - SUBSEQUENT EVENTS -

**Financing:**

On March 23, 1998, ICG entered into a financing arrangement with Finova Capital Corporation. The credit facility is to be used to refinance the Company's existing equipment debt and to provide working capital. The total amount of the credit facility is \$250,000.

Effective May 30, 1998, MCI will no longer provide the use of its telephone lines to ICG. The Company has entered into an agreement with ILD Teleservices, Inc. to utilize its lines effective May 30, 1998. Management does not expect this change to have a material adverse effect on the Company's operations or financial position.

As of September 14, 1998, the stockholders of ICG are currently negotiating the sale of their shares to another telecommunication company. The terms of the sale would also include the Company receiving approximately \$750,000 of additional working capital from the new stockholder. The sale is tentatively scheduled to close by the end of September 1998.



**Intercontinental Communications Group, Inc.  
Profiles of Key Personnel**

**Douglas C. Brough - President**

Mr. Brough is President of Intercontinental Communications Group, Inc. ("Intercontinental") and in this capacity is responsible for the strategic direction of the company, overall product development and regulatory compliance issues. Mr. Brough joined Intercontinental in 1994 as Executive Vice President of Sales. Prior to joining Intercontinental, Mr. Brough held the position of Executive Vice President at Integrated Telemanagement Services (Atlanta, Georgia) and President of Fiber-Optic Network Communications (San Diego, California). Mr. Brough also worked as the Director of Sales and later as General Manager of U.S. Fiberline where he was responsible for sales, marketing agreements and existing and new business negotiations. Mr. Brough holds a BA from Towson State University.

**Richard K. Newman, C.P.A**

Mr. Newman joined Intercontinental in March of 1998. Mr. Newman is the Executive Vice President and Chief Financial Officer of the company and is responsible for the company's financial accounting functions. Prior to joining the company, Mr. Newman worked as a Certified Public Accounting until 1990 at Leventhol & Horway, Peat Marwick and Melnick & Newman all in Florida. After 1990 the Institute for Retirement and Estate Planning was formed which provided retirement, estate, income tax and financial planning services for individuals and businesses.

## TECHNICAL CAPABILITY

The company intends to provide local services as a reseller of other carriers' facilities. As a reseller, Intercontinental Communications Group, Inc. will rely on its facilities-based underlying carriers for the operation and maintenance of the local exchange network. The company will use only reputable underlying carriers, certificated in the state of Florida, to ensure that high quality service is provided to customers.

Intercontinental Communications Group, Inc. has an NACT switch located at its home office in Delray Beach, Florida.

The profiles of key personnel provided in Exhibit II of this application provide further evidence of the company's technical capability to provide local services.





DEPOSIT

DATE

D042

DEC 07 1998

210 N. Park Ave.  
Winter Park, FL  
32789

P.O. Drawer 200  
Winter Park, FL  
32790-0200

Tel: 407-740-8575  
Fax: 407-740-0613  
tmi@tminc.com

December 4, 1998

Overnight

Florida Public Service Commission  
Division of Records and Reporting  
2540 Shumard Oaks Boulevard  
Gerald L. Gunter Bldg. Room 270  
Tallahassee, FL 32399-0850  
(904) 488-4733

RE: Initial Alternative Local Exchange Carrier Application of  
Intercontinental Communications Group, Inc.

Dear Mr. D'Haeseleer:

Enclosed for filing are the original and twelve copies of the above referenced application of Intercontinental Communications Group, Inc.. to provide Alternative Local Exchange Carrier Service in Florida.

The company has filed for interexchange authority under a separate application and submitted the \$250 filing fee at that time. Questions pertaining to this application or tariff should be directed to my attention at (407) 740-8575.

Please acknowledge receipt of this filing by returning, file-stamped, the extra copy of this cover letter in the self-addressed, stamped envelope enclosed for this purpose.

Thank you for your assistance.

Sincerely,

Check received with filing and forwarded to Fiscal for deposit to RAP

ICGI  
GOVERNMENTAL ACCOUNT  
1801 S. FEDERAL HWY, STE 305  
DELRAY BEACH, FL 33483

010096

Jul 29, 1998

PAY TO THE ORDER OF Florida Public Svce Commission  
Two Hundred Fifty and 0/100 Dollars

\$ \*\*\*\*\*5250.00\*

DOLLARS (11)

First Union National Bank of Florida  
24 Hour Information Service  
1-800-735-1012

Filing Fee - ALEC Application

FOR

Don C. B...  
DOCUMENT NUMBER 13716 DEC 7 1998